MUHLENKAMP

QUARTERLY LETTER, JULY 2025

Fellow Investors,

When we started gathering the economic and financial metrics we so often include in these letters, we found that for the second quarter in a row little had changed. Inflation as measured by the U.S. Consumer Price Index (CPI) was 2.4% on May 31, 2025, right where it was in September of '24. The May 31st, 2025, U-3 unemployment figure was 4.2%, a number we've seen repeatedly since July of '24. The yield on the 10-year U.S. Treasury bond was 4.24% on June 27th, 2025, squarely in the middle of the 3.6% - 4.9% range it's been in for two years now. The Federal Reserve has kept its target rate at 4.25% – 4.50%, unchanged since December '24. Finally, we note that the S&P 500 Index has fully recovered from its March–May dip and is once again at the high-water mark it set in late February.

For all the dramatic headlines about the Department of Government Efficiency (DOGE), tariffs, immigration, and war, very little has changed from an investing perspective in the last six months. A significant exception (at least for us) is the price of gold, which is up roughly 25% year to date. Our gold-related holdings have benefited from this price increase.

So, this quarter, I will keep the memo short. Some economic data has become very volatile as businesses react to tariffs and threats of tariffs, making it more difficult than usual to discern the underlying economic trend. We expect most of the tariff questions to be answered in the next few months. Many economic data points are still weak, so a recession in the near future remains a possibility. We hold some cash to take advantage of the investment bargains we expect would accompany a recession. Our gold-related investments have done well for us this year, as mentioned above, and we think they will continue to do so. As always, when companies we own disappoint us, we sell them, and when we see good investment opportunities, we take advantage of them. That will continue.

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 this summer,

Jeff Muhlenkamp, Portfolio Manager
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The Consumer Price Index (CPI) - *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.*

S&P 500® Index *– is a widely recognized, unmanaged index of common stock prices. The S&P 500® Index is weighted by market value and its performance is thought to be representative of the stock market as a whole. One cannot invest directly in an index.*

U-3 Unemployment Rate *– a measure of the unemployed, as a percent of the civilian labor force. It only includes those currently looking for work. Listed as the "official unemployment rate" according to the U.S. Bureau of Labor Statistics.*

Past performance does not guarantee future results.

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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