

Muhlenkamp & Company

Webinar December 1, 2016

Ron Muhlenkamp, Portfolio Manager
Jeff Muhlenkamp, Portfolio Manager
Tony Muhlenkamp, President



Muhlenkamp & Company, Inc.
Intelligent Investment Management

Welcome

- All participants are in a listen-only mode.
- We will conduct a question-and-response session after the presentation.
- This webinar is being recorded.



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Tony, Ron, and Jeff Muhlenkamp



Agenda

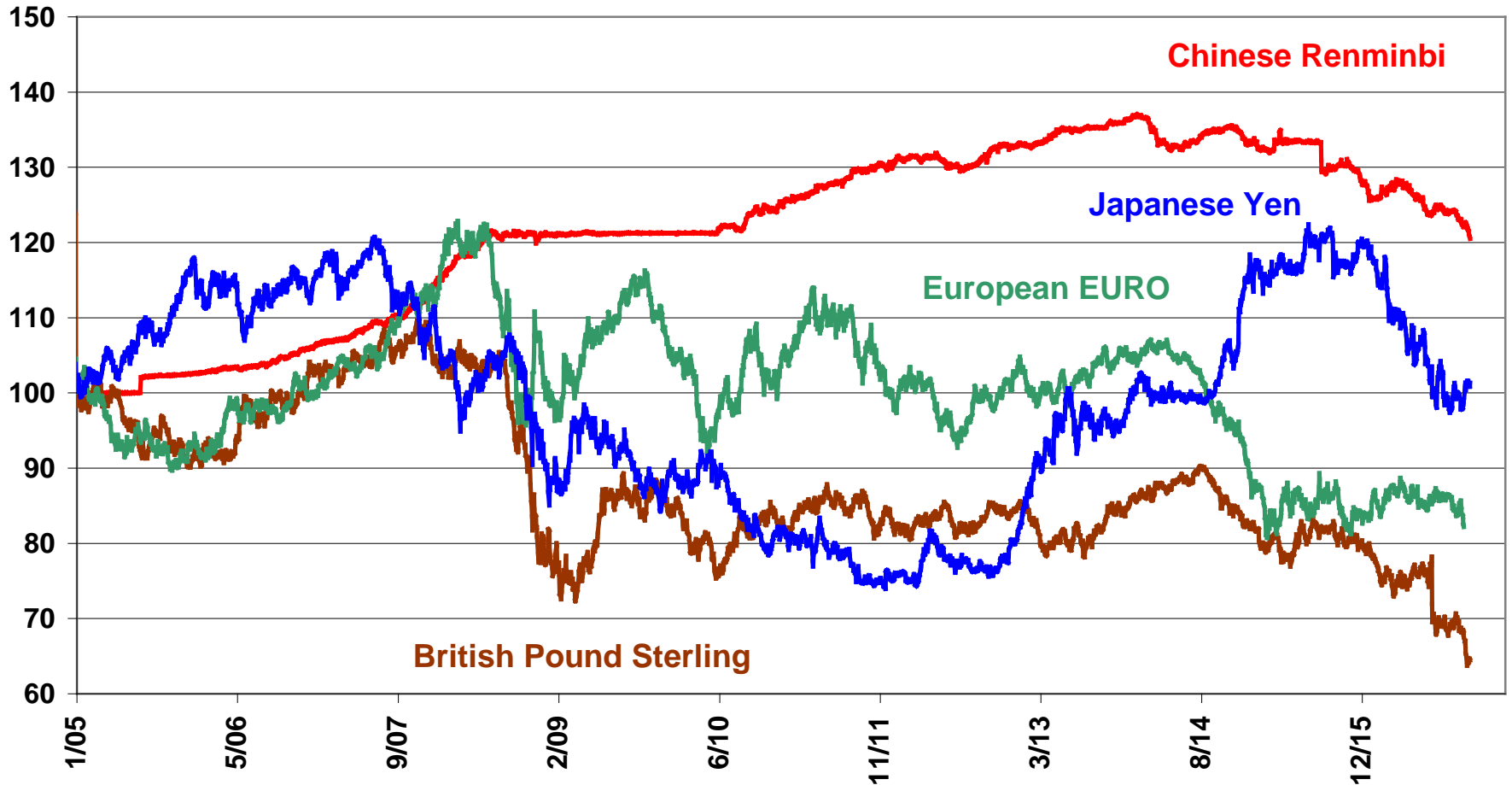
- **Currencies and Interest Rates**
- **U.S. Economic Charts, Business Charts, and Consumer Charts**
- **Investment outlook**
- **Question-and-response session**



Spot Exchange Rates Value of Currency vs. U.S. Dollar Jan2005-Nov2016

Normalized: January 1, 2005=100
(Daily)

- CNYUSD
- GBPUSD
- EURUSD
- JPYUSD



Source: Bloomberg



Nominal Sovereign Interest Rate (%)

November 16, 2016

Duration	1 Yr.	3Yrs.	5 Yrs.	10 Yrs.	30 Yrs.
France	-0.64	-0.49	-0.14	0.74	1.50
Germany	-0.70	-0.56	-0.33	0.30	0.92
Switzerland	-1.17	-0.89	-0.67	-0.14	0.34
Belgium	-0.66	-0.42	-0.17	0.67	1.59
UK	0.11	0.31	0.65	1.39	2.01
Norway	0.48	0.78	1.15	1.63	N/A
U.S.	0.76	1.27	1.66	2.22	2.95
Japan	-0.28	-0.09	-0.05	0.02	0.56

Source: Bloomberg



Real Sovereign Interest Rate (%)

November 16, 2016

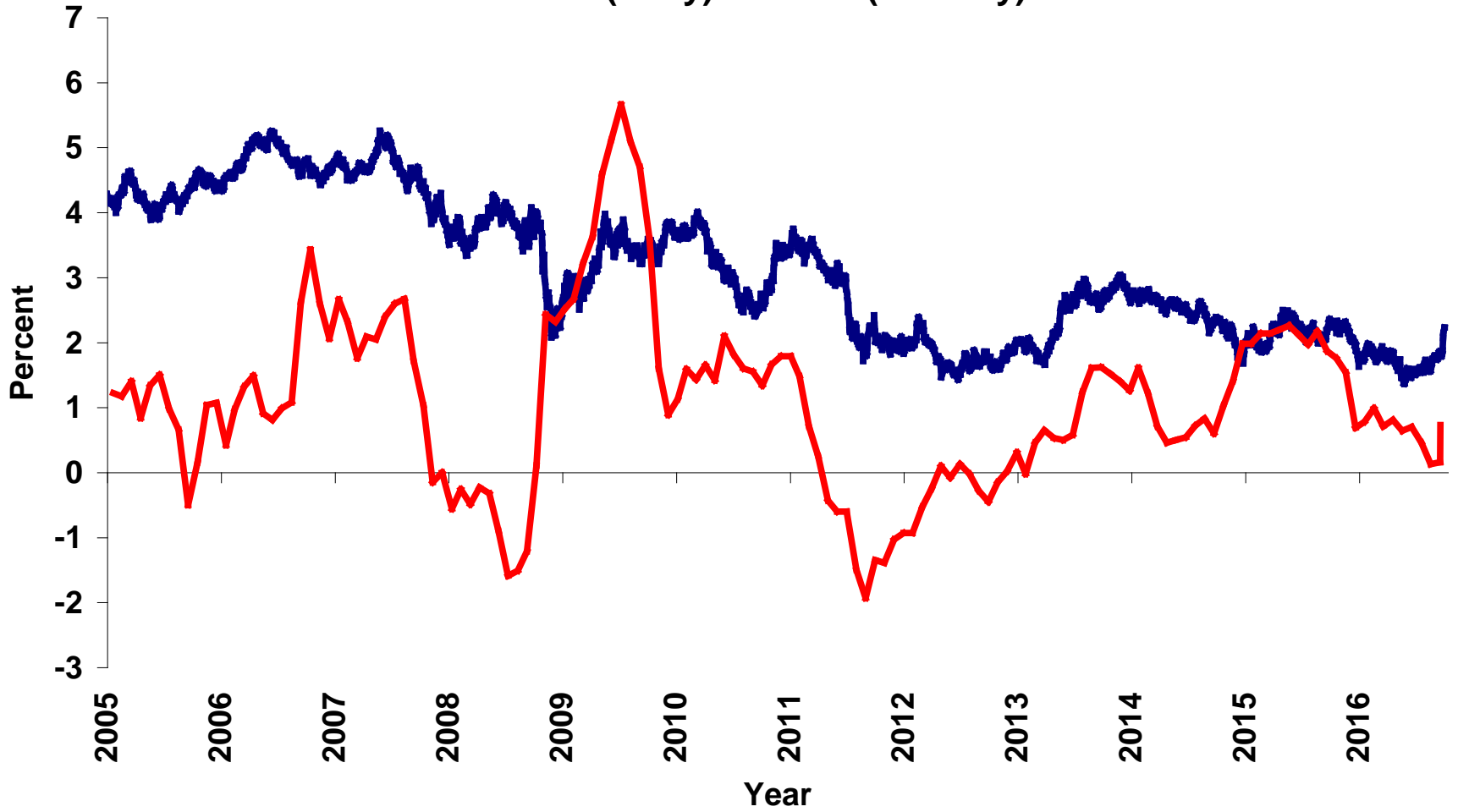
Duration	1 Yr.	3Yrs.	5 Yrs.	10 Yrs.	30 Yrs.
France	-1.04	-0.89	-0.54	0.34	1.10
Germany	-1.5	-1.36	-1.13	-0.50	0.12
Switzerland	-1.19	-0.91	-0.69	-0.16	0.14
Belgium	-2.47	-2.23	-1.98	-1.14	-0.22
UK	-0.62	-0.42	-0.08	0.66	1.28
Norway	-3.22	-2.92	-2.55	-2.07	N/A
U.S.	-0.84	-0.33	0.06	0.62	1.35
Japan	-0.78	-0.59	-0.55	-0.48	0.06

Source: Bloomberg



10-Year U.S. Treasury Note Rate 2005-Nov2016

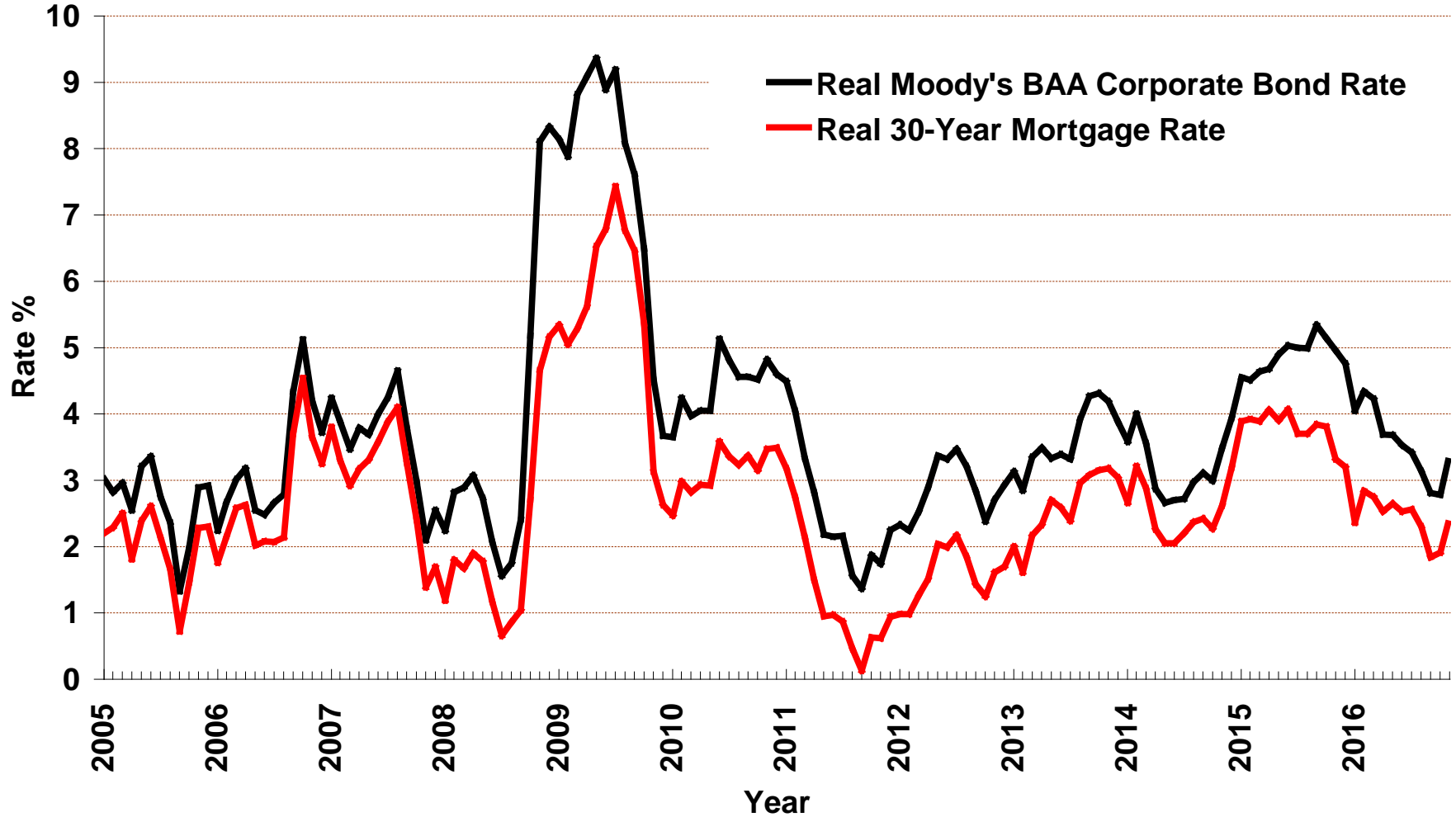
— Nominal (Daily) — Real (Monthly)



Source: Bloomberg



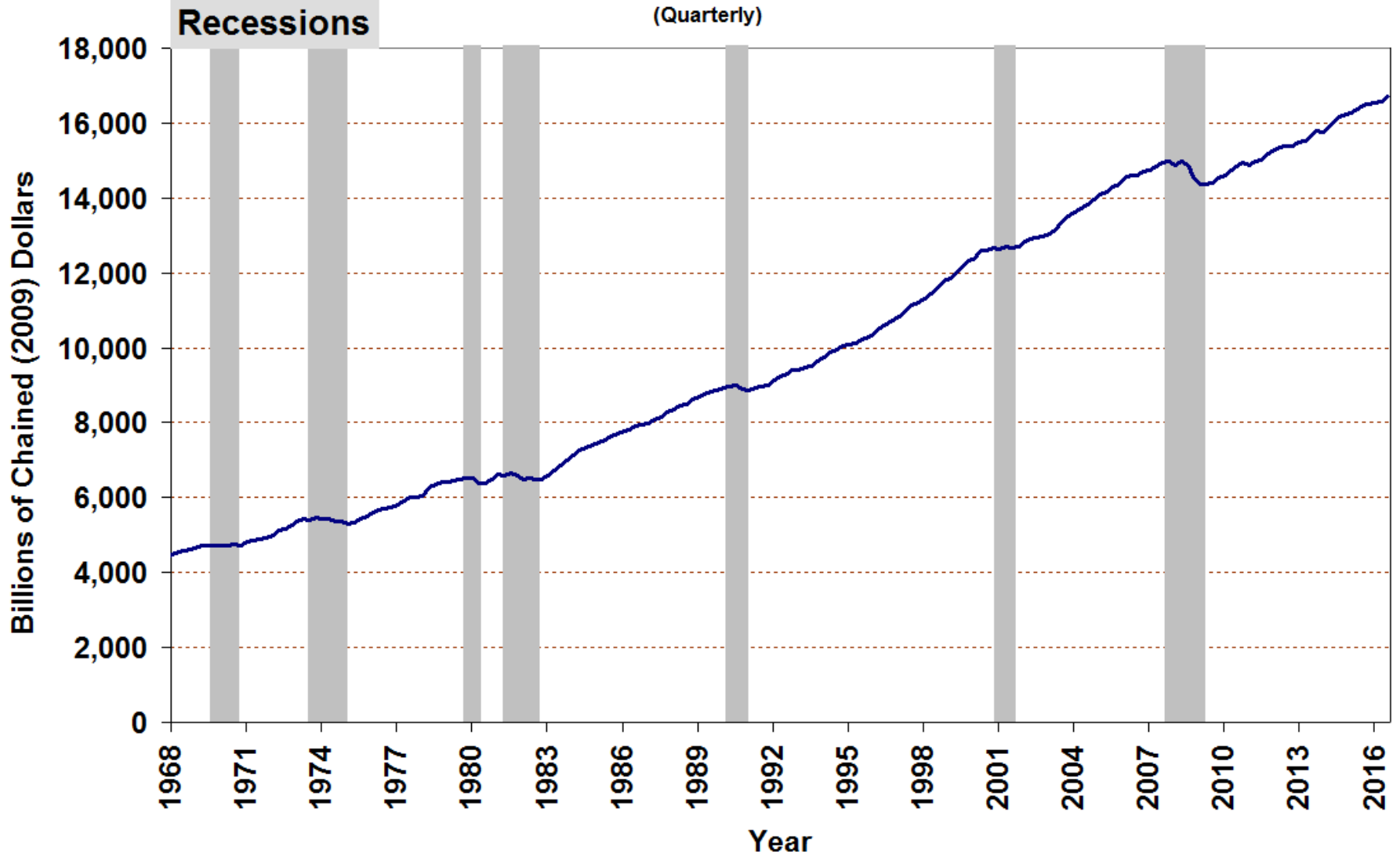
Real Moody's BAA Corporate Bond Rate Real 30-Year Mortgage Rate 2005-Nov2016 (Monthly)



Source: Bloomberg



U.S. Real Gross Domestic Product 1968-Jun2016 (Quarterly)

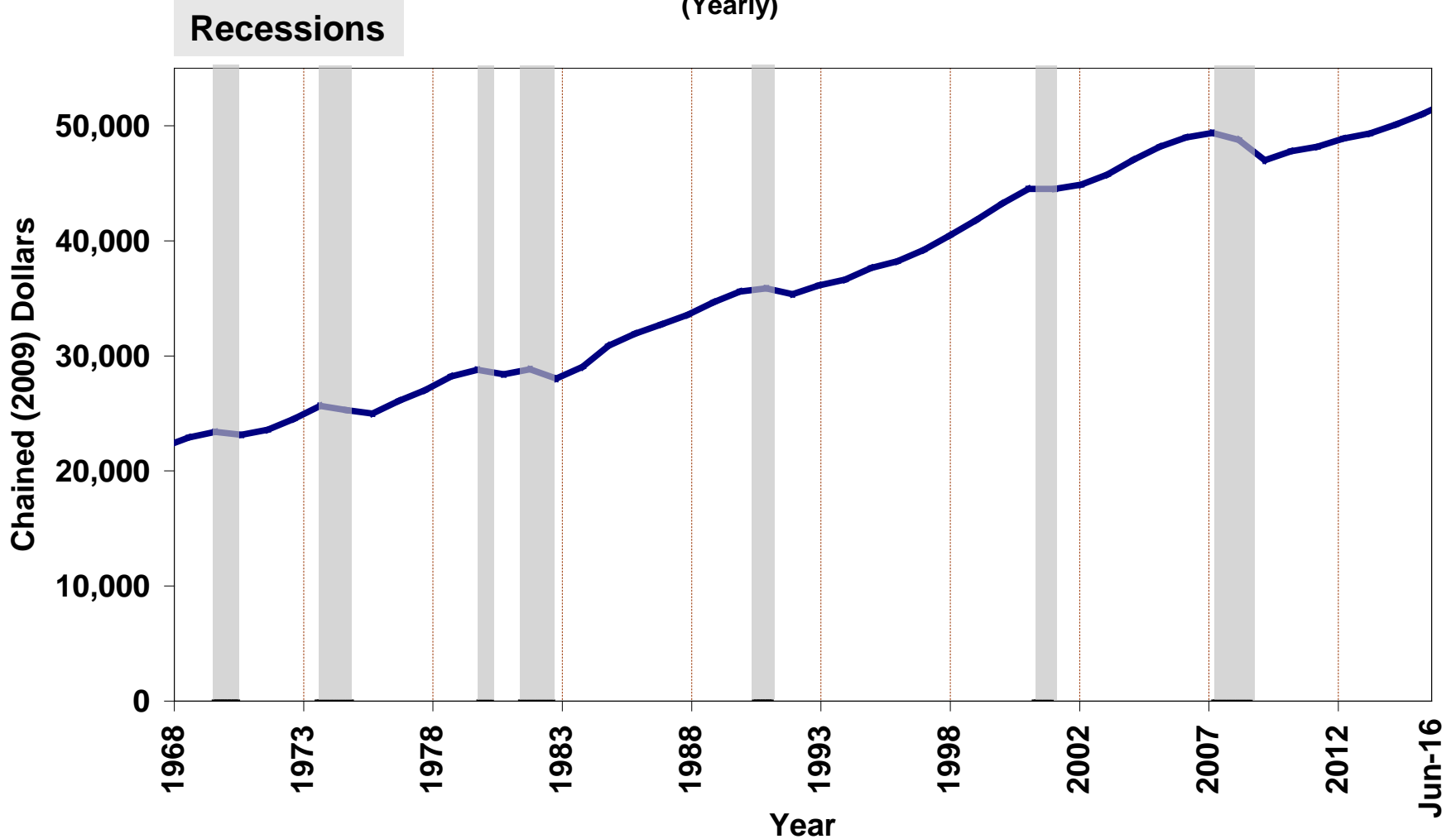


Source: US. Bureau of Economic Analysis
Shaded regions = Economic Recessions



Real Gross Domestic Product per Capita 1968-Jun2016

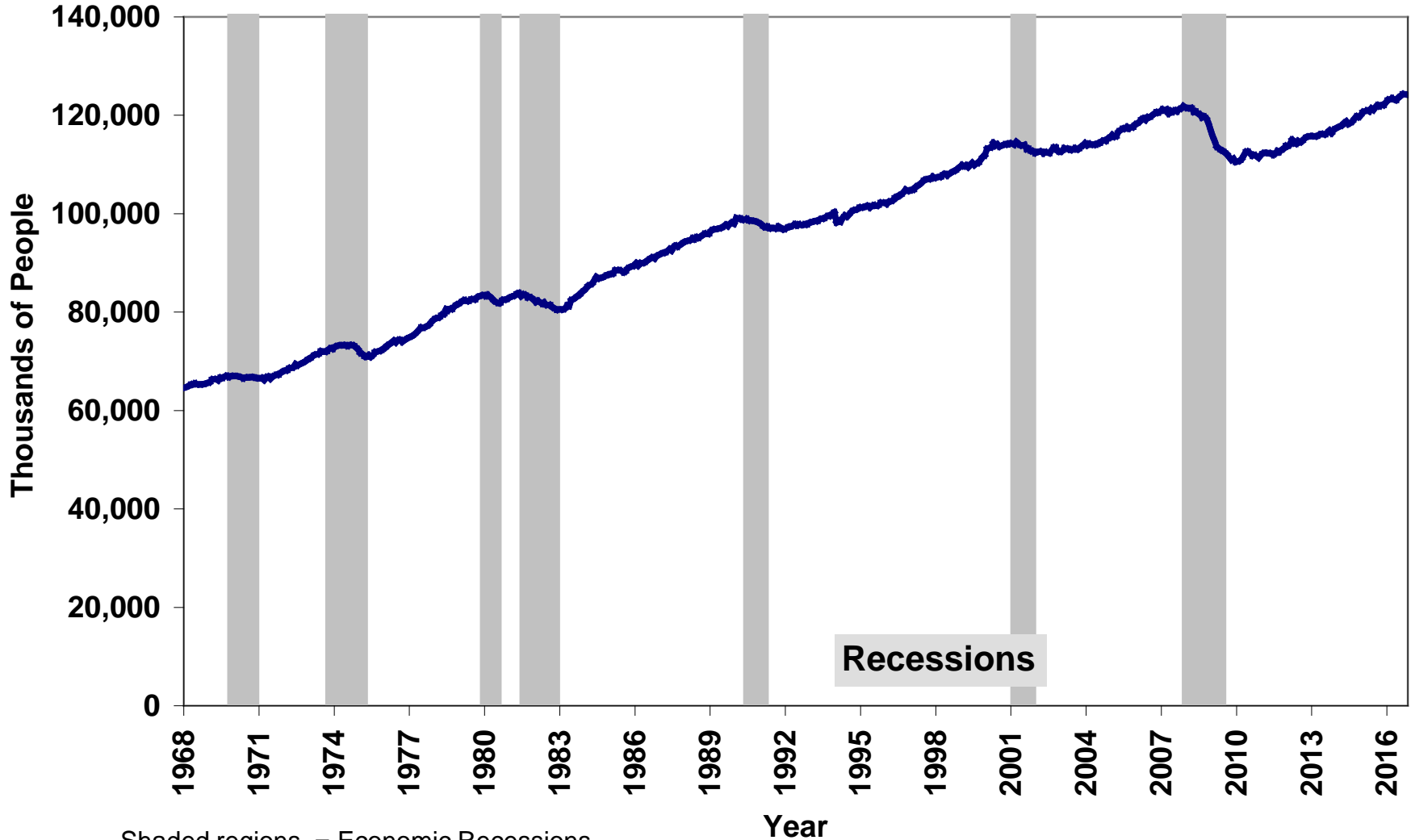
(Yearly)



Source: US. Bureau of Economic Analysis
Shaded regions = Economic Recessions



U.S. Employment - Total Full Time 1968-Oct2016 (Monthly)

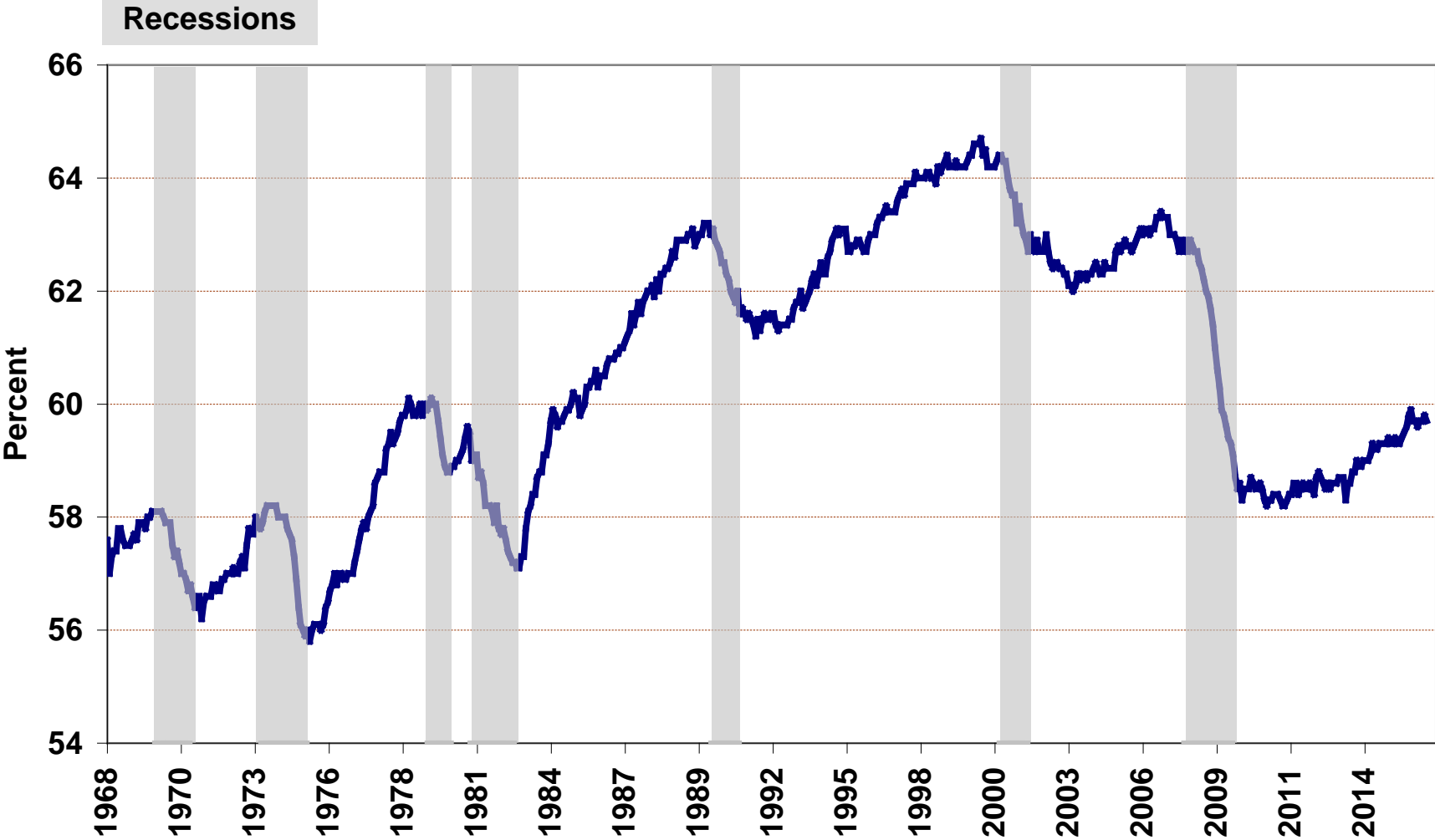


Shaded regions = Economic Recessions

Source: U.S. Bureau of Labor Statistics
Survey includes persons 16 years of age and over



Total Employment Population Ratio 1968-Oct2016 (Monthly)



Recessions

Shaded regions = Economic Recessions

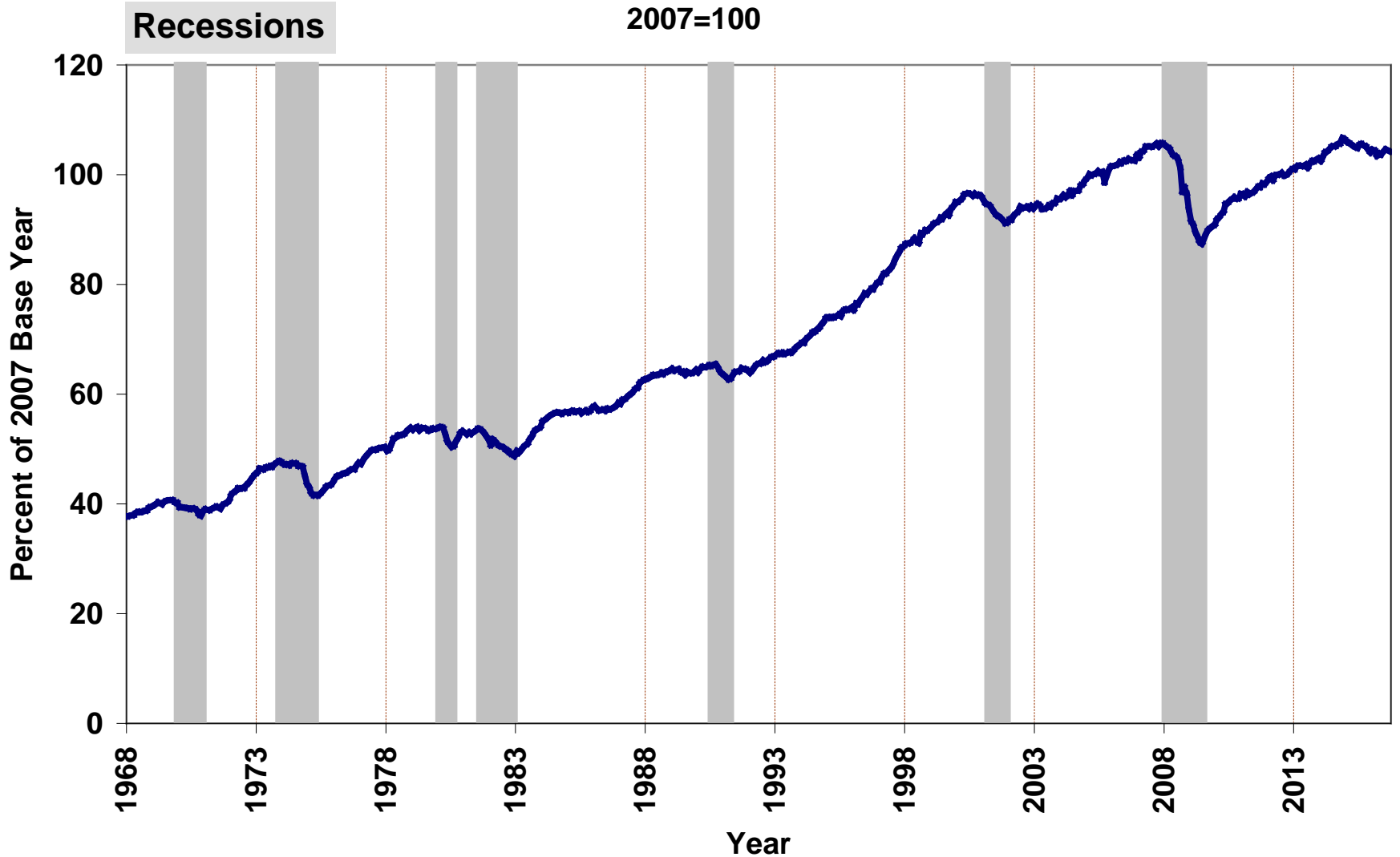
Year

Source: U.S. Bureau of Labor Statistics
Survey includes persons 16 years of age and over



U.S. Industrial Production

1968-Sep2016 (Monthly)
2007=100



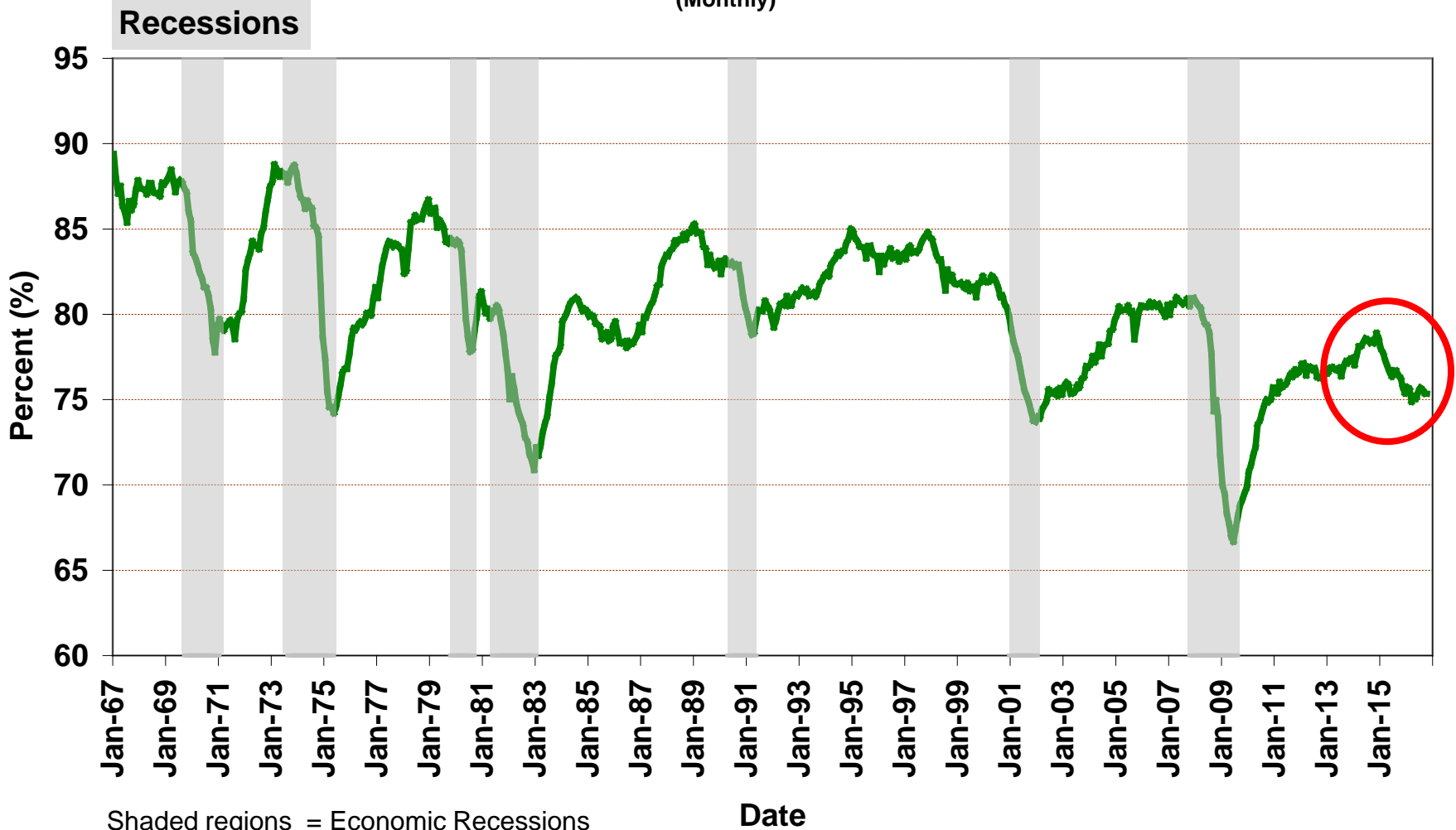
Shaded regions = Economic Recessions

Source: Bloomberg

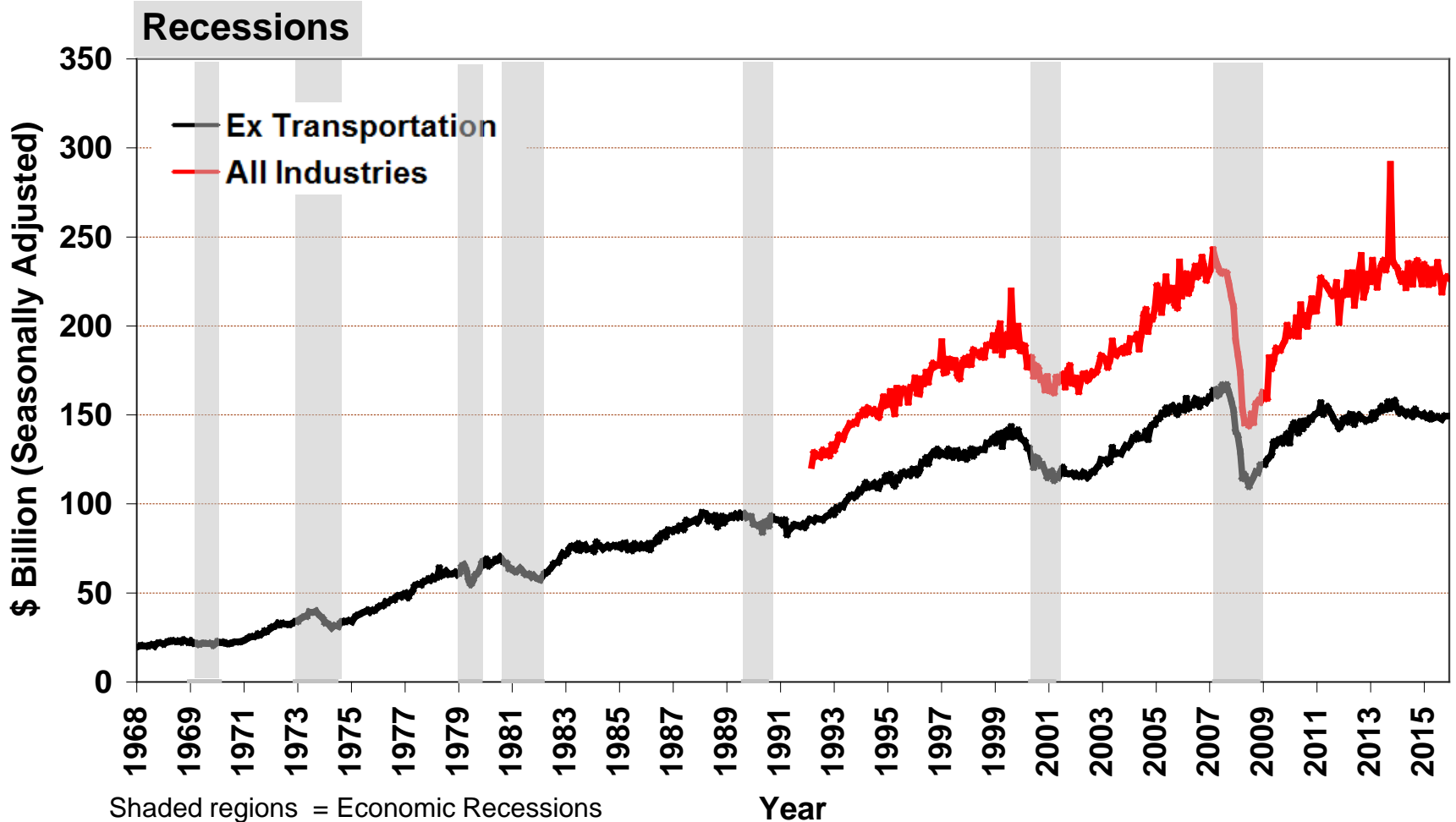


Capacity Utilization: Total Industry 1967-Oct2016

(Monthly)



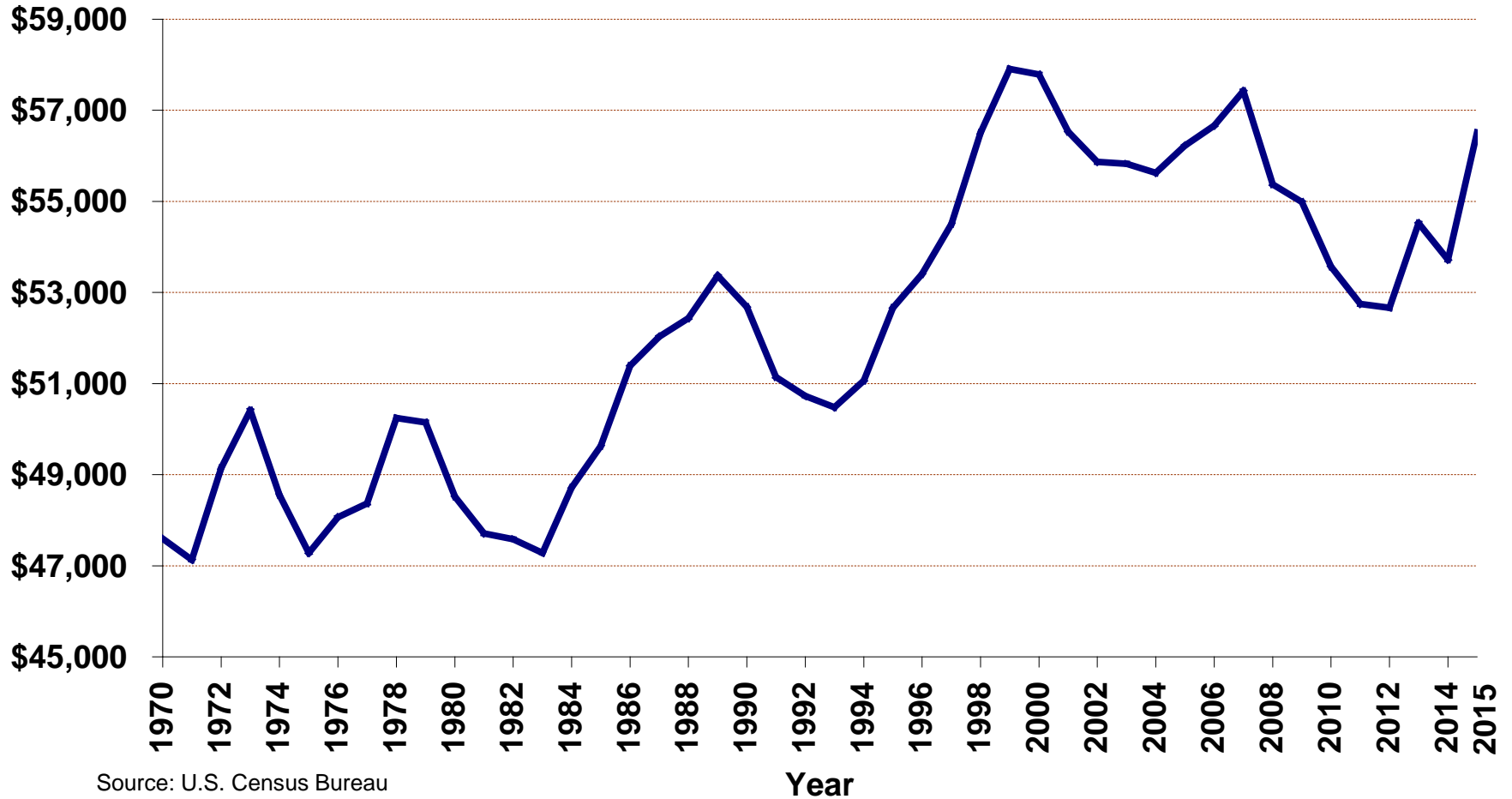
New Orders for Durable Goods \$ Billion - Seasonally Adjusted 1968-Sep2016 (Monthly)



Source: U.S. Census Bureau



U.S. Household Median Income Real Chained 2015 Dollars 1970-2015 (Yearly)



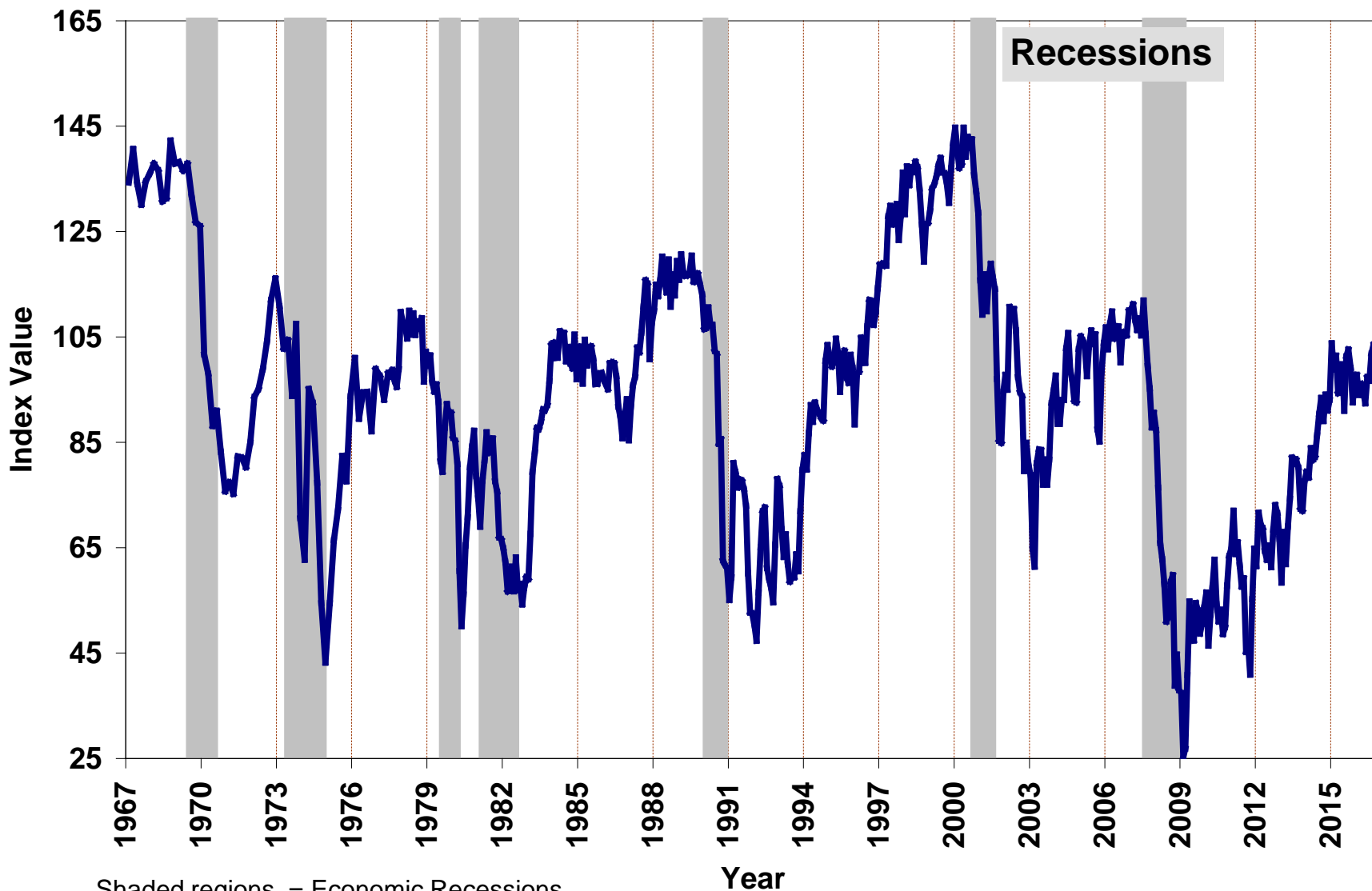
Source: U.S. Census Bureau



NOTE: In 1996, the U.S. Department of Commerce introduced the chained-dollar measure. The new measure is based on the average weights of goods and services in successive pairs of years. It is "chained" because the second year in each pair, with its weights, becomes the first year of the next pair. The advantage of using the chained-dollar measure is that it is more closely related to any given period covered and is therefore subject to less distortion over time.

U.S. Consumer Confidence

1967-Nov2016 (Monthly)



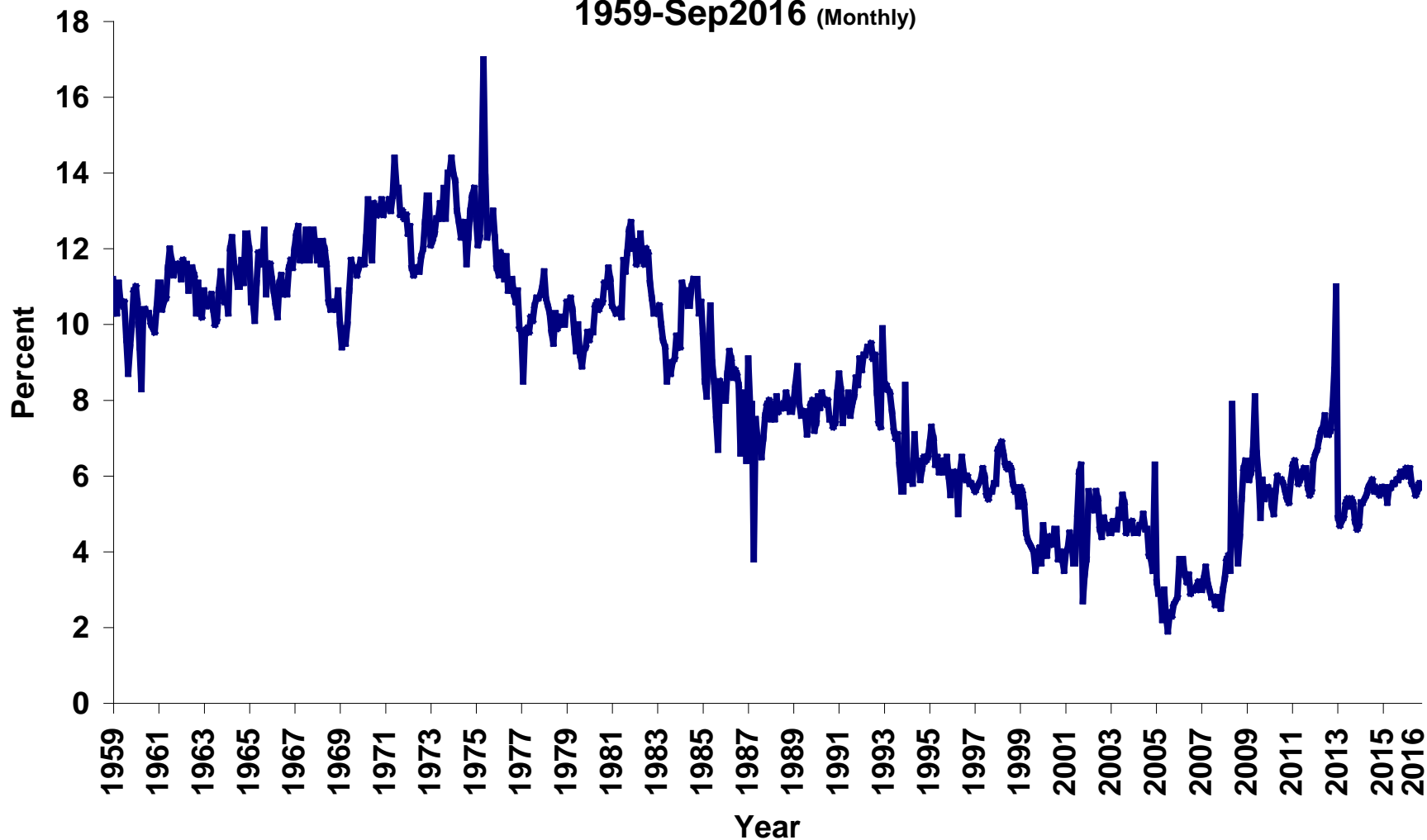
Shaded regions = Economic Recessions
Source: Conference Board; Data Normalized 1985=100



U.S. Personal Savings Rate

% of Disposable Personal Income

1959-Sep2016 (Monthly)



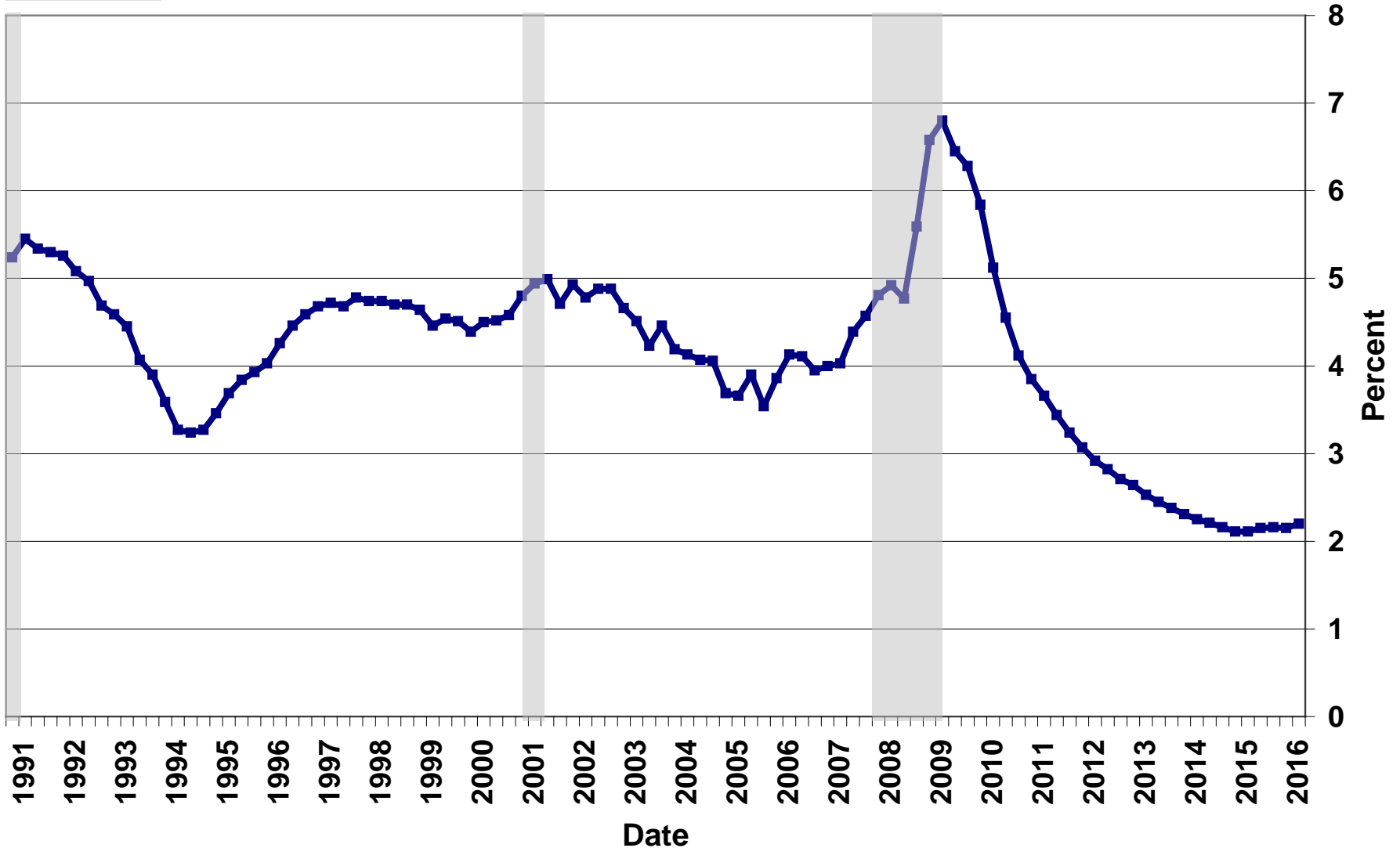
Source: Bureau of Economic Analysis



U.S. Credit Card Delinquency Rate (All Banks)

1991-Jun2016 (Quarterly)

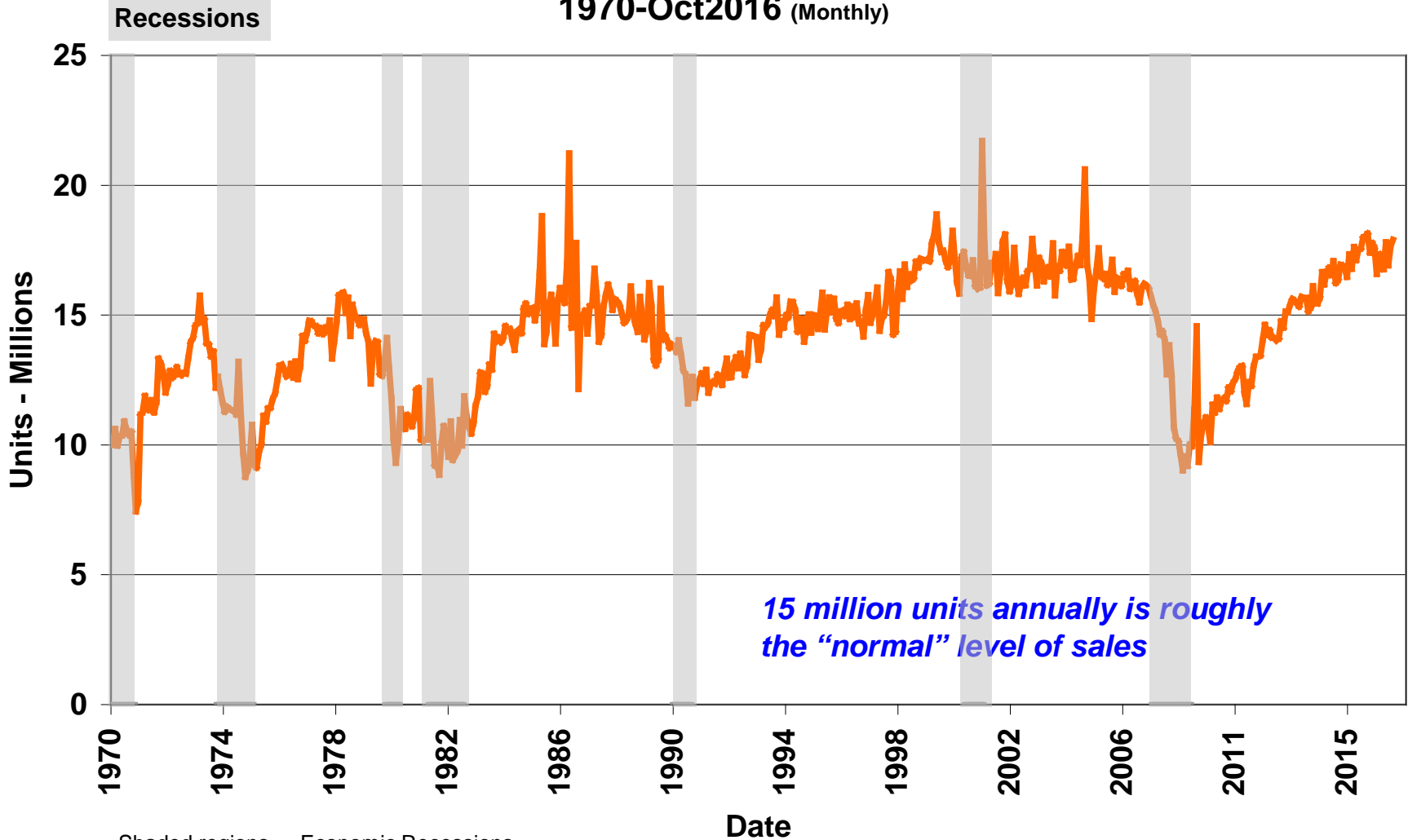
Recessions



Shaded regions = Economic Recessions
Source: Federal Reserve



U.S. Light Vehicle Sales (Seasonally Adjusted Annual Rate) 1970-Oct2016 (Monthly)

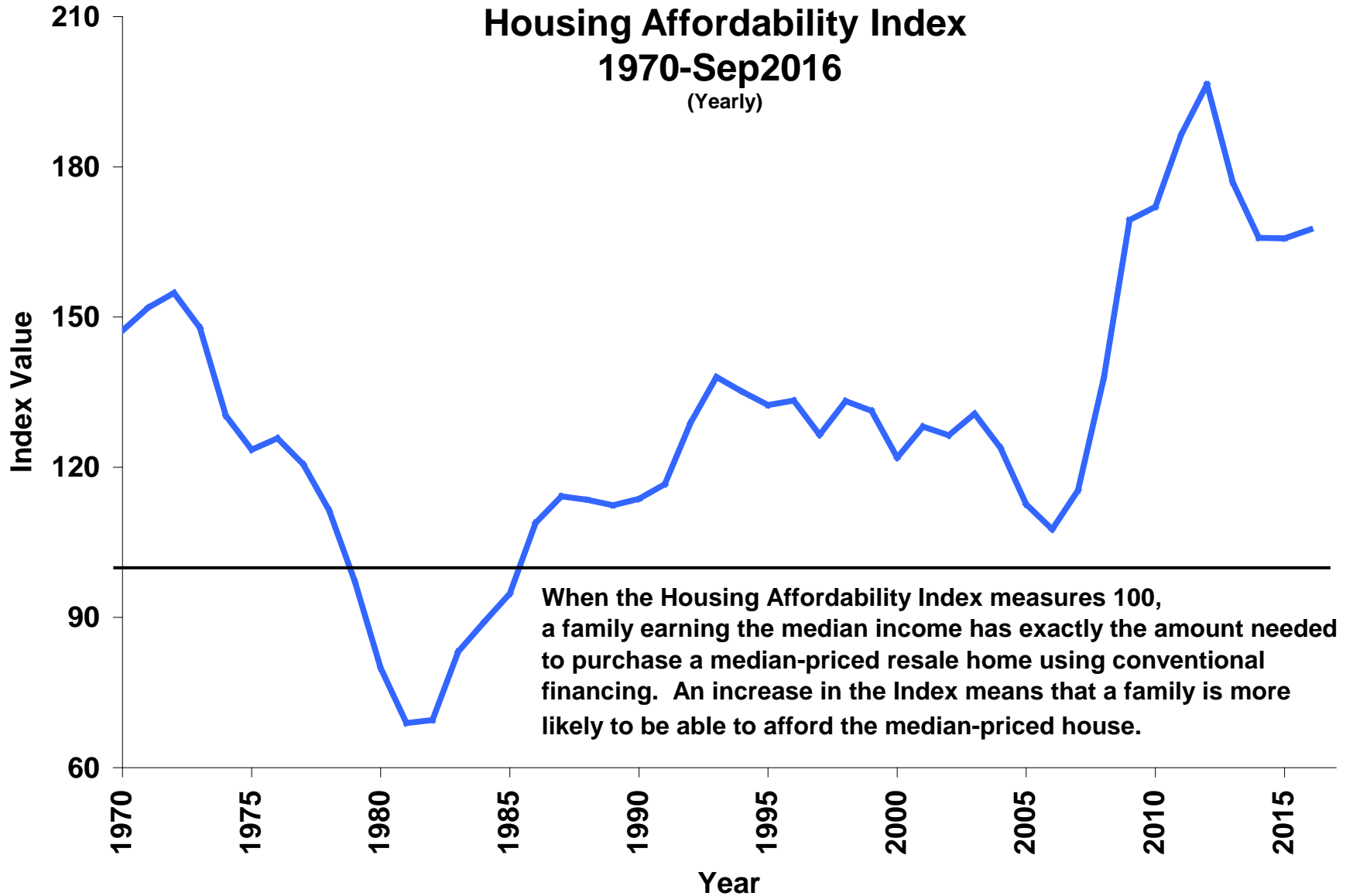


Shaded regions = Economic Recessions

Source: Bureau of Economic Analysis



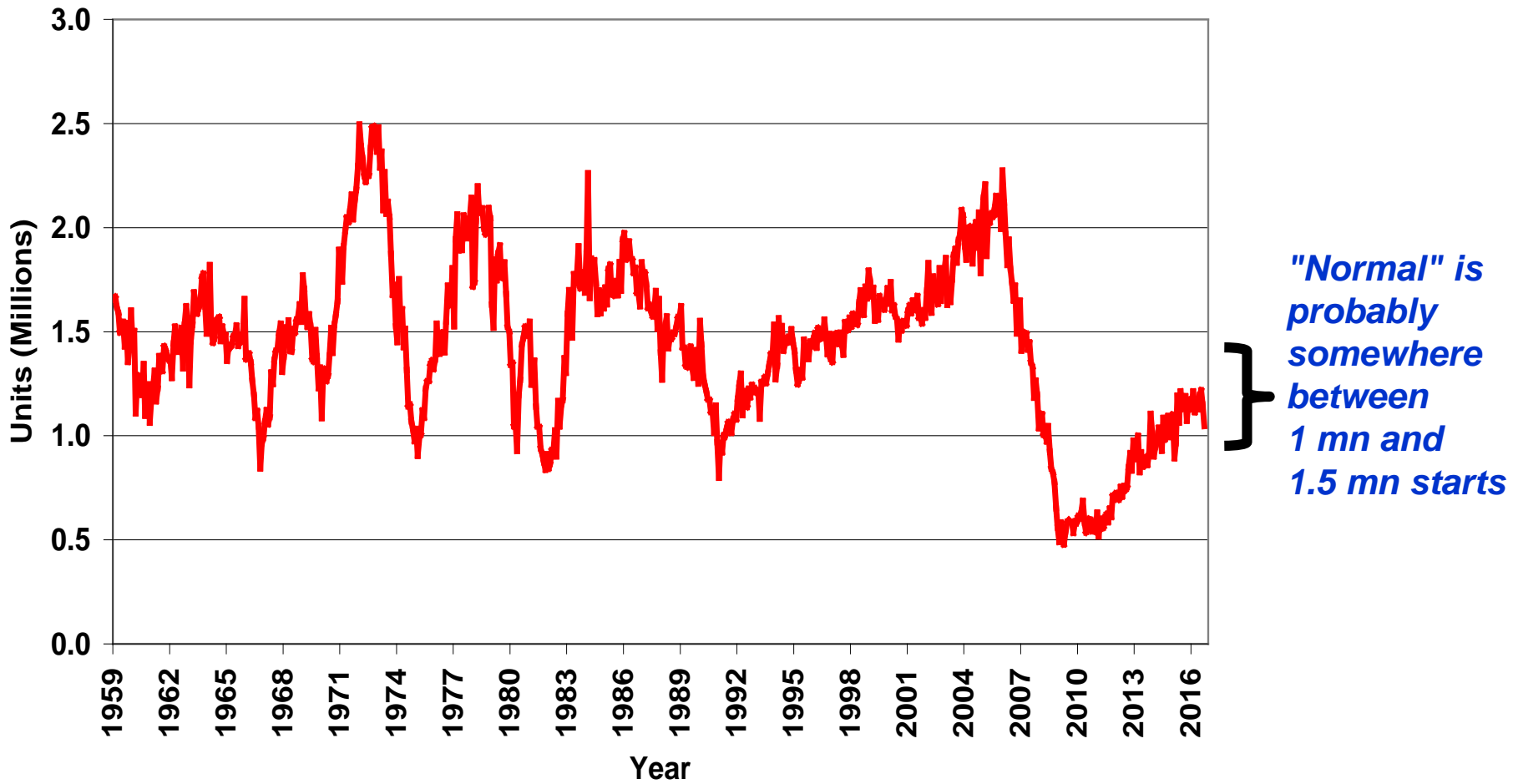
Housing Affordability Index 1970-Sep2016 (Yearly)



When the Housing Affordability Index measures 100, a family earning the median income has exactly the amount needed to purchase a median-priced resale home using conventional financing. An increase in the Index means that a family is more likely to be able to afford the median-priced house.



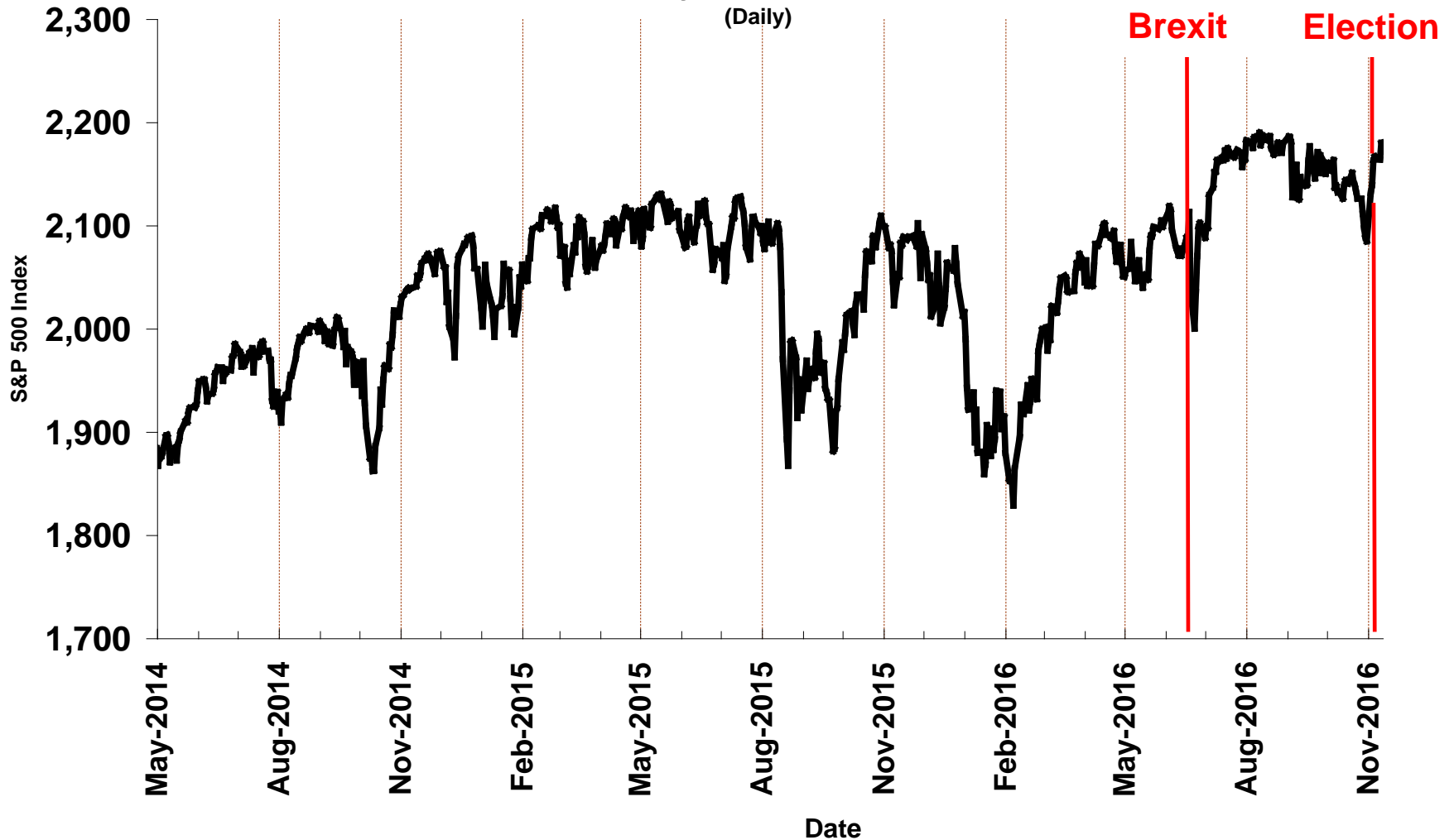
Total U.S. New Privately Owned Housing Units Started Seasonally Adjusted 1959-Sep2016 (Monthly)



Source: U.S. Census Bureau



S&P 500 Index May14-Nov16 (Daily)



NOTE: The S&P 500 Index is a widely recognized, unmanaged index of common stock prices. **You cannot invest directly in an index.**

Source: Bloomberg

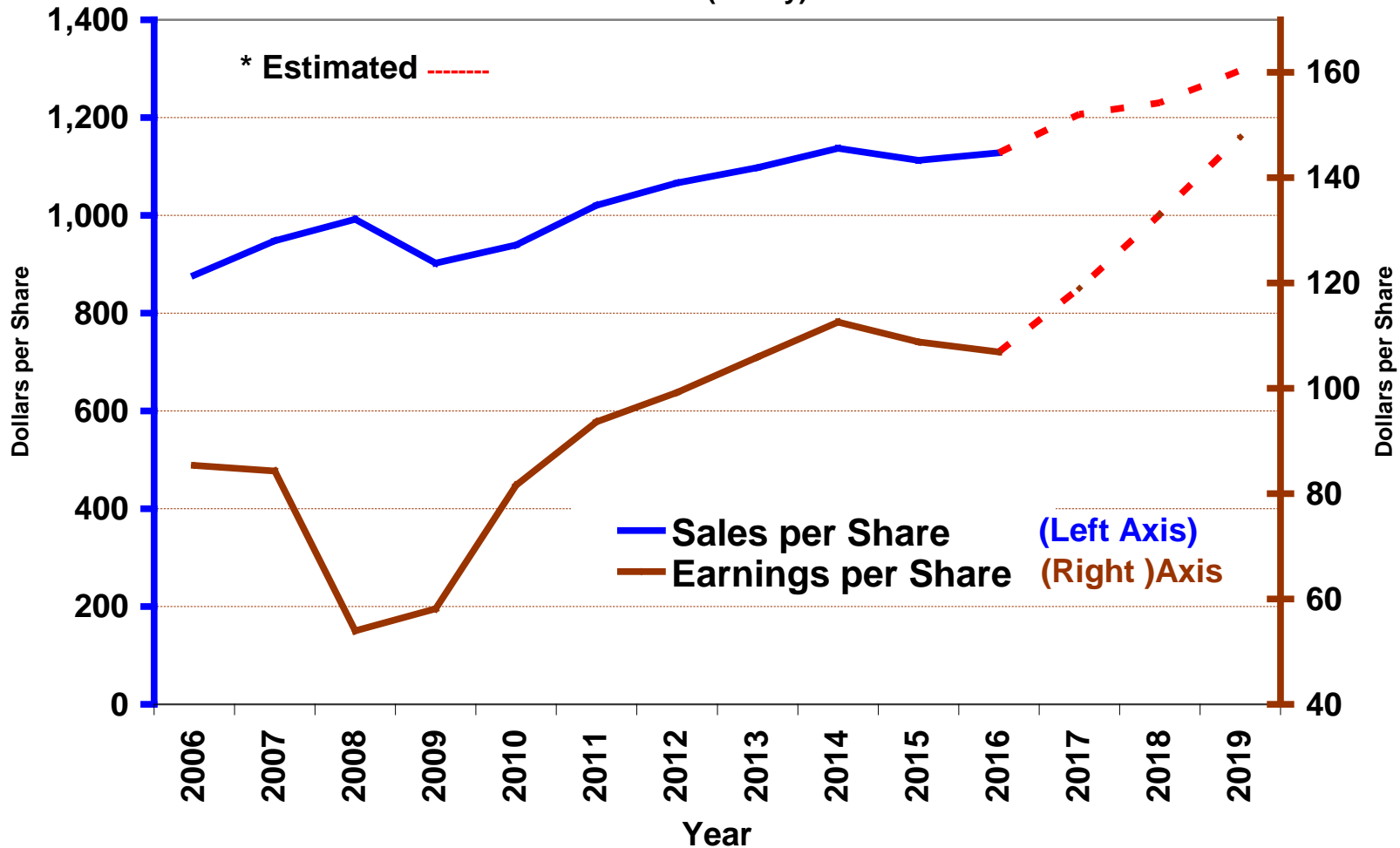


S&P 500 Index

Sales and Earnings per Share*

2006-2019

(Yearly)



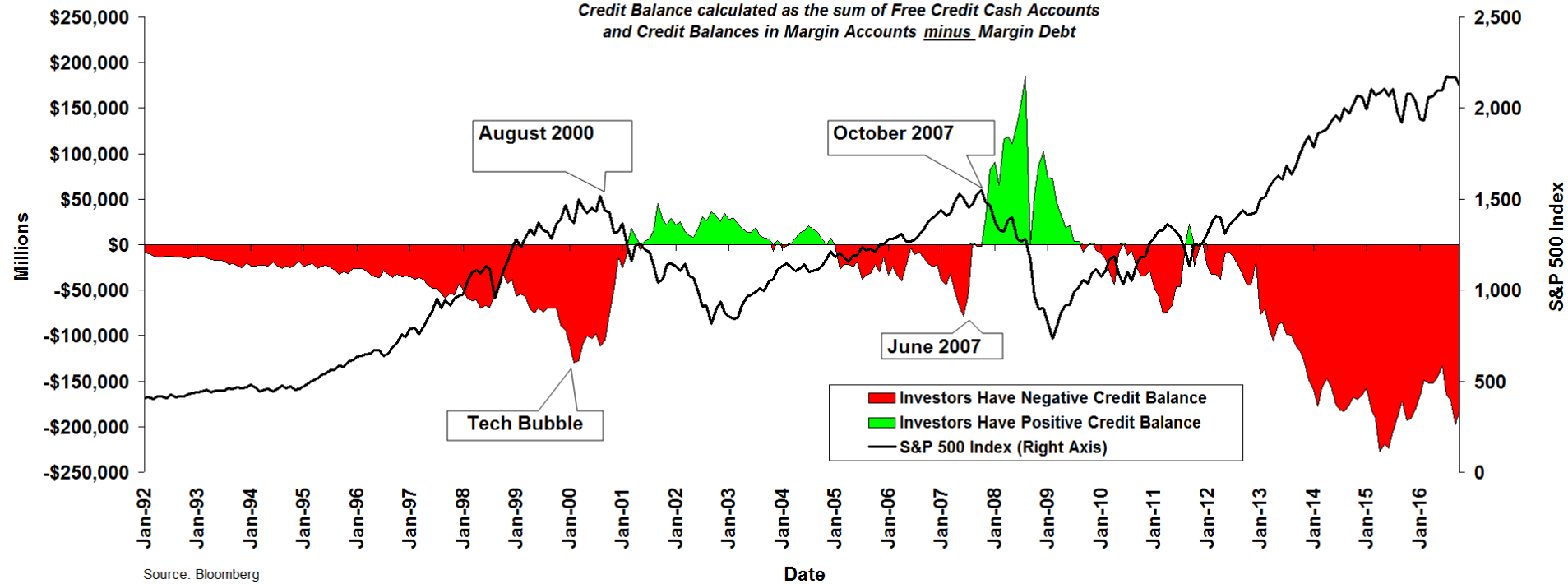
NOTE: The S&P 500 Index is a widely recognized, unmanaged index of common stock prices. You cannot invest directly in an index. Past performance of EPS growth is not an indicator of future earnings growth.

* Source: Bloomberg: 2017-2019 forward estimates



NYSE Investor Credit vs. S&P 500 Index 1992-10/31/2016

*Credit Balance calculated as the sum of Free Credit Cash Accounts
and Credit Balances in Margin Accounts minus Margin Debt*



Source: Bloomberg

NOTE: The S&P 500 Index is a widely recognized, unmanaged index of common stock prices. You cannot invest directly in an index.



Top Holdings 11/28/16

Company	Industry	P/E <i>Fiscal Year 2016 EPS</i>	ROE
ALLIANCE DATA SYS	CONSUMER FINANCE	14	20
APPLE	COMMUNICATIONS EQUIPMENT	13	20
ON SEMICONDUCTOR	SEMICONDUCTOR	14	8
GILEAD SCIENCES	BIOTECHNOLOGY	7	20
ANNALY CAPITAL MANAGEMENT	MORTGAGE FINANCE	9	1.5
LANNETT CO	GENERIC PHARMA	12	9
CELGENE CORP	BIOTECHNOLOGY	21	20
MCKESSON CORP	HEALTH CARE	11	20
MICROSOFT	SYSTEMS SOFTWARE	29	20
SPDR GOLD TRUST	PRECIOUS METALS	N/A	N/A
	S&P 500 INDEX	18	15

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

The S&P 500 Index is a widely recognized, unmanaged index of common stock prices. You cannot invest directly in an index.



Our Checklist:	What we observe as the Current State:	Future Outlook:
1. Consumer Spending	Mixed	Mixed
2. Business Investment	Low	Low
3. Credit Default/Bank Health	Good	Good
4. Velocity of Money	Declining	Unsure
5. Inflation (replaces US Politics)	Deflation Risk -> Inflation	Unsure
6. Federal Reserve and Treasury	Harmful	Unsure
7. Taxes	Harmful	Less harmful
8. Regulation	Harmful	Less harmful
9. Europe & Japan	Potentially disruptive	Potentially disruptive
10. China	Potentially disruptive	Potentially disruptive



Questions and Responses

Click on the orange arrow in the upper right-hand corner of your screen to open the control panel where you may submit questions.

For some devices, look for the question mark at the top or bottom of your screen.

We will contact you if we did not have time to respond to your question during the event.



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The comments made during this webinar are opinions and are not intended to be investment advice or a forecast of future events.



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