

MUHLENKAMP Memorandum

Issue 158

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QUARTERLY LETTER, APRIL 2026

By Jeff Muhlenkamp, Portfolio Manager



Fellow Investors,

We said in our January newsletter that we expected 2026 to be “another interesting year.” Events in February and March didn’t let us down as the United States and Israel resumed combat operations against Iran on 28 February. Iran’s response included closing the Strait of Hormuz to most shipping and conducting missile and drone strikes against energy production and processing facilities in the neighboring Gulf Cooperation Council states. These attacks make it clear that Iran hopes to drive up energy prices and create problems for both energy-producing and energy-importing nations. Iran apparently believes those nations will pressure the United States and Israel into ending combat operations (instead of joining the fight against Iran).

Overall, the impact of the war on markets can be summarized as: oil up, dollar up, bonds down, stocks down, gold down. Crude oil prices have increased from about \$65 per barrel in February to roughly \$102 on 31 March. The dollar, as measured by the DXY currency

index, went from 98 in late February to 100 on 31 March. The interest rate on the 10 Year Treasury Bond was 4.01% on 2/26/2026, rising to 4.44% on 3/27/2026. As of the end of March, the S&P 500 is down roughly 4% from its early February peak, and gold is down about 13.5% from its late January peak.

Of course, while the war dominated headlines in March, it isn’t the only thing going on. U.S. real GDP growth in 4Q25 was .70%, down from 4.40% in 3Q25. This sounds bad, but recall we had a government shutdown in 4Q, and this skews the numbers. The Federal Reserve Bank of Atlanta’s GDPNow estimate for 1Q26 is currently 2.0%. The March 2026 U-3 unemployment rate was 4.3%, down slightly from February’s 4.4% and the same as January’s 4.3%. In light of the muddled employment picture and renewed concerns about inflation, the Federal Reserve left the Federal Funds Rate unchanged when it met in March. The U.S. Manufacturing Purchasing Manager’s Index (PMI), which had been below 50 (indicating a contracting manufacturing sector)

since mid-2022, popped above 50 and into expansion territory in January and February. You’ve heard us talk before about how the manufacturing sector has been struggling, so we are pleased to report that things appear to be improving in manufacturing.

Three months ago, we laid out what we thought were the important questions for the coming year. Those questions are listed below in italics, with our updates in bold letters.

- *When will the AI boom end?* **Still not clear.**
- *When will the contraction in manufacturing end?* **We think it just ended.**
- *Will the tailwinds for gold continue?* **The price of gold has dropped about 13.5% from its January peak, but is still up nearly 8% year to date. A stronger dollar is a headwind. We think gold outperformance has at least paused, but the structural**

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Quarterly Letter

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tailwinds (central bank buying, gold backed crypto currency buying, profligate government spending) are still in place.

- *Will the tariff and regulatory upheaval we saw in '25 settle down, allowing CEOs to start making long-term decisions again? **Not clear.***
- *What will inflation do this year? **Higher oil prices increase risks of higher inflation.***

We'll add one about the Iran War:

- *How long will the Iran war last, and how high will oil prices go?*

Despite all these "interesting events," we are reasonably happy with how our portfolios have held up. We've taken profits on some successful investments in the Quarter and increased client cash holdings, as

well as increasing our exposure to overseas companies. In the longer term, we still think the dollar is likely to weaken, and overseas investments are a great way to take advantage of that. 🌊

Wishing you all the best!

Jeff Muhlenkamp, Portfolio Manager
Muhlenkamp & Company, Inc.

DXY (U.S. Dollar Index ®) - is an index of the value of the U.S. dollar relative to a basket of foreign currencies.

GDP (Gross Domestic Product) - is the total market value of all goods and services produced within a country in a given period of time (usually a calendar year).

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.

PMI (Purchasing Managers Index) - a key economic indicator from monthly surveys of supply managers.

U-3 Unemployment Rate - is the official unemployment rate. It is the total unemployed, as a percent of the civilian labor force.

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.

Visit our website for past Quarterly Letters and other archives - <https://muhlenkamp.com/>

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- **Are you losing sleep over what's happening in the markets?**
- **Is someone you care about managing their own investments and struggling?**
- **Do you have a family member who just inherited money and isn't sure what to do?**
- **Are you approaching retirement and wondering if your plan still makes sense?**
- **Have recent events made you question your current advisor?**

Call us (877) 935-5520. We can help.

LATEST ESSAYS AND ARTICLES

 **Our social followers got this content first. Don't miss out.** 



The 5 Ps of Rational Investing: What Matters Most

It's hard to be rational when investing, ESPECIALLY when emotions seem to drive the markets. We've written about rational versus emotional investing in "The Game of the Stock Market vs. The Business of Investing" and "When Emotions Hijack Your Investment Returns," but we have distilled those ideas into the Five P's of Rational Investing. The interesting thing about market cycles isn't just how they unfold—it's also how investors respond to them.

<https://library.muhlenkamp.com/the-5-ps-of-rational-investing-what-matters-most/>



Social Security and the 2033 Question

If you are currently receiving Social Security benefits, figure out the impact of those benefits being reduced by almost 20% in 7-10 years. Then start acting NOW to adjust things in response. Call it risk management, planning for the worst case, whatever; it's better to start planning now than waiting to "see what happens."

If you are aged 52-62, download your Social Security Statement, and think about what you are trying to accomplish. There are a few ways to think about your Social Security decisions.

<https://library.muhlenkamp.com/social-security-and-the-2033-question/>



Letter to My Daughters: On Patience

I want to talk to you about patience, specifically, patience as an investor. It may be the single most important quality you can develop, and it is also the one that most people, even smart people, find almost impossible to maintain.

The problem is that patience is invisible. When you are being patient, nothing appears to be happening. And in a world where something is always happening—markets moving, headlines rolling, financial commentators confidently explaining what it all means—doing nothing feels like failure.

<https://library.muhlenkamp.com/on-patience/>



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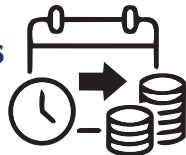
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Start An Automatic Investment Plan (AIP)

An AIP moves money from your bank into your investment account on a set schedule, helping you build wealth steadily without having to think about it. AIPs keep your money working while you focus on living your life.

Dollar-Cost Averaging Works

By investing a fixed amount regularly, you buy more shares when prices are low and fewer when prices are high, lowering the average cost per share over time.



Taps the 8th Wonder of the World

Compound Interest. Regular contributions accelerate the power of compound interest. The earlier and more consistently you invest, the more your money works for you.



AIP Removes Emotion

Automatic investing removes the temptation to react — no panic selling in downturns, no chasing peaks. The process stays steady so you don't have to.



AIP Makes Investing A Habit

Automating your investments transforms saving from a chore into a seamless habit, prioritizing your long-term financial goals.



Start a Muhlenkamp AIP

A minimum of \$200 opens the account, plus a minimum monthly contribution of \$50.

**Call (724) 934-5122
to set up your AIP today.**

NOTE: A program of regular investing cannot assure a profit or protect against a loss in a declining market.

MUHLENKAMP SMA ALL-CAP VALUE

For the period ended 03/31/2026

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)

| | Year to Date | One Year | Annualized | | | |
|------------------------|--------------|----------|--------------|--------------|---------------|---------------|
| | | | Past 3 Years | Past 5 Years | Past 10 Years | Past 15 Years |
| Return | 8.13% | 22.02% | 15.97% | 13.00% | 10.51% | 8.93% |
| S&P 500 Total Return* | -4.33% | 17.80% | 18.32% | 12.06% | 14.16% | 13.29% |
| Consumer Price Index** | 0.84% | 2.41% | 2.80% | 4.44% | 3.26% | 2.63% |

* 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 2026 – 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 |
|-------------------------------------|---|----------------|
| Agnico Eagle Mines Ltd | Metals and Mining | 5.89% |
| EQT Corporation | Oil, Gas, & Consumable Fuels | 4.93% |
| SPDR Gold Shares | Exchange Traded Funds | 4.86% |
| McKesson Corporation | Health Care Providers & Services | 4.72% |
| Newmont Corporation | Metals and Mining | 4.54% |
| Royal Gold Inc | Metals and Mining | 3.45% |
| Wabtec Corp | Machinery | 3.38% |
| Rush Enterprises Inc | Trading Companies & Distributions | 3.32% |
| Lyondellbasell Industries NV | Chemicals | 3.23% |
| Schlumberger NV | Energy Equipment & Services | 3.12% |
| Berkshire Hathaway Inc Class B | Diversified Financial Services | 3.07% |
| Mastec Inc | Construction & Engineering | 3.02% |
| BGC Partners Inc | Capital Markets | 3.00% |
| Celanese Corp Series A | Chemicals | 3.00% |
| NMI Holdings Inc | Thriffs and Mortgage Finance | 2.92% |
| Apple Inc | Technology Hardware, Storage, & Peripherals | 2.91% |
| Freedom 100 Emerging Markets | Exchange Traded Funds | 2.80% |
| Microchip Technology Inc | Semiconductors & Equipment | 2.76% |
| Recurrent Mlp & Infrastructure Fd 1 | Mutual Fund | 2.70% |
| Microsoft Corp | Software | 2.52% |

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).



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 27
Cash & Cash Equivalents 19.25%

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 | | | THREE-YEAR ANNUALIZED STANDARD DEVIATION* | | |
|----------|------------------------------------|-----------------------------------|--------------------|--------------------|---------------|----------------------------|---|----------------------------|------------------------|
| | | | | Composite Gross | Composite Net | S&P 500 Total Return Index | Composite | S&P 500 Total Return Index | Composite Dispersion** |
| 2025 | 435 | 90 | 77 | 17.40 | 16.55 | 17.88 | 10.24 | 11.95 | 1.57 |
| 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 |

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.