

A No-Load Fund

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**Muhlenkamp Fund**

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**SEMI-ANNUAL REPORT**  
June 30, 1989

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P.O. Box W, Wexford, Pennsylvania 15090 (412) 935-5520

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## LETTER TO SHAREHOLDERS

The Trustees and management of the Muhlenkamp Fund are pleased to present this first semi-annual report of your Fund.

As you can see from this report, Net Assets of the Fund now exceed \$650,000, and as of June 30, 1989 the Net Asset Value of your shares was \$10.86. We believe this is a good beginning for a new fund, and are striving to increase both numbers at a healthy rate. Early in 1989 we expanded our list of holdings to about 30 issues in diverse industries. Until the Fund becomes considerably larger, we expect to own 30 to 40 issues when fully invested. Statistically, this gives us good diversification. More recently, as stocks and bonds have approached fair value, we allowed cash to accumulate and now hold about 20% cash equivalents.

The first half of 1989 witnessed further evidence of a slowing U.S. economy. The Federal Reserve Board's tight two-year hold on the growth of money and gradual increase in short-term interest rates are having the desired effect of slowing GNP growth. The latest monthly numbers do not yet show lessening inflation, but weakening commodity prices and modest growth in wages suggest that slower growth is on the way for the Consumer Price Index as well.

The surprise in the first half was the strength of the dollar. But dollar strength is relative to other currencies, so they must be considered as well. In particular, the yen and deutsche mark were weak, probably due to political problems in Japan and Germany. A more telling episode may have been the turmoil in China. The problems in China seemed to result in the buying of dollars (instead of gold, for instance), implying that international investors view the U.S. as a safe haven and do not expect increased U.S. inflation any time soon.

The net result of a slowing economy, controlled inflation and rising dollar was lower interest rates and higher bond prices. Rates on long-term treasury bonds peaked in March and have since dropped a full 1%, from 9.25 to 8.25. Though the bond market may now be a bit ahead of itself, interest rate pressures remain downward and should stay that way for some time, indicating that quality bonds should do well. A recent move by the Federal Reserve Board to reduce the Federal Funds rate in line with other short-term rates tends to confirm this.

The drop in interest rates allowed the general stock market to work its way higher. Within that context, financial stocks such as banks and savings and loans moved up nicely. A slowing GNP generally means lower profits for companies in cyclical industries; many paper and chemical company stocks were flat to down for fear that their earnings would collapse in 1990. We think these fears are overdone, but expect

them to continue until the market gets a better handle on the extent of the slowdown. We continue to hold shares of some leading cyclical companies selling at low multiples of earnings and cash flow, and/or those with diverse end markets. We may increase our positions in cyclicals if it appears the economy and earnings are not as weak as the market is currently discounting.

We appreciate your interest in the Muhlenkamp Fund. We welcome your questions and ask you to spread the word of our Fund among your friends.

Ronald H. Muhlenkamp  
 President  
 July 10, 1989

**THE WEXFORD TRUST**

**STATEMENT OF OPERATIONS**  
**FROM JANUARY 1, 1989 TO JUNE 30, 1989**  
 (UNAUDITED)

		<u>Muhlenkamp Fund</u>
<b>INVESTMENT INCOME</b>		
Dividends	\$5,702	
Interest	3,433	
Net realized capital losses	<u>(2,318)</u>	
 Total Income		 \$6,817
 <b>EXPENSES</b>		
Advisor fee	2,416	
Auditor fee	<u>3,855</u>	
Total Expenses		<u>6,271</u>
 Net Investment Income		 546
 <b>UNREALIZED GAIN ON INVESTMENTS</b>		
Unrealized appreciation in value of investments during the period		<u>32,886</u>
Increase in Net Assets Resulting From Operations		\$33,432

**STATEMENT OF ASSETS AND LIABILITIES**

**June 30, 1989**

(UNAUDITED)

ASSETS

	<u>Muhlenkamp Fund</u>
INVESTMENT IN SECURITIES AT VALUE - IDENTIFIED COST \$464,299	\$ 497,186
CASH	153,764
RECEIVABLES	
Investment securities sold	\$2,552
Other	901
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Total Assets	654,403

LIABILITIES

PAYABLES	
Advisory Fee Payable	1,576
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Total Net Assets	\$652,827
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NET ASSETS	
Shares of beneficial interest outstanding	\$ 619,380
Accumulated undistributed income:	
Accumulated undistributed net investment income	561
Net unrealized appreciation in value of investments at end of period	32,886
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Net Assets	\$ 652,827
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NET ASSET VALUE PER SHARE (Net assets divided by shares outstanding)	\$ 10.86
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**PORTFOLIO OF INVESTMENTS**

**June 30, 1989**  
**(UNAUDITED)**

**Muhlenkamp Fund**

	<u>Principal Amount or Shares</u>	<u>Value</u>
<b>COMMON STOCKS</b>		
Bankers Trust	300	\$14,438
Citicorp	300	9,338
Compaq Computer	200	18,250
Crane Co.	600	15,975
Dow Chemical	200	16,800
Federal National Mortgage Corp.	300	26,738
Figgie International Class A	200	15,400
Georgia Gulf Corp.	200	7,600
Glenfed Inc.	800	17,600
Golden West Financial	300	13,837
Jefferson Smurfit	300	7,800
Landmark Savings	700	5,600
Legent Corp.	1200	28,200
Morgan Stanley, Inc.	250	16,250
Navistar	2600	13,000
PNC Financial	400	17,400
Penn Central	600	15,750
Peoples Energy	1100	25,300
Philip Morris	165	22,873
Pope and Talbot	400	9,900
Signet Bank	400	14,000
Sterling Chemical	1300	13,975
Superior Industries	550	13,750
Telefonica De Espana	1300	31,525
Vista Chemical	200	8,575
Western Digital Corp.	400	4,050
Westinghouse	200	12,400
Total Common Stocks (cost \$390,407)		<u>\$416,324</u>
<b>CLOSED-END INVESTMENT FUNDS</b>		
Gemini Fund - Capital Shares (cost \$21,278)	1400	\$22,050
<b>LIMITED PARTNERSHIPS</b>		
Standard Pacific, L.P. (cost \$26,965)	1800	\$28,125
<b>BONDS</b>		
General Motors Acceptance Corporation - 0% deferred debentures, due 2015 (cost \$25,650)	250,000	<u>30,687</u>
Total Investments (cost \$464,300)		<u>\$497,186</u>

**STATEMENT OF CASH FLOWS AND CHANGES IN NET ASSETS**  
**FROM JANUARY 1, 1989 TO JUNE 30, 1989**  
(UNAUDITED)

		Muhlenkamp Fund	
		Cash Flow	Changes in Net Assets
<b>INCREASE (DECREASE) IN CASH AND NET ASSETS</b>			
Operations:			
Net investment income		\$ 1,382 (1)	\$546
Unrealized appreciation (depreciation)			32,886
Decrease in cash from investing activity		(429,219) (2)	
Net (Decrease) Increase Resulting From Operations		(427,837)	33,432
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>			
Dividends to shareholders from net investment income		(1,435)	
<b>BENEFICIAL INTEREST TRANSACTIONS</b>			
Proceeds from sale of shares, net of redemptions		516,880	516,880
Total Increase in Cash and Net Assets		\$87,608	\$550,312
<b>NET ASSETS</b>			
Shares of Beneficial Interest			\$619,380
Undistributed net investment income			33,447
			\$652,827
1) Net investment income per books	\$ 546	(2) Net security purchases	426,667
Net change in receivables and payables related to income and expense	836	Plus: Accounts receivable securities	2,552
Net Investment Income - Cash Basis	\$ 1,382		\$429,219

**THE WEXFORD TRUST**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 1989**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 a diversified open-end management investment company.

The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

Security valuations - Each stock and bond is valued at the latest sales price thereof on the last business day of the fiscal period as reported by the principal securities exchange on which the issued is traded.

Security transactions and related investment income - Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Cash flow information - The Trust issues and redeems its shares, invests in securities, earns income and distributes dividends from net investment income. Dividends are either reinvested in the fund or paid in cash upon the written direction of the holder of beneficial interest. These activities are reported on the accrual basis in the statement of changes in net assets. This information is presented on a cash basis in the statement of cash flows. These two statements are combined in the financial statements. Differences between the cash and accrual basis include changes in unrealized appreciation of investments, fund dividends reinvested by holders of beneficial interest and changes in amounts receivable and payable. Purchases of securities result in a decrease in cash.

Federal income taxes - The Trust policy is to comply with requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute substantially all its taxable income to its holders of beneficial interest. Therefore, each year no provision for federal income taxes is required.

Dividends and distributions to holders of beneficial interests - Dividends and distributions are recorded by the Trust on the record date.

**THE WEXFORD TRUST**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 1989**

**NOTE 2 - INVESTMENT MANAGEMENT AND PAYMENTS TO AFFILIATED PERSONS**

Muhlenkamp & Co., Inc., a Pennsylvania Corporation, principally owned by Ronald H. Muhlenkamp, 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. Certain trustees are also officers of the investment advisor. The investment advisory agreement provides for the reimbursement of expenses excluding auditor fees, fidelity bonding, and brokerage commissions until the net assets of the Muhlenkamp Fund (the fund) equal or exceed \$1,000,000. Once the fund's net assets equal or exceed this amount, the advisor is permitted, and intends to charge the fund for some or all of its routine administration costs. In addition, at June 30, 1989 certain affiliated persons have invested \$79,526 in securities of the Muhlenkamp Fund.

**NOTE 3 - SHARES OF BENEFICIAL INTEREST**

The Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest with a par value of .001 per share. For the period January 1, 1989 to June 30, 1989, transactions in Trust shares were as follows:

	<u>Shares</u>	<u>Amount</u>
Shares Sold	51,135.449	\$530,380
Shares Redeemed	1,282.233	\$(13,500)