

**Quarterly Report**  
**December 31, 2018**

**Provident Trust Strategy Fund**  
**(PROVX)**

**A NO-LOAD MUTUAL FUND**

**Provident Trust Strategy Fund (PROVX)**  
**Letter to Shareholders (Unaudited)**

January 1, 2019

Dear fellow Provident Trust Strategy Fund shareholders,

Provident Trust Strategy Fund (PROVX) declined -11.66% for the quarter ended December 31, 2018, vs. the S&P 500's -13.52% loss. During Provident's tenure as portfolio manager (September 9, 2002), PROVX gained +332.43% cumulatively while maintaining 20.2% month end liquidity vs. +287.34% for the always fully invested S&P 500. Top performers for the quarter were PayPal Holdings, Inc., Fastenal Company and UnitedHealth Group, Inc. while Cognizant Technology Solutions Corp., Southwest Airlines Co. and the TJX Companies, Inc. underperformed. During the quarter, we increased our positions in the Charles Schwab Corp., Fastenal Company and PayPal Holdings Inc. and reduced our position in Cognizant Technology Solutions, Inc. Quarter end equity exposure was 79.4%, with the ten largest holdings representing 63.4% of total fund assets.

The investment world turned upside down over my first 37 years managing money. In 1981, government bonds were derided as **certificates of confiscation** and yielded 12-14%, a return well in excess of the stock market's average return. Hard assets were greatly favored by institutional investors and the "smart money" with the Hunt brothers famously attempting to corner the silver market at a price of \$50 per ounce (current price is ~\$15). 37 years later investors are **yield crazy**, with the 2.7% 10 year Treasury yield a small fraction of the stock market's 9.8% 50 year average annual return. Bond mutual fund flows illustrate fixed income's popularity with \$1.9T in 10 year total inflows vs. -\$200B withdrawals for equity funds. Over the past 10 years the S&P 500 return was +13.2% per year vs. +2.0% for intermediate government bonds.

For 2019, we forecast the 10-year Treasury may invert, yielding less than Federal Funds/2-year, due to investors' hunger for **yield certainty**. We forecast 2019 GDP to increase by ~2-3% even with an inverted yield curve for the following reasons:

- Rising personal income and spending (~70% of GDP).
- Freer trade. Global trade volume expanded in 2018 despite tariff sabre rattling.
- Low commodity prices which boost disposable income.

We forecast a 7th year of 2-3% GDP growth and 2% inflation equal to the 25 year average, a favorable environment for financial asset returns. The S&P 500 sells for 17X "scrubbed" 2019 earnings vs. 36X for the 10-year Treasury. Over the next 3-5 years we expect the S&P 500's valuation will converge with the 10-year Treasury at 20-25X. We forecast flat S&P 500 2019 profits, a modest dividend increase (vs. a static bond yield) and typical intra-year volatility.

Thank you for your interest in the Provident Trust Strategy Fund.



J. Scott Harkness, CFA  
President

**The Fund's 1-year and annualized 5-year and 10-year returns through December 31, 2018 were: -1.22%, 9.20% and 11.68%, respectively. The S&P 500, the Fund's benchmark index, 1-year and annualized 5-year and 10-year returns through December 31, 2018 were: -4.38%, 8.49% and 13.12%, respectively.**

*The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. **Performance data quoted represents past performance; past performance does not guarantee future results.** The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance since the above time period may be higher or lower than the performance quoted. Performance data current to the most recent month end may be obtained by visiting [www.provfunds.com](http://www.provfunds.com).*

Although the Fund is no load, management and other expenses still apply. As per the Fund's Prospectus dated January 31, 2018, the total annual gross operating expenses as a percentage of the value of your investment, which incorporates indirect fees and expenses that the Fund incurs from investing in the shares of other mutual funds otherwise known as Acquired Fund Fee Expenses or AFFE, for the fiscal year ended September 30, 2017 was 1.03%. After fee waivers and/or expense reimbursements, the total annual net expense ratio, or what the investor pays, was 1.01%. Provident has contractually agreed to cap the ratio of expenses to average net assets (excluding AFFE) at 1.00% through January 31, 2019.

**Mutual fund investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund may invest in smaller and medium sized companies, which involve additional risk such as more limited liquidity and greater volatility.**

S&P 500: An unmanaged index, consisting of 500 selected common stocks, commonly used to measure the performance of U.S. stocks. It is not possible to invest directly into an index.

Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. For a complete list of Fund holdings, please refer to the Schedule of Investments in this report.

**Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice or recommendations to buy or sell any security. Current and future holdings are subject to risk.**

*You may obtain a hardcopy of the prospectus and the most recent performance data by calling (855) 739-9950 (also available at [www.provfunds.com](http://www.provfunds.com)). Please read the statutory and summary prospectus carefully to consider the investment objectives, risks, charges and expenses before investing or sending money. The prospectus contains this and more information. Please read the prospectus carefully before investing.*

**Provident Trust Strategy Fund**  
**Statement of Net Assets**  
**December 31, 2018 (Unaudited)**

<u>Shares or Principal Amount</u>	<u>\$ Value (b)</u>
<b>COMMON STOCKS – 79.6% (a)</b>	
<b>Airlines – 4.1%</b>	
143,610 Southwest Airlines Co.	6,674,993
<b>Commercial Services, Finance – 5.2%</b>	
99,880 PayPal Holdings, Inc.*	8,398,909
<b>Computer Services – 10.8%</b>	
62,760 Accenture PLC, CI A	8,849,788
134,580 Cognizant Technology Solutions Corp., CI A	8,543,138
	<u>17,392,926</u>
<b>Distribution/Wholesale – 3.0%</b>	
92,700 Fastenal Co.	4,847,283
<b>Finance, Credit Card – 8.2%</b>	
99,990 Visa Inc.	13,192,681
<b>Finance, Investment Banker/Broker – 4.8%</b>	
184,330 The Charles Schwab Corp.	7,655,225
<b>Investment Management/Advisory Services – 4.7%</b>	
82,700 T. Rowe Price Group Inc.	7,634,864
<b>Medical, Health Maintenance Organization - 7.5%</b>	
48,470 UnitedHealth Group Inc.	12,074,846
<b>Retail, Building Products – 5.1%</b>	
47,530 The Home Depot, Inc.	8,166,605
<b>Retail, Discount – 4.2%</b>	
33,110 Costco Wholesale Corp.	6,744,838
<b>Retail, Major Department Stores – 5.5%</b>	
199,920 The TJX Companies, Inc.	8,944,421
<b>Super-Regional Banks - United States – 4.9%</b>	
68,120 PNC Financial Services Group, Inc.	7,963,909
<b>Web Portals/Internet Service Providers – 11.6%</b>	
9,000 Alphabet, Inc., CI A *	9,404,640
9,000 Alphabet, Inc., CI C *	9,320,490
	<u>18,725,130</u>
Total common stocks	<u>128,416,630</u>

**Provident Trust Strategy Fund**  
**Statement of Net Assets**  
**December 31, 2018 (Unaudited)**

<b>SHORT-TERM INVESTMENTS – 20.6% (a)</b>		
<b>Money Market Fund – 13.2%</b>		
21,368,102	Invesco Treasury Portfolio Institutional Class, 2.30% ^	21,368,102
<b>U.S. Treasury Securities – 7.4%</b>		
6,000,000	U.S. Treasury Bills, 2.283%, due 03/21/19†	5,969,564
6,000,000	U.S. Treasury Bills, 2.375%, due 04/04/19†	5,962,797
	Total U.S. treasury securities	<u>11,932,361</u>
	Total short-term investments	<u>33,300,463</u>
	Total investments - 100.2%	161,717,093
	Other assets, less liabilities - <b>(0.2%) (a)</b>	<u>(307,250)</u>
	<b>TOTAL NET ASSETS - 100.0%</b>	<u><u>\$161,409,843</u></u>
	Net Asset Value Per Share (\$0.01 par value, 300,000,000 shares authorized), offering and redemption price (\$161,409,843 ÷ 11,719,794 shares outstanding)	<u><u>\$13.77</u></u>

(a) Percentages for the various classifications relate to net assets.

(b) Each security is valued at the last sale price reported by the principal security exchange on which the issue is traded. Securities that are traded on Nasdaq Markets are valued at the Nasdaq Official Closing Price, or if no sale is reported, the latest bid price. Securities which are traded over-the-counter, bonds and short-term U.S. Treasury Bills are valued using an evaluated bid from a pricing service. Money Market Funds are valued at net asset value.

\* Non-income producing security.

^ The rate quoted is the annualized 7 day yield as of December 31, 2018.

† The rate shown is the yield as of December 31, 2018.

PLC - Public Limited Company

# ***Provident Trust Strategy Fund***

***N16 W23217 Stone Ridge Drive, Suite 310  
Waukesha, Wisconsin 53188***

## ***BOARD OF DIRECTORS***

**JOHN F. HENSLER  
ROBERT H. MANEGOLD  
THOMAS N. TUTTLE, JR.  
WILLARD T. WALKER, JR.**

## ***INVESTMENT ADVISER***

**PROVIDENT TRUST COMPANY  
N16 W23217 Stone Ridge Drive, Suite 310  
Waukesha, Wisconsin 53188**

## ***ADMINISTRATOR, ACCOUNTANT, TRANSFER AGENT AND DIVIDEND DISBURSING AGENT***

**U.S. BANK GLOBAL FUND SERVICES  
615 East Michigan Street  
Milwaukee, Wisconsin 53202  
800-811-5311 or 414-765-4124**

## ***CUSTODIAN***

**U.S. BANK, N.A.  
1555 North RiverCenter Drive, Suite 302  
Milwaukee, Wisconsin 53212**

## ***DISTRIBUTOR***

**QUASAR DISTRIBUTORS, LLC  
777 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202**

## ***INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM***

**COHEN & COMPANY, LTD.  
1350 Euclid Avenue, Suite 800  
Cleveland, Ohio 44115**

## ***LEGAL COUNSEL***

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