

# **Quarterly Report**

**June 30, 2022**

## **Provident Trust Strategy Fund**

**(PROVX)**

**A NO-LOAD MUTUAL FUND**

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

July 1, 2022

Dear Fellow Provident Trust Strategy Fund Shareholders,

Provident Trust Strategy Fund (PROVX) declined -14.41% vs. the S&P 500's -16.10% for the quarter ended June 30, 2022. During Provident's tenure as portfolio manager (beginning September 9, 2002), PROVX gained +569.49% cumulatively with an 80.0% average month-end allocation to equities vs. +521.19% for the always fully invested S&P 500. Top performers for the quarter ended June 30, 2022 were UnitedHealth Group, Inc., Visa, Inc. and Home Depot, Inc. while Accenture PLC, The Charles Schwab Corp. and Alphabet, Inc. (Class A&C) underperformed. Our June 30, 2022 equity exposure was 81.1%.

1Q 2022 GDP fell -1.6% and we expect a similar 2Q decline. GDP inflation jumped +6.3%, 10% goods' inflation and 5% services'; higher prices are affecting demand with auto miles driven -8% YoY. The Federal Reserve is responding to higher inflation by selling bonds (draining liquidity) and increasing the Fed Funds rate from 0% to an expected 3%. Our 2022 GDP inflation estimate rises to a valuation unfriendly 5 – 7%.

Higher inflation means lower valuations for financial assets. We estimate an S&P 500 P/E range of 15 – 20X, a decline from our previous 18 – 25X estimate. Fixed income valuations are harder hit, with the 10-year Treasury valuation declining from 100X (1% yield) to 33X (3% yield). Over the past year, Provident's portfolio valuation declined from 25.5X to 19.2X, while the P/E for the S&P 500 fell from 22X to 19X. We estimate a 10-year yield range of 2 – 4%, 3% Fed Funds overnight rate, and flat 2022 GDP. We prefer 4 – 5% dynamic yielding stocks (dividend + net share repurchase) vs. the 2.9% static fixed income yield.

Including the -20.0% 1H 2022 decline, the S&P 500's return since 2018 is +10.0% per year vs. +1.2% for the Barclays Intermediate Government Credit Index. We estimate a July – December S&P 500 price range of 3000 4400, or -20% to +16% from June 30's 3785 close. During 1H 2022 we added to our Visa position and sold Meta and PayPal due to earnings deterioration; portfolio liquidity is in-line with our 20 year portfolio average. We believe stocks still represent the best vehicle for growing portfolio purchasing power; the price of seeking higher returns is 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 June 30, 2022 were: -14.11%, 12.14% and 12.58%, respectively. The S&P 500, the Fund's benchmark index, 1-year and annualized 5-year and 10-year returns through June 30, 2022 were: -10.62%, 11.31% and 12.96%, respectively.**

*The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions 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).*

As per the Fund's January 31, 2022 Prospectus, the total annual Fund 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 including money market funds, otherwise known as acquired fund fees and expenses or AFFE, was 0.93%. Provident Trust Company has contractually agreed to cap the ratio of expenses to average net assets (excluding AFFE) at 1.00% through January 31, 2023.

While the Fund is no load, there are management fees and operating expenses that do apply. Such fees and expenses are described in the Fund's Prospectus.

**Mutual fund investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it concentrates 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. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. The Fund may invest in money market funds. An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the money market fund seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in the fund.**

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.

GDP: Gross domestic product is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

PCED Inflation Index: The PCE deflator or Personal Consumption Expenditure Deflator is a measure of inflation based on changes in personal consumption.

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 as of June 30, 2022, 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 hard copy 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**  
**June 30, 2022 (Unaudited)**

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<u>Shares or Principal Amount</u>	<u>\$ Value (b)</u>
<b>COMMON STOCKS – 81.1% (a)</b>	
	<b>Computer Services – 8.2%</b>
62,760	Accenture PLC, Cl A 17,425,314
	<b>Distribution/Wholesale – 4.3%</b>
184,400	Fastenal Co. 9,205,248
	<b>Finance, Credit Card – 4.7%</b>
50,891	Visa Inc. 10,019,929
	<b>Finance, Investment Banker/Broker – 8.6%</b>
289,180	The Charles Schwab Corp. 18,270,392
	<b>Investment Management/Advisory Services – 4.9%</b>
91,560	T. Rowe Price Group Inc. 10,402,132
	<b>Medical, Health Maintenance Organization – 11.7%</b>
48,470	UnitedHealth Group Inc. 24,895,646
	<b>Retail, Building Products – 6.1%</b>
47,530	The Home Depot, Inc. 13,036,053
	<b>Retail, Discount – 7.4%</b>
33,110	Costco Wholesale Corp. 15,868,961
	<b>Super-Regional Banks - United States – 6.8%</b>
91,220	PNC Financial Services Group, Inc. 14,391,779
	<b>Web Portals/Internet Service Providers – 18.4%</b>
9,000	Alphabet, Inc., Cl A * 19,613,340
9,000	Alphabet, Inc., Cl C * 19,687,050
	39,300,390
	Total common stocks 172,815,844

**Provident Trust Strategy Fund**  
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<b>SHORT-TERM INVESTMENTS – 19.0% (a)</b>		
<b>Money Market Fund – 9.7%</b>		
20,642,247	First American Treasury Obligations, Cl X, 1.312% ^	20,642,247
<b>U.S. Treasury Securities – 9.3%</b>		
20,000,000	U.S. Treasury Bills, 2.418%, due 12/22/2022†	19,768,161
	Total short-term investments	<u>40,410,408</u>
	Total investments – 100.1%	213,226,253
	Other assets, less liabilities - <b>0.1% (a)</b>	<u>(233,898)</u>
	<b>TOTAL NET ASSETS - 100.0%</b>	<u><u>212,992,355</u></u>
	Net Asset Value Per Share (\$0.01 par value, 300,000,000 shares authorized), offering and redemption price ( $\$212,992,355 \div 11,417,782$ shares outstanding)	<u><u>\$18.65</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 June 30, 2022.

† The rate shown is the effective yield as of June 30, 2022.

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  
111 E. Kilbourn Avenue, Suite 2200  
Milwaukee, Wisconsin 53202

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

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

## ***LEGAL COUNSEL***

GODFREY & KAHN, S.C.  
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