MUHLENKAMP Memorandum

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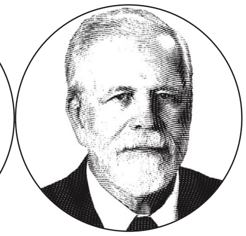
QUARTERLY LETTER, APRIL 2025



By Jeff Muhlenkamp, Portfolio Manager and Ron Muhlenkamp, Founder

Fellow Investors,

In many respects the first quarter of 2025 was little changed from the recent past. For example, inflation, as measured by the Consumer Price Index (CPI), was 2.8% on February 28, 2025, right in the middle of the 2.4% - 3.4% range it established in 2024. Similarly, the yield on the 10-year U.S. Treasury was 4.35% on March 26, 2025, again in the middle of the 4.0% - 4.5% range that's been in place since late 2023. Unemployment was 4.1% on February 28, 2025, the same level we saw in June, September, October, and December of '24. Even the Federal Reserve left well enough alone and didn't make any changes to the Federal Funds Rate in the quarter.

So, a pretty "ho hum" quarter. Not much to talk about, should make for a short memo, right?

Well, no.

There has been plenty of excitement in the government policy arena, mostly centered around tariffs and regulations. President Trump has imposed a number of tariffs against a broad array of countries and industries and promises to impose more. The specifics can vary on a daily, or even hourly basis. The President appears to have three goals: encourage businesses to invest in the U.S. creating a renaissance in manufacturing, raise revenue for the government, and use the threat of tariffs as leverage to get agreements in other areas of foreign policy. The sudden imposition of tariffs and the rapid changes have created chaos with businesses as they do their best to keep input costs low and make long-term plans. We think the rapidly changing tariff policy has contributed to stock market volatility and weakness in business and consumer sentiment surveys. From an economic perspective, higher taxes (which is all tariffs are) reduce overall economic activity and prosperity. They are also not new. Countries are often only willing to open their markets to foreigners if they get some of the jobs that come with the product. That's why there is a Honda plant in Ohio, a BMW plant in South Carolina, and a Tesla plant in both Germany and China. It does mark a significant shift in U.S. policy, and it will take time for businesses to adjust. There is also the fear that a global "trade war" will fuel a new depression just like the Smoot-Hawley tariffs did in 1930. We think the likelihood of that outcome is remote as the context in which the tariffs are being imposed are very, very different today. Finally, some are concerned that the tariffs will stoke inflation. We have no opinion on whether these tariffs will increase inflation or not. We have plenty of other reasons to remain concerned about a resurgence of inflation, which remains high on our list of things to watch for.

Equally as interesting as the change in tariffs are the efforts by the new administration to restructure the government itself and reduce the regulatory burden it imposes on the country. The restructuring has captured the most media attention, particularly the Department of Government Efficiency's (DOGE's) "shock and awe" campaign against the bloated bureaucracy. We applaud the top to bottom effort to reduce waste and fraud and hope that when mistakes are made, as they inevitably will be, they are quickly corrected. Little noted by the media, but we think of enormous importance are the announcements by the EPA (Environmental Protection Agency) and FCC (Federal Communications Commission) to relook all of their regulations from top to bottom (including the EPA's "Endangerment Finding" which concluded greenhouse gasses including carbon dioxide pose a threat to public health and welfare) and a Presidential Order requiring the elimination of 10 regulations for every new one imposed. The EPA announcement in particular caught our attention, and we realized that we must re-examine all of our investments to make sure we understand the impact a significant change in regulations

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MANAGING YOUR PORTFOLIO IN UNCERTAIN TIMES

by Tony Muhlenkamp, President - Muhlenkamp & Company, Inc.

I've been paying attention to the stock market for over 30 years, and I can't remember any times that weren't uncertain. I checked with Ron, who has been paying attention since 1968, and he can't remember any times of certainty either.

When I think about managing your investment portfolio in uncertain times, I start with these questions:

1. What is uncertain today?
2. What has been uncertain in the past?
3. Were these unprecedented at the time?
4. How did you manage your portfolio then?
5. What did you learn from that?

For example, the 1970s were unprecedented in having high inflation combined with high unemployment, and they were chock full of uncertainty regarding oil prices, inflation, interest rates, etc. etc. etc. Today we have uncertainty on all of those things, plus currencies, Europe, China, etc. etc. etc. One thing I'm certain of is that we will always have uncertainty to deal with. All times are uncertain times, so we can reasonably change the topic to "Managing Your Portfolio."

People worry about a lot of things they CANNOT control and spend time trying to predict things they CANNOT know. Time and energy is better spent on things we can know and can reasonably rely on.
When managing a portfolio, we can know what it is we are trying to accomplish, and we can define that objective in clear and quantifiable terms. Financial planning can help us create a personal "Statement of Investment Policy" that defines our portfolio objectives. A financial plan describes where you are, where you want to be, when you want to be there, and what you have to do with your money to get you there. It puts dates and dollar signs on the significant milestones of your life: getting married, buying a house, paying for college, retiring, traveling around the world, etc.

You then use that information to create a statement of investment policy, which provides you with your number. When people want to talk about investment performance, I ask, "What's your number?" and they don't know what I mean. I mean, what performance do you need to achieve all the financial objectives you have set for yourself?

Based on my assets, my spending, and my savings, I am reasonably certain that growing my assets 5% after taxes and inflation averaged over periods greater than 5 years will get me where I want to go. My number is 5% real, after-tax returns on a rolling five-year average. What's your number?

Once I'm certain about my number, I start looking for the combination of securities, asset classes, or money managers that can help me hit my number. I'm indifferent as to whether my assets grow through interest, dividends, or capital appreciation since, regardless of my age, I can always convert assets to spending money; the key is to keep the assets growing. I'm certain that stocks should make me more than bonds, and the Ibbotson[1] charts tell me stocks have most frequently cleared my required 5% real, after-tax return, so I think that stocks are normally more likely to earn what I need. I'm also certain that stocks are more volatile than bonds, so I keep a year's worth of living expenses in very liquid, very stable, savings or money market accounts. This is so I can buy low, sell high, and not be forced into selling to meet a financial emergency.

I'm certain that between church, family, work, the gym, the motorcycle, and the rifle range I don't have more than a couple hours a week to spend managing my portfolio, nor have I been blessed with the temperament to pour through reams of financial, economic, and corporate data; so I have hired a professional that I believe is honest and competent to manage my portfolio for me. He spends 60+ hours a week managing my portfolio and is accountable for hitting my number, which he has assured me is reasonable and has managed to do for me since I hired him.

What else am I certain of?

Prosperity is a function of what you spend, not what you make. Having a portfolio requires you to earn a buck and save a quarter. John Templeton claimed the key to his wealth was saving fifty cents from every dollar he earned for the first 20 years out of college. I'm certain that if we followed his example, we would also be wealthy.

Compound interest is hugely powerful but takes time to work. Start making more and spending less early so you have LOTS of time for compounding to work for you.

People are hard-wired to be bad investors. The work on Behavioral Finance and Behavioral Investing describes the various ways this is true and the reasons for it, and the DALBAR QAIB study puts numbers to just how much it costs investors.

It is critical to be clear about your own financial goals and required returns. By knowing "your number" and focusing on what you can control—your savings rate, your spending discipline, and your investment temperament—you can navigate through perpetually uncertain markets with confidence. External factors like inflation, interest rates, and geopolitical tensions will always create uncertainty. A carefully structured approach based on proven principles will put that uncertainty to work FOR you. The trick to investing is not trying to master uncertainty, but to build a portfolio that can thrive on it.

Glossary Items:
DALBAR QAIB – Dalbar is a financial services market research firm. QAIB is the acronym for Quantitative Analysis of Investor Behavior.

Ibbotson Charts – are based on the datasets of Stocks, Bonds, Bills and Inflation dating back to 1926 that illustrates the hypothetical growth of inflation and a $1 investment.

Investing involves risk. Principal loss is possible.

The comments made in this article are opinions and are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

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[1] *Ibbotson® Stocks, Bonds, Bills, and Inflation After Taxes and Inflation chart*

QUARTERLY LETTER

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would pose – both threats and opportunities. That process is ongoing and has already resulted in the sale of one holding.

In the stock market we are seeing a rotation away from the darlings of the last two years. So far that rotation has generally worked to our advantage. We remain concerned about the possibility of a recession as some recent consumer data has come in weaker than expected and businesses are cautious given the changing rules as described above. As always, we continue to search for profitable investment opportunities and will put money to work when we find them.

If you have any questions please get in touch with us, we'd love to hear from you.

With our best wishes for your continued success and good health in 2025,

CPI *– The Consumer Price Index measures the average change in prices over time that consumers pay for a basket of goods and services, commonly known as inflation. One cannot invest directly in an index.*

The comments made in this letter are opinions and are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

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MUHLENKAMPMemorandum

Inside this issue:

MUHLENKAMPSMA ALL-CAP VALUE

For the period ended 03/31/2025

Muhlenkamp & Company's All-Cap Value SMA (Separately Managed Account) is designed for investors' accounts over $100,000. We employ full discretion, applying fundamental analysis.

INVESTMENT OBJECTIVE

We seek to maximize total after-tax return through capital appreciation, and income from dividends and interest, consistent with reasonable risk.

INVESTMENT STRATEGY

We invest in undervalued assets wherever they may be found. Typically, this results in holding a portfolio of companies we believe are materially undervalued by the market. Bonds may be included in the portfolio if they are a good investment.

INVESTMENT PROCESS

We start with a bottom-up scan of domestic companies, typically looking at most U.S. companies at least four times per year. We add to that an understanding of the sector dynamics in which companies are operating, an assessment of the business cycle, and a review of macroeconomic conditions.

Our primary screening metric is return on shareholder equity (ROE). We are looking for companies with stable returns that can be purchased cheaply, or for companies with improving returns that have not yet been recognized by the market.

We don't believe that a holding period of "forever" is appropriate in all cases, but are comfortable holding companies as long as they continue to meet expectations.

INVESTMENT RISK

We define investment risk as the probability of losing purchasing power over long periods of time, which is quite different from Wall Street's definition which focuses on price volatility in very short periods of time. Taxes, inflation, and spending will ALL impact the purchasing power of your assets.

ALL-CAP VALUE COMPOSITE PERFORMANCE (NET OF FEES)

			Annualized			
	Year to Date	One Year	Past 3 Years	Past 5 Years	Past 10 Years	Past 15 Years
Return	3.28%	7.90%	8.20%	20.25%	6.99%	7.74%
S&P 500 Total Return*	-4.27%	8.25%	9.06%	18.59%	12.50%	13.15%
Consumer Price Index**	1.10%	2.82%	3.99%	4.29%	3.12%	2.72%

* **The S&P 500 is a widely recognized, unmanaged index of common stock prices. The figures for the S&P 500 reflect all dividends reinvested but do not reflect any deductions for fees, expenses, or taxes. One cannot invest directly in an index.**

** Consumer Price Index (CPI) – As of February 2025 – U.S. CPI Urban Consumers NSA (Non-Seasonally Adjusted), Index. The Consumer Price Index tracks the prices paid by urban consumers for goods and services and is generally accepted as a measure of price inflation. Price inflation affects consumers' purchasing power.

Consolidated performance with dividends and other earnings reinvested. Performance figures reflect the deduction of broker commission expenses and the deduction of investment advisory fees. Such fees are described in Form ADV 2A. The advisory fees and any other expenses incurred in the management of the investment advisory account will reduce the client's return. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the above accounts.

TOP TWENTY HOLDINGS

Company	Industry	% of Net Asset
EQT Corporation	Oil, Gas, & Consumable Fuels	5.29%
McKesson Corporation	Health Care Providers & Services	4.82%
Berkshire Hathaway Inc Class B	Diversified Financial Services	4.13%
SPDR Gold Shares	Exhange Traded Funds	4.06%
Agnico Eagle Mines Ltd	Metals and Mining	4.05%
BGC Partners Inc	Capital Markets	3.78%
NMI Holdings Inc	Thrifts and Mortgage Finance	3.64%
Recurrent MLP & Infrastructure Fund 1	Mutual Funds	3.57%
Rush Enterprises Inc	Trading Companies & Distributions	3.16%
Apple Inc	Technology Hardware, Storage, & Peripherals	3.04%
Mastec Inc	Construction & Engineering	3.01%
Schlumberger NV	Energy Equipment & Services	2.93%
Wabtec Corp	Machinery	2.91%
UnitedHealth Group Inc	Health Care Providers & Services	2.82%
Microsoft Corp	Software	2.80%
Royal Gold Inc	Metals and Mining	2.61%
Newmont Corporation	Metals and Mining	2.43%
United Rentals Inc	Trading Companies & Distributions	2.37%
Tencent Holdings Limited ADR	Interactive Media and Services	2.33%
Taylor Morrison Home Corp	Household Durables	2.12%

Composite holdings are subject to change and are not recommendations to buy or sell any security.

Composite Top Twenty Holdings are presented as supplemental information to the presentation on the next page.

Return on Equity (ROE) is a company's net income (earnings), divided by the owner's equity in the business (book value).

MUHLENKAMP

PORTFOLIO MANAGER

Jeffrey P. Muhlenkamp,
Portfolio Manager, CFA, has been active in professional investment management since 2008. He is a graduate of both the United States Military Academy and Chapman University.

INVESTMENT ADVISER

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SMA FACTS

Average Number of Equity Holdings	26
Cash & Cash Equivalents	27.64%

SMA INFORMATION

The inception date for the All-Cap Value Composite is December 31, 1993. The All-Cap Value Composite was created in December 2003. The Composite includes fee-paying accounts over $100,000, full discretion, under management for first full month which are invested in the All-Cap Value strategy. The composite excludes the Muhlenkamp Fund and any wrap fee account.

Minimum Initial Investment	$100,000.00
Management Fee*	1% (first $1 million); 0.5% on the remainder

** May vary by account.*

Muhlenkamp & Company serves individual and institutional investors through our no-load mutual fund and separately managed accounts.

MUHLENKAMP & COMPANY, INC. ALL-CAP VALUE COMPOSITE ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	ANNUAL PERFORMANCE Composite Gross	Composite Net	S&P 500 Total Return Index	THREE-YEAR ANNUALIZED STANDARD DEVIATION* Composite	S&P 500 Total Return Index	Composite Dispersion**
2024	396	75	71	12.07	11.23	25.02	13.01	17.40	1.24
2023	370	62	66	13.79	12.98	26.29	13.01	17.54	2.50
2022	396	54	57	2.82	2.06	(18.11)	19.51	21.16	0.82
2021	317	48	48	28.05	27.11	28.71	18.28	17.41	1.67
2020	265	38	45	14.06	13.14	18.40	18.63	18.79	1.38
2019	253	34	48	14.70	13.78	31.49	10.33	12.10	1.37
2018	254	32	51	(11.71)	(12.45)	(4.38)	9.24	10.80	1.21
2017	342	40	52	15.24	14.30	21.83	8.70	9.92	2.12
2016	339	39	52	(1.86)	(2.68)	11.96	9.73	10.59	1.17
2015	422	48	67	(4.66)	(5.45)	1.38	10.41	10.47	0.68
2014	541	51	67	10.27	9.37	13.69	9.55	8.97	2.06
2013	585	50	60	35.50	34.39	32.39	11.29	11.94	3.13
2012	491	41	66	11.29	10.34	16.00	12.02	15.09	1.14
2011	555	45	74	(2.84)	(3.67)	2.11	16.60	18.70	0.85
2010	724	59	82	2.96	2.15	15.06			1.45

The objective of this All-Cap Value Composite is to maximize total after-tax return, consistent with reasonable risk—using a strategy of investing in highly profitable companies, as measured by Return on Equity (ROE), that sell at value prices, as measured by Price-to-Earnings Ratios (P/E).

Muhlenkamp is an independent registered investment advisory firm registered with the Securities and Exchange Commission.

Returns are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite may invest in American Depositary Receipts (ADRs).*** Accounts may be shown gross or net of withholding tax on foreign dividends based on the custodian. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance. Returns are expressed as percentages and are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. The annual Composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year.

* **Three-Year Annualized Standard Deviation** *is a measure of volatility, calculated by taking the standard deviation of 36 monthly returns, net of fees, then multiplying the result by the square root of 12 to annualize it. Since standard deviation measures the dispersion of a set of numbers from its mean, higher results indicate more variation in monthly returns over the trailing three years.*

** **Composite Dispersion** *is a measure of the similarity of returns among accounts in the Composite. It is the standard deviation of the annual returns, net of fees, for all accounts which were in the Composite for the entire year.*

*** **American Depositary Receipts (ADRs)** *are shares that trade in U.S. markets, but represent shares of a foreign company. A bank (the depository) purchases a number of the foreign shares and holds them in a trust or similar account; in turn, the bank issues shares tradable in the U.S. that represent an interest in the foreign company. The ratio of ADRs to foreign shares is set by the bank. ADRs do not mitigate currency risk, but can reduce transaction costs and simplify trading compared to buying the local shares in the foreign markets.*