

Investment Seminar
June 2, 2005
Questions and Responses

*At our summer seminar on June 2, 2005, Ron Muhlenkamp presented **Back to Basics: How to Make Money in the Current Investment Climate** to an audience of clients, shareholders and prospective investors. Afterwards, Ron Muhlenkamp entertained questions from the audience. The following is a sampling of the “Q&R” session.*

How will a burst in the real estate bubble affect Fund holdings?

Folks, we are not invested in real estate; we are invested in home-building stocks. This is an important distinction because we don't base our assessment of these investments on the future direction of home prices, but rather on the company's fundamentals.

The reason we own companies who build houses is because it is a consolidating industry. These companies do about an 18%–20 % return on equity (ROE); most of them have a six to twelve month backlog; and they are selling at eight times earnings. Eight times earnings are not 'bubble prices.' If they were selling at twenty-five or thirty times earnings, then I would worry about it. At eight times earnings, I'm not [worried].

That said, I do suspect that we have a real estate bubble in some neighborhoods -- and in some cities. We do not have one nationwide. Our son Jeff is about to move to the D.C. area and I strongly suspect, when we run through the numbers, we will find it makes a whole lot more sense for him to rent rather than to buy. Remember, in 1970, I could make the argument that on an *after-tax* basis, owning a home cost no more than renting an apartment. Analyzing the numbers will tell you whether you should be renting or buying; it will tell you if the house is overpriced or not.

I'm sure that in some neighborhoods in some parts of the country people have started to play the game of trying to anticipate price changes. We think that the driver for much of the price appreciation of the last three years has been the decline of interest rates. That is now over. We expect house prices to level off. That is an expectation; it is not a prediction.

If things are back to “normal” like in 1965, where does that leave us now? Didn't you say that 1965-1980 was a bad time to own stocks, when things were flat and you just got the dividend?

What happened after 1965 was that inflation ran up, which is why we now monitor inflation. In 1965 we could inflate because we were lending money to the rest of the world and everybody trusted the dollar. Today, we just went through a recession for fear of inflation that hadn't cropped up yet. Greenspan all but said in 1999 that he'd take a recession rather than inflate. Our whole mental attitude is different than it was in 1965. History doesn't necessarily repeat itself, or at least not one-for-one.

The reason that everybody's looking at inflation is that inflation is what killed interest rates and what killed stocks after 1965. If you convince me that inflation is going to 5% then, yes, we are going to repeat the 1970s. I see no sign of that.

There is fear of inflation in the stock market but not in the bond market. Inflation doesn't work that way. Inflation changes the value of money, which affects all stocks and all bonds. That's why we watch inflation so closely. We don't see any signs of it picking up beyond 2½%. Now, it's roughly 2%. If it does pick up, we will change. But that is the difference [between 1965 and today].

How can things be back to “normal” when gas prices are on the rise? Isn't this a sign of inflation?

Gas prices work just like a tax. The more you and I spend on gas, the less we are going to spend on something else. But gas prices alone do not give us inflation. Folks, the way we measure inflation is to add up prices. But that's not what causes it. What causes inflation is the federal government printing money.

We think that the 'normal' we've been talking about -- the 'normal' we haven't seen since 1965 -- is inflation on the order of 2%, which means that short-term rates should be on the order of 3%, and we are now there. Long-term rates should be on the order of 5%, and that has been fairly stable for a couple of years. Stock prices should be on the order of a P/E (price-to-earnings ratio) of 18 or so, and we are now there. So we think that we are back to 'normal,' but it is a normal that we haven't seen since 1965.

The other part of the equation is that every industry has ample capacity. When I speak to the media the first question is always: “Which way is the market going?” and I say, “Which market are we talking about?” We've had a split market since, at least, 1998. The second question the media asks is: “What sectors do you like?” There have been periods of time in the last thirty years when, if you picked the right industry or sector, that's about as much as you needed to know. Today, nearly every industry has ample capacity. That means that if Wal-Mart does well, it does well at the expense of JC Penney and Kmart. You can't just buy discount retailers. If Toyota is going to do well, it will do well at the expense of Ford and Chrysler. So you can't just buy an industry. You've got to buy the stock of companies who are beating their competitors within their industry. In the 1960s we thought this was normal. We think we're back to it. If I'm right, then we're back to a normal that we haven't seen since 1965 and we old guys have an advantage over the young bucks, which is why I delight in telling them that.

What are your thoughts on the federal budget deficit?

The federal budget deficit right now, as a percentage of GDP, is about the same as it was in the 1980s. We grew our way out of that in decent shape.

The federal budget deficit is not because we are taxed too little; it is because our government spends too much. Putting Congress in charge of the federal budget is like

putting teenagers in charge of the family budget. They know what they want to spend but they have no concept of where the money comes from. Whatever money we send to D.C., they will spend. And they will spend what we don't send, as long as we let them.

Incidentally, in 1991 we had big budget deficits. Connie and I were at a reunion at MIT in June, 1991. A classmate of mine is the chief economist at Data Resources, which owns Standard & Poor's. Long-term Treasury rates in June of 1991 were at 9%, and we had budget deficits that were huge. My former classmate said, "Ron, interest rates are going up because of the deficit." I said, "Based on what I see happening with people..." (People were paying down their mortgages instead of trading up on the equity.) I said "...it looks to me as if rates are going down." By the end of 1993, long-term Treasuries went from 9% to 6% -- which is a huge move. And the budget deficit from the 1980s turned out not to be a problem.

The budget deficit today, if we allow our economy to grow -- and right now it looks as if we are -- will not be a problem. Is it something to monitor? Absolutely. Will it kill us? Only if we let it. Folks, right now this economy is in good shape. Will we do something to screw it up? Sooner or later, I'm sure we will. Look at history. So we monitor these things but, in the meantime, it looks like we are in good shape.

Are you concerned about the trade deficit and China?

China is becoming the manufacturer for the world which means that they are selling us stuff dirt cheap. And we're hearing a lot of rhetoric about the outsourcing of jobs to China. In the 1970s we heard the same complaints about jobs going to Japan. When I was in school in New England in the 1960s we heard the same complaints about New England textile jobs going to the Carolinas, and pointing out to the New Englanders that the Carolinas are in our same country didn't mollify them a bit. The point is that while these changes can be upsetting to the producers, they all benefit the consumers. (Refer to *Muhlenkamp Memorandum #65*, published in January 2003, for more information).

The point is that we've been here before and have benefited. In his recent book *Running Money*, Andy Kessler argues, in reference to China, "We think. They sweat." That's not a bad deal for us.

Several years ago when the topic was Japan, somebody asked me "Weren't they taking advantage of us?" I said, "They sell us Toyotas cheap and they are taking the money and buying Pebble Beach and Rockefeller Center." Remember when that was a big scandal? Japan buying Rockefeller Center and Pebble Beach? I saw the prospectus on Rockefeller Center. They paid three times what it was worth! The Rockefellers didn't complain! Why would the Rockefeller's sell it to them if they were being taken advantage? They paid three times what it was worth. They paid outrageous prices for Pebble Beach. Japan has been in a funk since, partly because it doesn't pay for their people to work more. These arguments that we're hearing, we've heard before. I can't tell you that the outcome will be the same but I can tell you that the odds are that it will be in the same range.

If you want something to monitor, then I suggest that you monitor the following: *How many of your kids believe that they have an honest shot, should they choose to do so, of getting rich in this country?*

Connie and I have brunch most Sundays with half a dozen couples. About a year and a half ago, John, who is about my age, said his son wanted a big screen TV. He said, "It costs \$3,000! What does he need a big screen TV for?" I asked him how his son planned to pay for it. He told me that his son put a snow plow on the front of his pickup and gets up at two o'clock in the morning to go and plow snow. I said that if he's willing to get up at two o'clock in the morning to go plow snow for a big screen TV, then more power to him. I asked, "Does he plow your driveway?" He replied, "Yes, he plows mine for free." I responded that after if his son earns enough for the big screen TV this year, John had better think of something that the son wants next year or he won't be plowing driveways any more! This past May we were talking and he said, "I think we solved the problem. They decided to put an addition on the house, so he's going to be plowing snow for a long time." As long as your kids believe that putting out extra effort does things for them... When my dad worked overtime he did it to make an extra mortgage payment. When my nieces and nephews work overtime, it's so that they can spend an extra day at Disneyland. If you tell them that they can't go to Disneyland, then they say, "Forget the overtime." As long as the employees believe that it is their interest to work more, that they can, in fact, take some of that home, they are willing to do so.

The second part of the equation is: Does it pay the employer to hire them? I believe that the reason we had high unemployment in the 1970s is that the top tax bracket was 70%. Who is more likely to hire your kids, somebody in the top tax bracket, or in the bottom? Well, if the top tax bracket is 70%, people would rather play golf. That's why we had all those tax shelters. They weren't doing anything economic, but it made more sense to try and lower your taxes than to try and earn more money. Reagan lowered the rate from 70% to 28% and everybody went back to work and back to hiring.

For twenty-five years now, since 1980, I've been asking people the following question: Suppose you work a five-day week. What you earn on Monday, you pay 10% in taxes. Tuesday you pay 20%; Wednesday you pay 30%; Thursday is 40%. Whatever you earn on Friday, you pay 50% in taxes. Would you come to work on Friday? How about 45%? Would you come to work on Friday? No hands went up.

You know that everybody in the country is in a 40% tax bracket. (Those that are in the 28% bracket, when you add Social Security at 14%, place them in a 42% bracket.) So we are bumping up against the level at which you folks are telling me you won't spend the extra overtime or hire the extra person. How many would like to lower unemployment in this country? Are you planning to hire somebody? Economics is not hard to figure out. Just put yourself in the other person's shoes. If your kids want to get a job all they have to do is to convince someone that they'll make them money.

We've got great people working at Muhlenkamp. For them to take home a dollar costs me, roughly, a dollar eighty, which means that they've got to produce a dollar ninety

because I want my dime. Profit to payroll in this country is about six cents. That means that the dollar that they take home, the 40% that the government gets, is riding on about six cents of profit. If you tax away my profit, then you tax away their job. It's as simple as that. As long as you see young people willing to work more, to produce more, to get paid more, and as long as the combination of taxes and regulations encourage people to hire others, we can grow our way out of all these problems, just as we did in the 1980s and the 1990s. If you shut off either one of those, then we tank.

What about the dollar versus the Euro? How is that playing out and does it alter your thinking?

On purchasing power, it seems to be roughly fair. Several things drive currencies. In the 1980s the difference in inflation levels -- the inflation differences in the rate at which money was losing its value in various countries -- was the overriding driver for setting the values of currencies. In the 1990s, most of the inflation numbers came down to something on the order of two percent. If inflation was at similar levels, then the difference in the value of currencies was in how fast the country was growing. And the US was growing faster than Europe so our dollar appreciated. The third thing to consider is currency trade and right now with the trade deficit, which is also a dollar surplus, we expect things to remain volatile.

Folks, I'm not interested in investing in France where they had a law (which was recently repealed) where you weren't allowed to work over 35 hours a week. I asked you a little bit ago if your kids thought that they had a shot at getting rich. If they live in France, they're not allowed to get rich. In Germany, they've got so many work rules... We were just in Germany visiting our son Jeff who's in the army, and we took a little swing through Berlin and through Poland, down to Dresden and down to the Czech Republic to Prague. I've been told that Hungary and Poland and the Czech Republic have passed East Germany, economically. When we were in East Germany back in 1992, there was a huge difference between East and West Germany but there was also a huge difference between East Germany and the Czech Republic. What I saw happening in Dresden, East Germany, was that things were happening at a governmental pace. In Prague, things are happening at a free-market pace. I believe that the Czech have probably passed the East Germans economically.

My interest in Europe would be in Eastern European countries where the people have been turned loose. My interest in Asia would be in places like China. I have no real interest in investing in countries like France or Germany that are so interested in protecting the status quo that they are killing themselves. That is a long answer to a short question and the real answer is that, until I have an edge, I'm not going to put your money there because I'll be competing with someone who does have an edge.

What are your thoughts on privatizing Social Security?

Folks, I don't care about politics, but I do care a lot about economics -- and the politicians set the rules for economics.

We are in favor of privatized accounts. We think that Social Security should be split between the insurance program and the pension or investment program. For the investment program, private accounts make a lot of sense. The difficulty is that we've just come through a period when a whole lot of people tried investing their own money and they lost it, or they lost a lot of it. (Refer to *Muhlenkamp Memorandum #73*, published in January 2005, for more information.)

It seems to me that there is a difference between investing in the stock market in 1999 or 2000 when you've had a pretty good decade, and you've got cash flow, and you've got a whole lot of people doing it ...versus having a program where you set aside a certain amount of money every year and over forty years you learn how to invest it. A lot of people fear that the public isn't capable of investing their own money. We think they are quite capable, but it takes them a little while to learn how to do it -- and we'd like to see them learn how to do it gradually over a period of time, rather than episodically.

Peter Lynch says that every kid coming out of high school probably knows what a cosine is but not one of them knows the difference between a stock and a bond. We do nothing to educate our youngsters on basic concepts of finance. What we call *The Basics*, have you heard these basics from anyone else? Basic things like, "What is the value of your money, based on inflation?" "What's the difference between a T-Bill, or a bond, or a stock?" These concepts, we think, are pretty basic.

What drove me to derive *The Basics* was in the early-1970s, when I was asking analysts what a company was worth and they couldn't tell me. They *could* tell me what the range of historical P/Es were. They'd say, "Well, historically, it's had a 17 P/E and it's now 14, and it's cheap." And I'd wonder: "Well, it was 17, and it's now 14, but is on its way to 7?" Wall Street analysts could not tell me what a company was worth. That seemed sort of basic to me. If you understand *The Basics*, then a whole lot of things fall into place. If you don't then you are going to get yourself into a lot of trouble.

What are your thoughts on hedge funds?

Hedge funds are the current hot topic. Folks, if Warren Buffet is managing your hedge fund then you'll do fine. Most hedge funds are not being managed by Warren Buffet; they are being managed by young bucks who don't know what they are doing. And a lot of people are going to loose an awful lot of money.

Please comment on "small-cap growth" stocks.

We think that size and growth-versus-value is nonsense. Those are marketing ideas and they have nothing to do with investing money. Five years ago, the only values we saw were in small- and mid-sized companies, so we owned them. Today, we are seeing values in a fairly consistent mix across the board -- so we own some small stuff and we own some big stuff. We don't care about size. We care about profitability and we care about the price we pay.

The average company out there has about a 14% ROE. Our average company has an 18% ROE. If the average company is a Chevy, we are buying Buicks. If you took a look at the top fifty in the S&P 500, they have a 20% ROE. The trouble is that they sell at twenty times earnings. The average company sells at eighteen times earnings. Our companies sell at fourteen times earnings. So we've got Buicks below Chevy prices. And that's exactly what we want! If I can buy Buicks at Chevy prices, I will do it year-in and year-out unless and until the climate changes.

I don't know how to predict climate changes, so we monitor them. Folks, I don't know how to predict the future, but then no one else does either. What I *do* know is what signposts to watch to monitor the present as it changes. And we cover that in just about every quarterly newsletter [*Muhlenkamp Memorandum*].

I got into the business in 1968, which was a year a whole lot like 1999. All kinds of nonsense stuff was going on. And as you saw, the climate changed, roughly in 1968, and what worked in the 1960s didn't work in the 1970s. I saw a whole lot of people not only give back their money, but some of them gave back their sanity because what they believed wasn't working. Climate changes tend to occur across a recession. In the 1930s we turned a recession into a depression by doing various things like raising taxes, raising interest rates and raising tariffs. In the 1960s -- because we feared depression and unemployment -- we created inflation and changed the climate [as indicated by the climate change from 1965- 1968].

Incidentally, we've had ten recessions since World War II. Ten recessions in sixty years sounds to me like a recurring phenomenon. We used to get a recession every three to five years; recently, they've been ten years apart. That's like wintertime in Pennsylvania. If you live in Pennsylvania and you are not prepared for winter, then you are not going to live in Pennsylvania for very long. If you are following our economy and you are investing and you don't allow for recessions, then you aren't going to be an investor for very long.

A couple of years ago I was in San Diego and didn't expect to find many farmers, so I asked: "How many months a year does your garden grow?" They all replied, "Twelve months a year." (How am I going to use my example, right?) I said, "Okay, I live in Pennsylvania where the gardens and the farms only grow six months per year. Does that mean that it's riskier to grow food in Pennsylvania than in San Diego?" Most of the food in this country is grown in areas where it grows only six months per year. Now if you live in Pennsylvania and you think you live in San Diego, then you've got a problem. If you don't know the climate you live in, then you've got a problem.

Are you attracted to companies that pay dividends?

Folks, we don't care about dividends. We care that a company earns enough money that they could pay a dividend. What they choose to do with it -- whether they choose to pay it out; or to plow it back into the company; or to buy their own stock -- is up to them.

Incidentally folks, how many of you need income? Believe me, there is not a person here who needs income. You need *spending money*. If I can give you spending money, do you care if it's income or not? Income is an IRS definition. If your retirement account increases from \$200,000 to \$1,000,000 is that considered income or is that capital gains - or is it undefined? When you take the money out of an IRA what is it? The IRS says that it's all income. Income versus principal is an IRS definition. It's a tax definition. It has nothing to do with investing.

My mother-in-law is eighty-two. We send her a check every month. At the end of the year the accountant sits down and figures out how much is income, how much is capital gains, and how much is return of principal. The idea of income is only a tax definition. We lowered her income. I'm sure that by government statistics my mother-in-law lives in poverty. She has very little income. Halleluiah! This means that she pays very little in taxes, but her assets are growing rather nicely and she's rather fond of me. If you've got assets, you can always get spending money. We think our job is to grow your assets. How much you spend is up to you. If you insist on income, all it's going to do is raise your tax bill.

Should NAV be a factor in a decision to buy a fund? Is it better to buy a fund with a low NAV, everything else being equal?

The NAV of the fund is irrelevant. It's simply a pricing together of what's in the fund. What a high NAV tends to tell you is that the fund is tax efficient. Our Fund came out at \$10/share. If we took our gains every year and paid taxes on them, every year the Fund would re price to \$10/share. The fact that we're at \$79/share is a pretty good clue that we are tax efficient. If you go through the paper, and there are only a dozen or so funds that are above \$75/share, you'll find that they tend to be very tax-efficient funds. (Refer to *Muhlenkamp Memorandum #70*, published in April 2004, for more information.)

Right now, our Fund has a 30% unrealized gain built in to it. Some people view that as a negative, except that we've had a 30% unrealized gain for ten years now, during which we've quadrupled people's money. What you really want is someone who cares about tax efficiency. Folks, my money is in the Fund. I will never apologize to you for costing you capital gains taxes at a 15% rate. If you and I make a dollar and keep eighty-five cents of it, that's about as good as Uncle Sam will let us do. We try not to pay ordinary income tax rates and we try to defer the capital gains and, so far, we have been pretty good at that. We judge ourselves by how much we make for you after taxes and inflation.

The short answer is that the NAV has no bearing on whether it has a good price or not. It does have some information on whether it is tax efficient or not.

Does Muhlenkamp & Company set a sell-stop on a stock after you purchase it? And am I correct in assuming that most value investors do not usually employ sell-stops?

When we purchase a stock it is because we believe that we are getting it well below the fair value of the company. We monitor price actions. The bad news always shows up in the price first.

We certainly don't write down stops because the specialists would simply take us out. We do a mental thing similar to that. If it hits a sell-stop, it simply means that after the stock runs up a certain amount, it drops. Let's say it drops 15% or 20% below either the price you paid or the recent high, you'll sell it just on a momentum basis. And that's a pretty good way of selling stocks. For us, that's a time to review and, if the fundamentals are there, we'll probably stay with it. If we're not convinced the fundamentals are there, then we'll probably sell it.

Folks, I can teach you the science of buying stocks. Selling them is an art. You and I can call up a company and get the good news for the next five years. In many cases they won't tell you the bad news until it's far too late to do anything about it. Essentially, we buy fundamentally and the rules say that we sell technically. The difficulty is that I wrote the rule and, every now and then, I break the rule. I guess that's the advantage of writing the rules. We don't give the specialists our stock number, but we monitor it in that fashion. We buy fundamentally and we sell technically.

Do we have foreign stocks in the Muhlenkamp Fund and what is the ratio of foreign-to-domestic securities?

We currently own some Telmex and some Cemex, which are Telephone of Mexico and Cement of Mexico and we own a little bit of UTSI which is a telephone company in China, which has been a disaster. In the aggregate they are probably 7%-8% of what's in the Fund. We are not averse to owning foreign stocks but we don't have an edge versus other people and, of course, you always pick up currency risk. We have found enough good values in the States that we haven't seen the need to go heavily foreign.

Folks, I'm not going to invest in something unless I've got an edge. And I don't have an edge on foreign stocks. In the meantime, we are finding a lot of good domestic companies and we think we have an edge on them. Part of this thing is...I'll play Bobbie Fischer in tennis, but I'll be damned if I'll play him in chess. Did your daddy ever tell you that when you sit down at the poker table, if, after a dozen hands, you haven't figured out who the patsy is, get up and leave because you're it? Folks, you know this stuff.

As I near retirement, shouldn't my investment strategy change?

When my father retired from farming we didn't change the crops we were growing. We let a young man do the farming. You farm the crops that are suited to the climate you live in.

Stocks and bonds don't know how old you are, nor do they care. We think that the job of an investor is to increase the value of your assets. We don't think that bonds are safer than stocks and we spent a fair amount of time on that. And we spent a fair amount of time saying that 'long term' is three years or more. It was Maynard Keynes who said that, "In the long run, we're all dead." Well, if the long term is only three years then we're not all dead.

My mother-in-law is eighty-two. My grandson is here today and he's one. They both own stock in the Fund. We try to grow the things that are suited to the climate we live in. I'm no longer investing money for my mother-in-law. I'm investing it for her heirs. Do you not want your assets to outlive you? What's the point of building these assets if you then fritter them away by owning things like T-Bills or bonds, where you can't make money -- just because somebody has a theory that says that as you get older you ought to change the crops that you grow, as if the crops knew how old you are! No, you plant the crops that are suited to the climate you live in.

From 1981 to 1993, we were a third in bonds because we were seeing great value in bonds. When the value ended we no longer owned them. To me, that's asset allocation. The idea that you should own some of everything, or that you should change what you own as you age, I've never quite understood. It's a theory that ends up costing a lot of people a lot of money.

We did a presentation to financial planners two weeks ago and our headline was "*How Much Money Are You Willing to Lose for a Theory?*" We covered risk adjusted [returns], style boxes, reversion to the mean -- all of which are theories which have cost a whole lot of people a lot of money. We are not willing to lose money for a theory. Theories are supposed to help you make money. If they don't do that, they are useless. Incidentally, where I went to school we were taught that gravity was a theory. As theories go, gravity is a pretty good theory. But when people talk about the 'laws of economics,' no, there are a lot of theories of economics and there are an awful lot of theories of investing. Some work, some don't.

Is there going to be a problem when the baby boomers all start taking money out of the stock market around 2010?

If we were all to retire tomorrow, first of all we would withdraw it over twenty years, which means 5% a year. Secondly, the idea that prices are only set by supply and demand of the public is nonsense. We saw that in 1999. What the public demands, Wall Street will sell them. What the public doesn't want, the companies themselves will buy back in their own stock. Prices will be set by the values of the companies. Will there be a short-term effect if the psychology changes in the short-term? Yes, and it will last until Wall Street can catch up to it.

What happened in 1999 and 2000 was a beautiful example of whatever the public wanted -- Wall Street sold to them. What the public didn't want, which was our kinds of stock, companies bought in their own. As long as the companies are profitable and have good

cash flow, which are the ones that we own, they have the capability of buying in their own stock. The idea that the only drivers of stock prices are short-term demands by the public is a very narrow idea. It only looks at a small piece of the puzzle.

Are there any values in real estate, oil, copper and gas?

We own a fair amount of natural gas. Once in a while we are asked about coal. We took a look at coal and decided that we liked natural gas better. Hindsight says that I wish we'd owned both, but natural gas has done well for us.

Real estate is local. Interest rates aren't such that it pays you to borrow. The acre that we are standing on right now has a much different value than an acre a mile from here. Real estate is local. If I thought that it looked good, if it were the 1970s where the broad stuff looked good, with inflation higher than interest rates, I would go buy REITs. REITs have gotten a push by the public because the public is looking for yield and much of what REITs pay out is not yield but is return of principle and frankly, they look overpriced to us.

This time around we did not play copper. What we have played since 2000 is the normal rotation that you get as you come out of recession. We chose not to play in what is known as the Deep Cyclical -- the metals, the papers, the chemicals. This time around the things that China is buying, like copper, have done well. The things that China is not buying, like paper, have done nothing. So we ended up being half right and half wrong. Most of that is no longer a secret and frankly, we think that's over.

Do you plan to retire in the next ten years?

I'm told that there are people in the family who are monitoring me for signs of Alzheimer's. I plan to retire shortly after the mind goes. Unless, of course, performance stays up, in which case they'll probably keep me on. Does it sound like I'm having fun? This is more fun than pinochle – and I'm certainly not going to play golf!

It's been a pleasure, folks. Thank you for your attention.

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Mutual fund investing involves risk. Principal loss is possible. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods.

Sector allocations and fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

*Return on Equity (ROE) a measure of a corporation's profitability.
Represents average return on equity on the securities in the portfolio, not the actual return on equity on the portfolio.*

The Price to Earnings (P/E) Ratio reflects the multiple of earnings at which a stock sells.

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