



# Muhlenkamp Fund

*Intelligent Investment Management*

## ANNUAL REPORT

December 31, 2002

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# MUHLENKAMP FUND

## (A Portfolio of the Wexford Trust)

Dear Fellow Shareholders:

The Trustees and Management of the Muhlenkamp Fund are pleased to present this Annual Report of your Fund.

In our quarterly letters to you over the past four years (available on our website at [www.muhlenkamp.com](http://www.muhlenkamp.com)), we have spelled out our thoughts on the evolving economic and market pictures. We'd like to update those thoughts.

The economy continues to expand.

Growth in Gross Domestic Product (GDP) for calendar year 2002 was 3%. This is "normal" growth, roughly equaling the long-term trends in population and productivity. But it is not the 5-6% "catch-up" growth we've come to expect after a recession, which is why the unemployment rate has barely begun to decline. As we've said for the past year, we believe we're recovering from a "normal cyclical recession." We haven't made the governmental policy mistakes that would give us a depression or revived inflation. Nor do we see much risk of a "double-dip" back into recession. In many respects, the economy is acting much like it did after the 1990 recession when the recovery was also somewhat "half-speed."

Stock prices continue to be volatile while seeking fair values. Fair value for most companies is increasing as the economy expands, profits recover, and inflation continues to subside. This worked well for our stocks early in the year giving us gains through May; but in June and July, none of that mattered.

In June and July, many investors sold their stocks and equity mutual funds, apparently to relieve the pain of the past few years. The pattern was repeated, though with less intensity, in September and October. Since then, the markets and most stocks have moved sideways, without much direction or conviction. Given the persistent hits to the consumer/investor psyche over the past eighteen months, we don't find this too surprising. (A friend of mine commented, "God must be a centipede because the shoes just keep dropping.")

We think that time and resolution of some of the current uncertainties (war with Iraq being #1) will allow consumer/investor psyches to heal and the underlying values to once again be reflected in stock prices. While we certainly aren't happy with a year down nearly 20%, we believe that stock prices declined for reasons that were real but unpredictable (not unlike 1990-1991).

As a result of lower stock prices and increasing company values, we're finding enough good investment values that we want to be fully invested, and believe it's a good opportunity to add to our stockholdings.

MUHLENKAMP FUND  
(A Portfolio of the Wexford Trust)

Folks, we've been here before, most recently in 1991 and 1995. Again today, we are presented with good opportunities as a result of the public's fears of owning stocks.

Ronald H. Muhlenkamp

A handwritten signature in black ink, appearing to read "Ronald H. Muhlenkamp". The signature is fluid and cursive, with a large initial "R" and "M".

President

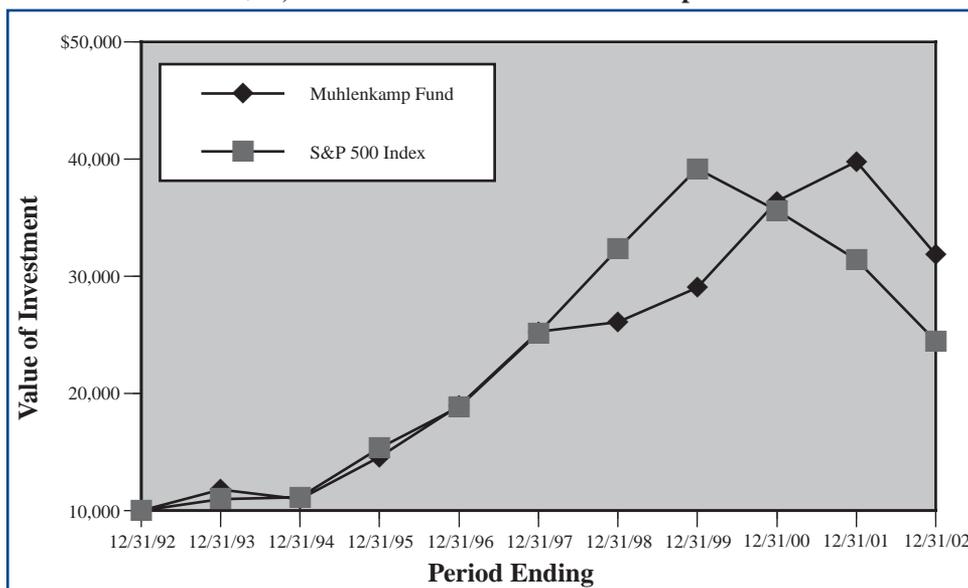
February, 2003

Past performance does not guarantee future results. The principal value and investment return will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Please refer to the Annual Report for further fund performance.

## MUHLENKAMP FUND (A Portfolio of the Wexford Trust)

Period Ending	Total Return %		Cumulative Return %	
	Muhlenkamp Fund	S&P 500	Muhlenkamp Fund	S&P 500
12/31/93	18.1	10.1	18.1	10.1
12/31/94	(7.2)	1.3	9.6	11.5
12/31/95	33.0	37.6	45.8	53.5
12/31/96	30.0	23.0	89.5	88.8
12/31/97	33.3	33.4	152.6	151.8
12/31/98	3.2	28.6	160.7	223.8
12/31/99	11.4	21.0	190.4	291.8
12/31/00	25.3	(9.1)	263.9	256.2
12/31/01	9.3	(11.8)	297.7	214.1
12/31/02	(19.9)	(22.1)	218.6	144.7

### A \$10,000 Investment in the Muhlenkamp Fund



The Standard & Poor's 500 Stock Index ("S&P 500 Index") is a market value-weighted index, representing the aggregate market value of the common equity of 500 stocks primarily traded on the New York Stock Exchange. This chart assumes an initial gross investment of \$10,000 made on 12/31/92. Returns shown include the reinvestment of all dividends. The Fund's past performance is not necessarily an indication of its future performance. It may perform better or worse in the future.

**MUHLENKAMP FUND**  
(A Portfolio of the Wexford Trust)

**Average Annual Total Returns**  
**as of December 31, 2002**

<u>Muhlenkamp Fund</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Return Before Taxes	-19.92%	3.14%	4.76%	12.29%
Return After Taxes on Distributions*	-19.92%	2.80%	4.45%	11.93%
Return After Taxes on Distributions and Sale of Fund Shares*	-12.23%	2.54%	3.87%	10.50%
S&P 500**	-22.09%	-14.53%	-0.58%	9.33%

\* After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs. Remember, the Fund's past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future.

\*\* 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.

Investment returns can vary significantly between returns before taxes and returns after taxes.

The Muhlenkamp Fund is providing the returns in the above table to help our shareholders understand the magnitude of tax costs and the impact of taxes on the performance of the Fund.

**MUHLENKAMP FUND**  
(A Portfolio of the Wexford Trust)

**STATEMENT OF ASSETS & LIABILITIES**  
**December 31, 2002**

<b>ASSETS</b>	
INVESTMENTS, AT VALUE (Cost \$626,926,536)	\$606,818,883
CASH	128,718
RECEIVABLE FOR SECURITIES SOLD	1,902,943
RECEIVABLE FOR FUND SHARES SOLD	803,396
DIVIDENDS RECEIVABLE	556,237
INTEREST RECEIVABLE	298
OTHER ASSETS	30,744
Total assets	<u>610,241,219</u>
<b>LIABILITIES</b>	
OPTIONS WRITTEN, AT VALUE (Premiums received \$1,332,659)	2,138,490
PAYABLE FOR SECURITIES PURCHASED	6,483,014
PAYABLE FOR FUND SHARES REDEEMED	1,208,045
PAYABLE TO ADVISER	524,419
ACCRUED EXPENSES AND OTHER LIABILITIES	199,767
Total liabilities	<u>10,553,735</u>
NET ASSETS	<u>\$599,687,484</u>
<b>NET ASSETS</b>	
PAID IN CAPITAL	\$644,938,845
UNDISTRIBUTED NET INVESTMENT INCOME	289,769
ACCUMULATED NET REALIZED LOSS ON INVESTMENTS SOLD, AND OPTION CONTRACTS EXPIRED OR CLOSED	(24,627,646)
NET UNREALIZED APPRECIATION (DEPRECIATION) ON: Investments	(20,107,653)
Written options	(805,831)
NET ASSETS	<u>\$599,687,484</u>
SHARES OF BENEFICIAL INTEREST OUTSTANDING (unlimited number of shares authorized, \$.001 par value)	13,982,197
NET ASSET VALUE PER SHARE	<u>\$ 42.89</u>

See notes to financial statements.

**MUHLENKAMP FUND**  
**(A Portfolio of the Wexford Trust)**

**STATEMENT OF OPERATIONS**  
**Year Ended December 31, 2002**

**INVESTMENT INCOME:**

Dividends (Net of foreign taxes withheld of \$10,721)	\$ 6,019,714
Interest	<u>640,912</u>
Total investment income	<u>6,660,626</u>

**EXPENSES:**

Investment advisory fees	\$ 6,216,930	
Shareholder servicing and accounting costs	487,685	
Reports to shareholders	80,760	
Federal & state registration fees	72,911	
Custody fees	46,810	
Administration fees	411,426	
Trustees' fees and expenses	4,815	
Professional fees	19,070	
Other	<u>21,691</u>	
Total operating expenses before expense reductions	7,362,098	
Expense reductions (see Note 8)	<u>(82,513)</u>	
Total expenses		<u>7,279,585</u>

**NET INVESTMENT LOSS** (618,959)

**REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS**

Net realized gain (loss) on:		
Investments	(26,688,189)	
Written options	<u>6,506,289</u>	
Net realized loss		(20,181,900)
Change in unrealized appreciation (depreciation) on:		
Investments	(131,271,813)	
Written options	<u>(277,250)</u>	
Net unrealized loss		<u>(131,549,063)</u>
Net realized and unrealized loss on investments		<u>(151,730,963)</u>

**NET DECREASE IN NET ASSETS**

**RESULTING FROM OPERATIONS** \$(152,349,922)

See notes to financial statements.

**MUHLENKAMP FUND**  
(A Portfolio of the Wexford Trust)

**STATEMENTS OF CHANGES IN NET ASSETS**

	<u>Year Ended December 31, 2002</u>	<u>Year Ended December 31, 2001</u>
<b>OPERATIONS:</b>		
Net investment loss	\$ (618,959)	\$ (602,114)
Net realized loss on investments sold and option contracts expired or closed	(20,181,900)	(4,558,776)
Change in unrealized appreciation (depreciation) on investments and written options	<u>(131,549,063)</u>	<u>29,033,541</u>
Net increase (decrease) in net assets resulting from operations	<u>(152,349,922)</u>	<u>23,872,651</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	520,882,464	452,045,891
Cost of shares redeemed	<u>(309,261,499)</u>	<u>(202,887,944)</u>
Net increase in net assets resulting from capital share transactions	<u>211,620,965</u>	<u>249,157,947</u>
Total increase in net assets	59,271,043	273,030,598
<b>NET ASSETS:</b>		
Beginning of year	<u>540,416,441</u>	<u>267,385,843</u>
End of year	<u>\$599,687,484</u>	<u>\$540,416,441</u>

See notes to financial statements.

**MUHLENKAMP FUND**  
(A Portfolio of the Wexford Trust)

**FINANCIAL HIGHLIGHTS**

	<b>Year Ended December 31,</b>				
	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
NET ASSET VALUE, BEGINNING OF YEAR	\$ 53.55	\$ 48.98	\$ 41.11	\$ 37.65	\$ 36.55
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income (loss)	(0.06) <sup>(1)</sup>	(0.11) <sup>(1)</sup>	(0.08) <sup>(1)</sup>	(0.11) <sup>(2)</sup>	0.08 <sup>(2)</sup>
Net realized and unrealized gains (losses) on investments	<u>(10.60)</u>	<u>4.68</u>	<u>10.28</u>	<u>4.37</u>	<u>1.10</u>
Total from investment operations	(10.66)	4.57	10.20	4.26	1.18
LESS DISTRIBUTIONS:					
From net investment income	—	—	—	—	(0.08)
From net realized gains	<u>—</u>	<u>—</u>	<u>(2.33)</u>	<u>(0.80)</u>	<u>—</u>
Total distributions	—	—	(2.33)	(0.80)	(0.08)
NET ASSET VALUE, END OF PERIOD	<u>\$ 42.89</u>	<u>\$ 53.55</u>	<u>\$ 48.98</u>	<u>\$ 41.11</u>	<u>\$ 37.65</u>
TOTAL RETURN	(19.92)%	9.33%	25.30%	11.40%	3.22%
NET ASSETS, END OF PERIOD (in thousands)	\$599,687	\$540,416	\$267,386	\$178,599	\$194,962
RATIO OF OPERATING EXPENSES TO AVERAGE NET ASSETS <sup>(3)</sup>					
	1.17%	1.17%	1.28%	1.35%	1.32%
RATIO OF NET INVESTMENT INCOME (LOSS) TO AVERAGE NET ASSETS					
	(0.10)%	(0.14)%	(0.20)%	(0.26)%	0.21%
PORTFOLIO TURNOVER RATE	11.17%	10.52%	32.04%	14.52%	27.03%

- (1) Net investment income per share is calculated using ending balances prior to consideration of adjustments for permanent book and tax differences.
- (2) Net investment income per share represents net investment income for the respective period divided by the monthly average shares of beneficial interest outstanding throughout each period.
- (3) The operating expense ratio includes expense reductions for soft dollar credits and minimum account maintenance fees deposited into the Fund. The ratios excluding expense reductions for the years ended December 31, 2002, 2001, 2000, 1999 and 1998, were 1.18%, 1.21%, 1.36%, 1.38% and 1.36%, respectively (See Note 8).

See notes to financial statements.

**MUHLENKAMP FUND**  
(A Portfolio of the Wexford Trust)

**SCHEDULE OF INVESTMENTS**  
**December 31, 2002**

Name of Issuer or Title of Issue	Shares	Value
<b>COMMON STOCK — 99.4%+</b>		
<b>Automobiles &amp; Components — 5.6%+</b>		
Delphi Corporation	350,000	\$ 2,817,500
Monaco Coach Corporation*	172,500	2,854,875
National R. V. Holdings, Inc.*	183,750	1,098,825
Superior Industries International, Inc.	338,180	13,987,125
Thor Industries, Inc.	139,300	4,796,099
Winnebago Industries, Inc.	204,100	8,006,843
		<u>33,561,267</u>
<b>Banks — 3.7%+</b>		
Mellon Financial Corporation	140,000	3,655,400
PNC Financial Services Group	150,000	6,285,000
Washington Mutual, Inc.	361,687	12,489,052
		<u>22,429,452</u>
<b>Capital Goods — 7.7%+</b>		
BE Aerospace, Inc.*	62,000	225,680
General Cable Corporation	126,000	478,800
Goodrich Corporation	550,000	10,076,000
Graco Inc.	238,105	6,821,708
JLG Industries, Inc.	118,100	889,293
The Lamson & Sessions Co.*	478,000	1,539,160
Rush Enterprises, Inc. – Class A*	282,005	1,043,419
Rush Enterprises, Inc. – Class B*	282,005	1,029,318
Terex Corporation*	126,500	1,409,210
Tyco International Ltd. f#	1,335,600	22,812,048
		<u>46,324,636</u>
<b>Commercial Services &amp; Supplies — 2.0%+</b>		
Cendant Corporation*	1,110,000	11,632,800
EnPro Industries, Inc.*	130,000	520,000
		<u>12,152,800</u>
<b>Consumer Durables — 14.0%+</b>		
American Woodmark Corporation	262,100	12,449,750
The Black & Decker Corporation	92,700	3,975,903
Masco Corporation	100,000	2,105,000
Mohawk Industries, Inc.*	440,663	25,095,758

See notes to financial statements.

**MUHLENKAMP FUND**  
(A Portfolio of the Wexford Trust)

**SCHEDULE OF INVESTMENTS (Continued)**  
**December 31, 2002**

Name of Issuer or Title of Issue	Shares	Value
<b>Consumer Durables — 14.0%+ (Continued)</b>		
Polaris Industries Inc.	309,600	\$ 18,142,560
Salton, Inc.*	84,200	810,004
Stanley Furniture Company, Inc.*	310,900	7,228,425
Whirlpool Corporation	267,700	<u>13,979,294</u>
		83,786,694
<b>Diversified Financials — 11.3%+</b>		
Citigroup Inc.	450,000	15,835,500
Countrywide Financial Corporation	500,000	25,825,000
Fannie Mae	74,400	4,786,152
Gabelli Asset Management Inc. – Class A*	121,600	3,652,864
Knight Trading Group, Inc.*	700,000	3,353,000
Merrill Lynch & Co., Inc.	204,000	7,741,800
Metris Companies Inc.	250,000	617,500
Morgan Stanley	143,000	5,708,560
Nicholas Financial, Inc.*	21,000	84,420
		<u>67,604,796</u>
<b>Energy — 8.3%+</b>		
Anadarko Petroleum Corporation	95,500	4,574,450
Conoco Inc.	173,049	8,373,841
Denbury Resources Inc.*	104,000	1,175,200
The Houston Exploration Company*	215,800	6,603,480
Nabors Industries, Ltd.*f	90,000	3,174,300
Ocean Energy, Inc.	400,000	7,988,000
OMNI Energy Services Corp.*	28,533	21,685
Patterson-UTI Energy, Inc.*	600,000	<u>18,102,000</u>
		<u>50,012,956</u>
<b>Food &amp; Drug Retailing — 0.4%+</b>		
SUPERVALU INC.	160,000	<u>2,641,600</u>
<b>Food Beverage &amp; Tobacco — 1.5%+</b>		
Philip Morris Companies Inc.	225,280	<u>9,130,598</u>
<b>Footwear — 0.2%+</b>		
R. G. Barry Corporation*	322,200	<u>1,321,020</u>

See notes to financial statements.

**MUHLENKAMP FUND**  
(A Portfolio of the Wexford Trust)

**SCHEDULE OF INVESTMENTS (Continued)**  
**December 31, 2002**

Name of Issuer or Title of Issue	Shares	Value
<b>Health Care Equipment &amp; Services — 2.4%+</b>		
D & K Healthcare Resources, Inc.	439,000	\$ 4,495,799
Orthodontic Centers of America, Inc.*	618,600	6,748,926
Tenet Healthcare Corporation*	200,000	<u>3,280,000</u>
		<u>14,524,725</u>
<b>Homebuilding — 18.2%+</b>		
Beazer Homes USA, Inc.*	226,300	13,713,780
Centex Corporation	680,000	34,136,000
Meritage Corporation*	491,600	16,542,340
NVR, Inc.*	125,000	40,687,500
Pulte Homes, Inc.	60,115	2,877,705
Toll Brothers, Inc.*#	49,800	<u>1,005,960</u>
		<u>108,963,285</u>
<b>Insurance — 5.4%+</b>		
Conseco, Inc.*	1,357,808	52,955
Fidelity National Financial, Inc.	952,752	31,278,848
Travelers Property Casualty Corp. – Class A*	19,873	291,140
Travelers Property Casualty Corp. – Class B*	40,832	<u>598,189</u>
		<u>32,221,132</u>
<b>Materials — 3.6%+</b>		
Abitibi-Consolidated Inc. f	280,000	2,158,800
Cemex S.A. de C.V. ADR f	644,969	13,873,283
RTI International Metals, Inc.*	40,000	404,000
Texas Industries, Inc.	201,900	<u>4,906,170</u>
		<u>21,342,253</u>
<b>Media — 0.6%+</b>		
The Reader's Digest Association, Inc. – Class A	220,000	<u>3,322,000</u>
<b>Retailing — 0.1%+</b>		
Wilson's – The Leather Experts Inc.*	92,500	<u>462,500</u>
<b>Software &amp; Services — 2.3%+</b>		
Citrix Systems, Inc.*	1,100,000	<u>13,552,000</u>
<b>Technology Hardware &amp; Equipment — 4.5%+</b>		
Applied Materials, Inc.*	126,300	1,645,689
ATMI, Inc.*	343,900	6,369,028

See notes to financial statements.

**MUHLENKAMP FUND**  
(A Portfolio of the Wexford Trust)

**SCHEDULE OF INVESTMENTS (Continued)**  
**December 31, 2002**

Name of Issuer or Title of Issue	Shares	Value
<b>Technology Hardware &amp; Equipment — 4.5%+ (Continued)</b>		
Intel Corporation	16,000	\$ 249,120
International Business Machines Corporation	140,000	10,850,000
MasTec, Inc.*	613,700	1,810,415
Photon Dynamics, Inc.*	273,700	6,240,360
		<u>27,164,612</u>
<b>Telecommunication Services — 0.4%+</b>		
Amdocs Limited*f	200,000	1,964,000
Superconductor Technologies Inc.*	346,620	325,823
		<u>2,289,823</u>
<b>Transportation — 3.5%+</b>		
Arkansas Best Corporation*	736,300	19,129,810
Frontier Airlines, Inc.*	320,900	2,169,284
		<u>21,299,094</u>
<b>Utilities — 3.7%+</b>		
Calpine Corporation*#	2,819,800	9,192,548
Dynegy Inc. – Class A	520,000	613,600
El Paso Corporation	991,450	6,900,492
Exelon Corporation	100,000	5,277,000
		<u>21,983,640</u>
Total Common Stocks (Cost \$616,198,536)		<u>596,090,883</u>

Name of Issuer or Title of Issue	Principal Amount	Value
<b>SHORT-TERM INVESTMENT — 1.8%+</b>		
<b>Commercial Paper — 1.8%+</b>		
Galaxy, 1.00%, 01/02/03	\$10,728,000	10,728,000
Total Short-Term Investment (Cost \$10,728,000)		<u>10,728,000</u>
<b>TOTAL INVESTMENTS — 101.2%+</b>		
(Cost \$626,926,536)		<u>\$606,818,883</u>

\* Non income producing security.

+ Investments are shown as a percentage of net assets at December 31, 2002.

# All or a portion of the shares have been committed as collateral for written option contracts.

f Foreign company

ADR American Depository Receipt

See notes to financial statements.

**MUHLENKAMP FUND**  
**(A Portfolio of the Wexford Trust)**

**SCHEDULE OF OPTIONS WRITTEN**  
**December 31, 2002**

Underlying Security/Expiration Date/Exercise Price:	Contracts (100 Shares Per Contract)	Value
<b>CALL OPTIONS</b>		
Toll Brothers, Inc.		
Expiration March 2003, Exercise Price \$22.50	100	\$ 10,000
Tyco International Ltd.		
Expiration January 2003, Exercise Price \$17.50	1,000	55,000
Expiration April 2003, Exercise Price \$17.50	1,000	190,000
<b>PUT OPTIONS</b>		
Calpine Corporation		
Expiration January 2004, Exercise Price \$20.00	923	1,504,490
Toll Brothers, Inc.		
Expiration March 2003, Exercise Price \$22.50	100	34,000
Tyco International Ltd.		
Expiration January 2003, Exercise Price \$17.50	1,000	105,000
Expiration April 2003, Exercise Price \$17.50	1,000	<u>240,000</u>
<b>TOTAL OPTIONS WRITTEN</b>		
(Premiums received \$1,332,659)		<u><u>\$2,138,490</u></u>

See notes to financial statements.

**MUHLENKAMP FUND**  
**(A Portfolio of the Wexford Trust)**

**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2002**

**1. ORGANIZATION**

The Wexford Trust (the “Trust”) was organized as a Massachusetts Business Trust on September 21, 1987 and operations commenced on November 1, 1988. The Trust is registered under the Investment Company Act of 1940, as amended. The Muhlenkamp Fund (the “Fund”) is a portfolio of the Trust and is currently the only fund in the Trust.

The Fund operates as a diversified open-end mutual fund that continuously offers its shares for sale to the public. The Fund will manage its assets to seek a maximum total return to its shareholders, primarily through a combination of interest and dividends and capital appreciation by holding a diversified list of publicly traded stocks. The Fund may acquire and hold fixed-income or debt investments as market conditions warrant and when, in the opinion of its adviser, it is deemed desirable or necessary in order to attempt to achieve its investment objective.

The primary focus of the Fund is long-term and the investment options diverse. This allows for greater flexibility in the daily management of Fund assets. However, with flexibility also comes the risk that assets will be invested in various classes of securities at the wrong time and price.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies applied by management in the preparation of the accompanying financial statements follows.

- a. *Investment Valuations* — Stocks and bonds are valued at the latest sales price on the last business day of the fiscal period as reported by the securities exchange on which the issue is traded. If no sale is reported, the security is valued at the last quoted bid price. Securities and other assets for which market quotations are not readily available are valued at fair value as determined by procedures established by the Board of Trustees.
- b. *Investment Transactions and Related Investment Income* — Investment transactions are recorded on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded daily on the yield to maturity basis. The Fund uses the specific identification method in computing gain or loss on the sale of investment securities.
- c. *Federal Taxes* — It is the Fund’s policy to comply with the requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is recorded. In addition, the Fund will make sufficient distributions of its income and realized gains, if any, to avoid the payment of any federal excise taxes. Accounting principles generally accepted in the United States of America require that permanent differences between financial reporting and tax reporting be reclassified between various components of net assets.

**MUHLENKAMP FUND**  
**(A Portfolio of the Wexford Trust)**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2002**

- d. *Dividends and Distributions to Shareholders of Beneficial Interest* — Dividends from net investment income, if any, are declared and paid annually. Distributions of net realized capital gains, if any, will be declared and paid at least annually. The Fund may utilize earnings and profits distributed to shareholders on redemption of shares as part of the dividends paid deduction. Accordingly, reclassifications are made within the net asset accounts for such amounts, as well as amounts related to permanent differences in the character of certain income and expense items for income tax and financial reporting purposes.
- e. *Use of Estimates* — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.
- f. *Options Transactions* — The Fund may write put and call options only if it (i) owns an offsetting position in the underlying security or (ii) maintains cash or other liquid assets in an amount equal to or greater than its obligation under the option.

When the Fund writes a call or put option, an amount equal to the premium received is included in the statement of assets and liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option. If an option expires on its stipulated expiration date or if the Fund enters into a closing purchase transaction, a gain or loss is realized. If a written call option is exercised, a gain or loss is realized for the sale of the underlying security and the proceeds from the sale are increased by the premium originally received. If a written put option is exercised, the cost of the security acquired is decreased by the premium originally received. As writer of an option, the Fund has no control over whether the underlying securities are subsequently sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the security underlying the written option.

The Fund may purchase put and call options. When the Fund purchases a call or put option, an amount equal to the premium paid is included in the Fund's statement of assets and liabilities as an investment, and is subsequently marked-to-market to reflect the current market value of the option. If an option expires on the stipulated expiration date or if the Fund enters into a closing sale transaction, a gain or loss is realized. If the Fund exercises a call, the cost of the security acquired is increased by the premium paid for the call. If the Fund exercises a put option, a gain or loss is realized from the sale of the underlying security, and the proceeds from such a sale are decreased by the premium originally paid. Written and purchased options are non-income producing securities.

**MUHLENKAMP FUND**  
(A Portfolio of the Wexford Trust)

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2002**

**3. INVESTMENT ADVISORY AND OTHER AGREEMENTS**

Muhlenkamp & Co., Inc. (the "Adviser"), an officer/stockholder of which is a trustee of the Trust, receives a fee for investment management. The fee is computed and accrued daily based on the net asset value at the close of business and is equal to 1% per annum. U.S. Bancorp Fund Services, LLC serves as transfer agent, administrator and accounting services agent for the Fund. U.S. Bank, N.A. serves as custodian for the Fund.

**4. LINE OF CREDIT**

The Fund has established a line of credit agreement ("LOC") with a national banking association, which expires April 30, 2003, to be used for temporary or emergency purposes, primarily for financing redemption payments. Borrowings of the Fund are subject to a \$25 million cap on the total LOC. At December 31, 2002, there were no borrowings by the Muhlenkamp Fund outstanding under the LOC. For the year ended December 31, 2002, the Fund incurred \$818 of interest expense.

**5. CAPITAL SHARE TRANSACTIONS**

Transactions in capital shares of the Fund were as follows:

	<u>Year Ended December 31, 2002</u>	<u>Year Ended December 31, 2001</u>
Shares outstanding, beginning of year . . . . .	10,091,742	5,458,654
Shares sold . . . . .	10,426,090	8,672,934
Shares redeemed . . . . .	(6,535,635)	(4,039,846)
Shares outstanding, end of year . . . . .	<u>13,982,197</u>	<u>10,091,742</u>

**6. OPTION CONTRACTS WRITTEN**

The number of option contracts written and the premiums received by the Muhlenkamp Fund during the year ended December 31, 2002, were as follows:

	<u>Number of Contracts</u>	<u>Premiums Received</u>
Options outstanding, beginning of year . . . . .	12,470	\$ 4,650,119
Options written . . . . .	83,415	21,136,483
Options exercised . . . . .	(40,572)	(10,508,982)
Options expired . . . . .	(37,781)	(10,297,741)
Options closed . . . . .	<u>(12,409)</u>	<u>(3,647,220)</u>
Options outstanding, end of year . . . . .	<u>5,123</u>	<u>\$ 1,332,659</u>

**7. INVESTMENT TRANSACTIONS AND TAX INFORMATION**

Purchases and sales of investment securities, excluding short-term securities, for the year ended December 31, 2002 were as follows:

<u>Purchases</u>		<u>Sales</u>	
<u>U.S. Government</u>	<u>Other</u>	<u>U.S. Government</u>	<u>Other</u>
\$0	\$289,918,583	\$0	\$66,617,724

**MUHLENKAMP FUND**  
**(A Portfolio of the Wexford Trust)**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**Year Ended December 31, 2002**

The components of the net unrealized depreciation in the value of the investments held at December 31, 2002 for tax purposes are as follows:

Gross unrealized appreciation of investments . . . . .	\$131,869,896
Gross unrealized depreciation of investments . . . . .	<u>(154,550,968)</u>
Net unrealized depreciation of investments . . . . .	<u>\$ (22,681,072)</u>

At December 31, 2002, the cost of investments for federal income tax purposes was \$629,499,955. The primary difference between the cost of investments for book purposes and tax purposes is due to deferred wash sale losses.

At December 31, 2002, the Fund had accumulated net realized capital loss carryovers of \$17,656,856 that will expire in 2010 and \$3,833,114 that will expire in 2009. To the extent the Fund realizes future net capital gains, taxable distributions to its shareholders will be offset by any unused capital loss carryover.

At December 31, 2002 and 2001, the Fund had no distributable ordinary income for tax purposes.

#### **8. EXPENSE REDUCTIONS**

The Fund has a directed business arrangement with Capital Institution Services, Inc. ("CIS"). Upon the purchase and/or sale of investment securities at best price and execution, the Fund pays a brokerage commission to CIS. These commission payments generate nonrefundable cumulative credits which are available to pay certain expenses of the Fund, such as performance measurements, pricing information, custodian and record keeping services, legal, accounting and other administrative costs. For the year ended December 31, 2002, the Fund's expenses were reduced \$27,838 by utilizing directed brokerage credits resulting in a decrease in the expense ratio being charged to shareholders of 0.00%. In accordance with Securities and Exchange Commission requirements, such amount is required to be shown as an expense and has been included in each of the expenses in the Statement of Operations.

Beginning in 2000, expenses are also reduced through the deposit of minimum account maintenance fees into the Fund. By November 30th of each year, all accounts must have net investments (purchases less redemptions) totaling \$1,500 or more, an account value greater than \$1,500, or be enrolled in the Automatic Investment Plan. Accounts that do not meet one of these three criteria will be charged a \$15 fee. These fees are used to lower the Fund's expense ratio. For the year ended December 31, 2002, the Fund's expenses were reduced \$54,675 by utilizing minimum account maintenance fees, resulting in a decrease in the expense ratio being charged to shareholders of 0.01%.

**MUHLENKAMP FUND**  
**(A Portfolio of the Wexford Trust)**

**REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Trustees and Shareholders  
of Muhlenkamp Fund

In our opinion, the accompanying statement of assets and liabilities, including the schedules of investments and of options written, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Muhlenkamp Fund (constituting the Wexford Trust hereafter referred to as the “Fund”) at December 31, 2002, and the results of its operations, the changes in its net assets and its financial highlights for the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2002 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Milwaukee, Wisconsin  
February 7, 2003

# MUHLENKAMP FUND

## (A Portfolio of the Wexford Trust)

### TRUSTEES AND OFFICERS

<u>Name, Address, and Age</u>	<u>Position(s) Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Complex Overseen by Trustee</u>	<u>Other Directorships Held by Trustee</u>
<u>Interested Trustees:</u>					
Alfred E. Kraft 202 Fan Hollow Road Uniontown, PA 15401 Age: 65	Trustee	Served as Trustee from 1998 to present	An independent management consultant since 1986	1	None
Terrence McElligott 4103 Penn Avenue Pittsburgh, PA 15224 Age: 55	Trustee	Served as Trustee from 1998 to present	President of West Penn Brush & Supply, Inc., as a wholesale industrial brush sales company, since 1979	1	None
<u>Interested Trustees and Officers:</u>					
Ronald H. Muhlenkamp & Company, Inc. 3000 Stonewood Drive, Suite 310 Wexford, PA 15090 Age: 59	President and Trustee	Served as President and Trustee from 1987 to present	President and Director of Muhlenkamp & Company, Inc., investment adviser to the Fund	1	None
James S. Head Muhlenkamp & Company, Inc. 3000 Stonewood Drive, Suite 310 Wexford, PA 15090 Age: 57	Vice President and Treasurer	Served as Vice President from 1999 to present	Executive Vice President of Muhlenkamp & Company, Inc., investment adviser to the Fund, from 1999 to present; Branch Manager, Parker/Hunter Inc., a securities brokerage firm from 1995 to 1999	1	None
John H. Kunkle, III Muhlenkamp & Company, Inc. 3000 Stonewood Drive, Suite 310 Wexford, PA 15090 Age: 40	Vice President	Served as Vice President from 1999 to present	Portfolio analyst with Muhlenkamp & Company, Inc., investment adviser to the Fund, since 1992	1	None
Jean Leister Muhlenkamp & Company, Inc. 3000 Stonewood Drive, Suite 310 Wexford, PA 15090 Age: 55	Secretary	Served as Secretary from 1992 to present	Director of Operations with Muhlenkamp & Company, Inc., investment adviser to the Fund, since 1987	1	None

Additional information about the Fund's trustees is available in the Statement of Additional Information and is available, without charge, upon request, by calling (800) 860-3863.

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**INVESTMENT ADVISER**

Muhlenkamp & Company, Inc.  
3000 Stonewood Drive, Suite 310  
Wexford, PA 15090

**ADMINISTRATOR AND TRANSFER AGENT**

U.S. Bancorp Fund Services, LLC  
615 E. Michigan Street  
Milwaukee, WI 53202

**CUSTODIAN**

U.S. Bank, N.A.  
425 Walnut Street  
Cincinnati, OH 45201

**DISTRIBUTOR**

Quasar Distributors, LLC  
615 E. Michigan Street  
Milwaukee, WI 53202

**AUDITORS**

PricewaterhouseCoopers LLP  
100 E. Wisconsin Avenue  
Milwaukee, WI 53202