MUHLENKAMP Memorandum

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QUARTERLY LETTER, JULY 2026

By Jeff Muhlenkamp, Portfolio Manager

Fellow Investors,

For most of the second quarter, the markets were driven by news concerning the Iran War. Major combat operations began on February 28th and mostly ended after the April 8th cease-fire agreement. The war mattered to markets because the Iranians closed the Strait of Hormuz, reducing global crude oil flows by about 20% of global daily consumption and significantly reducing liquefied natural gas (LNG) and fertilizer flows as well. Oil prices peaked at $113 per barrel on April 7th and have declined erratically since then, hitting a low of $70 on June 24th. On June 17th, the Strait of Hormuz was partially reopened after the signing of a memorandum of understanding between the United States and Iran, and oil slowly began to flow out of the area once again. This was critical, as many countries had been drawing down oil reserves to keep their economies running. Their ability to do this was finite, and there were some real concerns that a true oil shortage would develop when their reserves were depleted, sending prices much higher and slowing economic activity sharply. While those fears have not completely disappeared, such a dire outcome is far less likely now.

While the conflict with Iran is not resolved, the opening of the Strait of Hormuz has allowed Wall Street to think about other things: a new Federal Reserve Chairman (Kevin Warsh) and the massive IPO of SpaceX.

Mr. Warsh became the Fed Chair on May 22nd and appears intent on reforming the Federal Reserve. He started his reforms by doing away with forward guidance and creating five advisory committees to study communications, the balance sheet, inflation frameworks, data sources, and productivity/jobs. These committees are expected to wrap up their work by the end of 2026, so it won't be long before we find out what they recommend. At its May meeting, the Fed kept the Federal Funds Rate target unchanged at 3.50% – 3.75%. Mr. Warsh emphasized price stability in his remarks, and prediction markets took those comments as a sign that rate hikes were more likely in the near future, not the expected rate cuts. We'll see.

As regards the SpaceX IPO I am struck by the high valuation given to the company: 55 times this year's estimated sales (the company is not yet profitable, so Price/Earnings is meaningless). As a rule of thumb, I generally consider 10 times sales to be expensive – SpaceX is far beyond that. CEO Musk has set himself some very ambitious goals including deploying orbital data centers and putting a million people on Mars – if he can do the improbable, perhaps his company is worth its current price. Again, we'll see.

On to more mundane concerns.

The U.S. economy appears to be doing fine. The U-3 Unemployment Rate was 4.3% on May 31st, about where it has been since May 2025. 1st Quarter real GDP growth was reported to be 2.1% on March 31st and the Atlanta Federal Reserve's GDPNow estimate for second quarter is 2.5% as of June 25th, 2026. Inflation has increased throughout the year with the Consumer Price Index indicating 4.2% year-over-year inflation on May 31st, 2026. The high inflation number probably prompted Warsh's repeated emphasis on price stability as a Federal Reserve goal. Interest rates in general bottomed in early March and have been rising erratically ever since. The yield on the 10-year Treasury bond was 3.94% on March 1st, rising to 4.38% on June 25th. Similarly, the 30-year fixed mortgage rate was 6.1% on March 1st and hit 6.57% on June 25th.

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Quarterly Letter

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The S&P 500 has bounced nicely from the late March low and is now up roughly 7% year to date. Semiconductor stocks have led the move higher as massive investments by artificial intelligence developers and cloud service providers accelerated chip makers' revenue and earnings growth.

As I did last quarter, let's review our standing questions. The questions are listed below in italics, with our updates in bold letters.

When will the AI boom end? **The answer still eludes me. My number one concern is that the AI boom will turn to bust, and the stock market will do a re-enactment of 2000 – 2002. I have been actively reducing exposure to companies benefiting from AI investments for the last 18 months. I may have acted too soon, and our investments may underperform for a time if the AI boom continues.**

When will the contraction in manufacturing end? **1st quarter 2026. This question will be dropped going forward.**

Will the tailwinds for gold continue? **The price of gold has dropped about 25% from its January peak and is down 6% year to date. The stronger dollar has been a headwind, but the structural tailwinds (central bank buying, gold backed crypto currency buying, profligate government spending) are still in place. Our gold related holdings change little during the Quarter.**

Will the tariff and regulatory upheaval we saw in '25 settle down, allowing CEOs to start making long-term decisions again? **This is not yet clear. In conversations with CEOs tariffs rarely come up anymore and regulatory change is more often beneficial than not. Long term, I think regulatory reform is a significant positive change for the U.S. economy.**

What will inflation do this year? **So far it has mostly gone up, it is not clear how much was due to oil prices and how much is due to other factors. Also unclear is the ability or willingness of the Fed to raise interest rates and thereby increase borrowing costs for the government.**

How long will the Iran war last? **45 Days.** *How high will oil prices go?* **$110 per barrel. I don't think the U.S. will resume major combat operations. This question will also be dropped unless I am wrong and major combat operations resume.**

The accounts Muhlenkamp and Company manages remain up by high-single-digit percent year to date. I've taken profits on some successful investments in the Quarter and sold our international and Chinese investments. The Chinese holdings were not meeting my expectations, so I sold them. The international exchange-traded fund we owned was heavily exposed to Korean and Taiwanese chipmakers and did better than I expected. I sold it because I think those chipmakers are now overpriced. I'm not in a hurry to put our cash to work but will happily do so when I find lucrative opportunities.

I hope that you and your family enjoyed our nation's 250th Birthday and didn't get overcooked! As always, please contact us if you have any questions, we'd love to hear from you!

Jeff Muhlenkamp, Portfolio Manager
Muhlenkamp and Company, Inc.

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.*

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).*

Price to Earnings ratio (P/E) *– the current price of a stock divided by the trailing twelve months earnings per share.*

Price to Sales ratio (P/S) *– the current price of a stock divided by (in this case) the average of analysts' estimates for FY 2026 sales. Trailing twelve months' sales or forward twelve months' sales estimates are also commonly used in this calculation.*

S&P 500 Index ® *– the S&P 500 (Standard & Poor's 500) is a stock market index that tracks the performance of 500 leading publicly traded companies in the United States. 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 *– U-3 is the official unemployment rate published by the U.S. Bureau of Labor Statistics (BLS). It measures the total number of jobless people (aged 16 and older) who are available to work and have actively searched for a job in the past four weeks, expressed as a percentage of the labor force.*

Past performance does not guarantee future results.

LATEST ESSAYS AND ARTICLES

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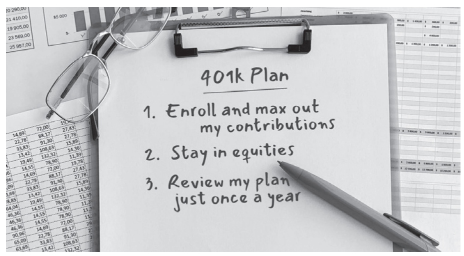
Three Questions Worth Asking Before You Buy

Whether you are thinking about buying a house, a used car, or stock in a company, the same principle applies: you can turn a good product into a bad investment if you pay too much for it. That discipline matters most when excitement is high and details are easy to overlook — which is what tends to happen with an Initial Public Offering (IPO) of a private company going public.

But excitement and investment merit are not the same thing. Before committing capital to any opportunity, it helps to check assumptions and ask three questions…

https://library.muhlenkamp.com/3questions/



Three Things Your 401(k) Needs From You

A 401(k) is one of the best tools available for building retirement wealth.

1. Pre-tax contributions.
2. Tax-deferred growth.
3. An employer match in many cases.

Those are advantages you simply cannot replicate anywhere else.

But none of that matters if you are not enrolled. After years of talking with clients and prospects about their retirement accounts, I have concluded that making the most of your 401(k) comes down to the same three things. Not complicated things. Just three things, done consistently, over time.

https://library.muhlenkamp.com/401k-needs-you/

Investing Is Not What Most People Think It Is

Most of us know someone who tries to fix their own car, rewire a light fixture, or argue their own case in court. Sometimes it works out. Often it doesn't. The honest reason is that skilled trades and professions exist because they require knowledge, experience, and judgment that take years to develop.

Investing is one of those fields. It looks approachable, but the judgment required to do it well is harder than it looks, and a few common misunderstandings can cost people significantly over time. Two of them are worth addressing directly.

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MUHLENKAMPMemorandum

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MUHLENKAMPSMA ALL-CAP VALUE

For the period ended 06/30/2026

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)

			Annualized			
	Year to Date	One Year	Past 3 Years	Past 5 Years	Past 10 Years	Past 15 Years
Return	7.13%	15.42%	13.31%	11.35%	10.48%	8.91%
S&P 500 Total Return*	10.21%	22.32%	20.61%	13.41%	15.51%	14.36%
Consumer Price Index**	3.42%	4.25%	3.29%	4.48%	3.38%	2.66%

* **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 May 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	4.54%
SPDR Gold Shares	Exchange Traded Funds	4.22%
EQT Corporation	Oil, Gas, & Consumable Fuels	4.21%
McKesson Corporation	Health Care Providers & Services	4.20%
Newmont Corporation	Metals and Mining	3.96%
Microchip Technology Inc	Semiconductors & Equipment	3.95%
United Rentals Inc	Trading Companies & Distributions	3.73%
Rush Enterprises Inc	Trading Companies & Distributions	3.72%
Wabtec Corp	Machinery	3.68%
Apple Inc	Technology Hardware, Storage, & Peripherals	3.41%
BGC Partners Inc	Capital Markets	3.35%
Berkshire Hathaway Inc Class B	Diversified Financial Services	3.31%
NMI Holdings Inc	Thrifts and Mortgage Finance	3.30%
Schlumberger NV	Energy Equipment & Services	2.92%
Icon PLC ADR	Life Sciences Tool and Services	2.80%
Royal Gold Inc	Metals and Mining	2.77%
Recurrent Mlp & Infrastructure Fd 1	Mutual Fund	2.70%
Microsoft Corp	Software	2.49%
Taylor Morrison Home Corp	Household Durables	2.24%
Celanese Corp Series A	Chemicals	2.16%

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	24
Cash & Cash Equivalents	27.37%

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

				ANNUAL PERFORMANCE			THREE-YEAR ANNUALIZED STANDARD DEVIATION*		
Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	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.*