

# **Quarterly Report**

**June 30, 2016**

## **Provident Trust Strategy Fund**

**(PROVX)**

**A NO-LOAD MUTUAL FUND**

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

July 1, 2016

Dear fellow Provident Trust Strategy Fund shareholders,

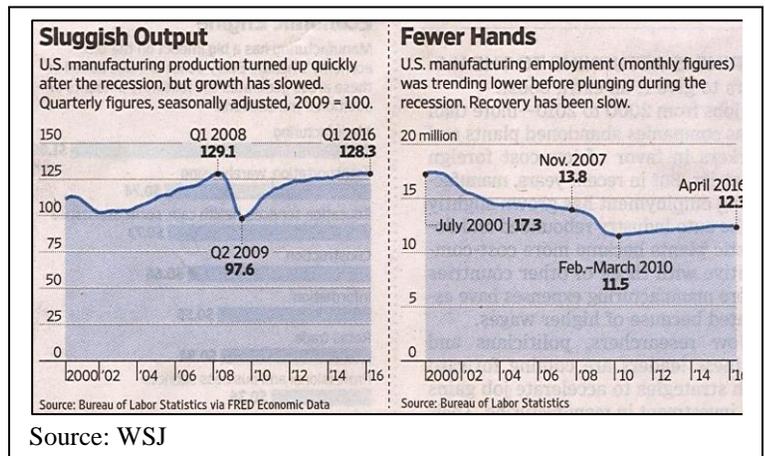
PROVX lost -2.41% for the six months ended June 30, 2016, vs. the S&P 500's +3.84% gain. During Provident's tenure as portfolio manager (September 9, 2002), PROVX gained +213.71% cumulatively vs. +208.38% for the S&P 500, while maintaining 21.4% average month end liquidity. **During 1H 2016 we owned none of the top-performing S&P 500 sectors (telecom, utilities and energy) and we were overweight technology, the second worst performing sector, with a 41% weighting vs. 14% for the S&P 500.** While our portfolio was poorly positioned for 1H 2016's interest rate decline, we contend our portfolio's positive earnings/balance sheets has the potential to aid our returns in 2H 2016 and beyond. Top six month portfolio performers were UnitedHealth, TJX and Fastenal (a bottom performer in 2015), while PNC, Alphabet and Charles Schwab (a new position) were the weakest performers. Our June 30th equity exposure was 87.1% and the Fund remains concentrated with the ten largest equity positions representing 72.8% of total assets.

We believe the following investment practices differentiate PROVX:

1. PROVX is managed to be the sole or core holding for investors seeking long-term purchasing power growth.
2. Concentration not diversification. PROVX is invested in 15 equity positions. Active share, the percentage of the portfolio that is different from the S&P 500 weightings, is 92.7%.
3. Flexible asset allocation. Since September 9, 2002, PROVX's equity allocation has ranged from 29.6% to 97.1% and averaged 78.6%.
4. Steady adherence to our growth at reasonable valuations (GARV) strategy.
5. Manager commitment. The portfolio managers own 7% of PROVX.

USA's currency, bond and stock markets are increasingly attractive to global investors. WSJ reports USA's "real" 10 year Treasury interest rate is .4% vs. negative real rates from Switzerland, Japan and Germany. Global deflation (lower prices paralyze purchases) is a risk to our positive GDP and financial asset outlook. China's share of world steel production grew from 15% to 50% since just 2000; there's too much of too many products to worry about inflation. We maintain our 1-2% 10 year Treasury yield range for 2016.

Increased regulation and taxes impede GDP and financial market returns. USA's 2009-2016 economic expansion averaged only +2% GDP, a post WWII low. Productivity, not China, is the leading source of manufacturing job losses; since 2000, manufacturing jobs dropped 30% while production grew 15% (WSJ, see chart). Since 1980, the number of American steelworkers declined 78% (from 400,000 to 91,400) while steel production rose +17% (Barron's). Carpe Diem reports 12 million Texans generate almost as much GDP as 91 million working Brazilians. The USA is 4.5% of global population and a steady 22% of world GDP (vs. 24% in 1974).



Goldman Sachs estimates 2016 S&P 500 EPS (includes stock options expense and goodwill amortization) will rise 10% to \$110. The 2016 S&P 500 price earnings valuation is 18.5X, well below the 70X earnings yield for the 10-year Treasury note. The S&P 500's 2.2% dividend yield is a record .8% above the 1.4% 10-year Treasury yield. We forecast continued P/E expansion for the S&P 500 to 20-25X for a 4-5% "earnings yield", well in excess of the money market/fixed income alternatives. While stocks can remain "cheap" to bonds for many years, we maintain our growth at reasonable valuation equity strategy (GARV) offers the best vehicle for potentially improving clients' inflation adjusted portfolio value.

During the June quarter we purchased shares of Nike.

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, 2016 were: 4.54%, 8.33% and 6.80%, respectively. The S&P 500, the Fund's benchmark index, 1-year and annualized 5-year and 10-year returns through June 30, 2016 were: 3.99%, 12.10% and 7.42%, 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).*

While the Fund is no load, management and other expenses still apply. As per the Fund's Prospectus dated January 31, 2015, 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 or acquired fund fee expenses ("AFFE"), is 0.93%.

**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.**

*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.*

**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.

**Active Share:** A measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index.

**Earnings Yield:** The earnings per share for the most recent 12-month period divided by the current market price per share.

**EPS:** Earnings per Share, The portion of a company's profit allocated to each outstanding share of common stock.

**GDP:** Gross Domestic Product, the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

**P/E:** Price to Earnings Ratio, a ratio for valuing a company that measures its current share price relative to its per-share earnings.

**Portfolio Liquidity:** Cash, money market and bond portfolio component.

**Earnings Growth is a measure of a company's net income over a specific period, is a key indicator for measuring a company's success, and the driving force behind stock price appreciation. Earnings growth is not a measure of the Fund's future performance.**

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.

**Stocks are generally perceived to have more financial risk than bonds in that bond holders have a claim on firm operations or assets that is senior to that of equity holders. In addition, stock prices are generally more volatile than bond prices. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. A stock may trade with more or less liquidity than a bond depending on the number of shares and bonds outstanding, the size of the company, and the demand for the securities. Similarly, the transaction costs involved in trading a stock may be more or less than a particular bond depending on the factors mentioned above and whether the stock or bond trades upon an exchange. Depending on the entity issuing the bond, it may or may not afford additional protections to the investor, such as a guarantee of return of principal by a government or bond insurance company. There is typically no guarantee of any kind associated with the purchase of an individual stock. Bonds are often owned by individuals interested in current income while stocks are generally owned by individuals seeking price appreciation with income a secondary concern. The tax treatment of returns of bonds and stocks also differs given differential tax treatment of income versus capital gain. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.**

*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**  
**June 30, 2016 (Unaudited)**

<b>Shares or Principal Amount</b>	<b>\$ Value (b)</b>
<b>COMMON STOCKS - 87.2% (a)</b>	
<b>Airlines - 5.0%</b>	
143,610 Southwest Airlines Co.	5,630,948
<b>Athletic Footwear - 1.8%</b>	
37,000 Nike, Inc., Cl B	2,042,400
<b>Commercial Services, Finance - 2.6%</b>	
79,760 PayPal Holdings, Inc.	2,912,037
<b>Computer Services - 17.2%</b>	
62,760 Accenture PLC, Cl A	7,110,080
217,520 Cognizant Technology Solutions Corp., Cl A	12,450,845
	<u>19,560,925</u>
<b>Distribution/Wholesale - 4.8%</b>	
121,750 Fastenal Co.	5,404,482
<b>Finance, Credit Card - 9.9%</b>	
151,010 Visa Inc.	11,200,412
<b>Finance, Investment Banker/Broker - 1.8%</b>	
83,060 The Charles Schwab Corp.	2,102,249
<b>Investment Management/Advisory Services - 4.0%</b>	
62,900 T. Rowe Price Group Inc.	4,589,813
<b>Medical, Health Maintenance Organization - 7.0%</b>	
56,590 UnitedHealth Group Inc.	7,990,508
<b>Retail, Building Products - 5.3%</b>	
47,530 The Home Depot, Inc.	6,069,106
<b>Retail, Drug Stores - 4.0%</b>	
47,970 CVS Health Corp.	4,592,648
<b>Retail, Major Department Stores - 6.2%</b>	
91,560 The TJX Companies, Inc.	7,071,179
<b>Super-Regional Banks - United States - 6.5%</b>	
90,500 PNC Financial Services Group, Inc.	7,365,795
<b>Web Portals/Internet Service Providers - 11.1%</b>	
9,000 Alphabet, Inc., Cl A	6,331,770
9,000 Alphabet, Inc., Cl C	6,228,900
	<u>12,560,670</u>
Total common stocks	<u>99,093,172</u>

**Provident Trust Strategy Fund**  
**Statement of Net Assets**  
**June 30, 2016 (Unaudited)**

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<b>SHORT-TERM INVESTMENTS - 12.9% (a)</b>		
<b>Money Market Fund - 5.0%</b>		
5,605,654	Invesco Treasury Portfolio Institutional Class, 0.26% ^	5,605,654
<b>U.S. Treasury Securities - 7.9%</b>		
9,000,000	U.S. Treasury Bills, 0.23%, due 08/11/16	8,997,643
	Total short-term investments	<u>14,603,297</u>
	Total investments - 100.1%	<u>113,696,469</u>
	Liabilities, less other assets - <b>(0.1%) (a)</b>	<u>(58,238)</u>
	<b>TOTAL NET ASSETS - 100.0%</b>	<u><u>113,638,231</u></u>
	Net Asset Value Per Share (\$0.01 par value, 300,000,000 shares authorized), offering and redemption price (\$113,638,231 ÷ 10,397,872 shares outstanding)	<u><u>\$10.93</u></u>

^ The rate quoted is the annualized 7 day yield as of June 30, 2016.

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

(b) Each security, excluding short-term investments, 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. Short-term investments with maturities of 60 days or less are valued at amortized cost which approximates value.

PLC - Public Limited Company

# ***Provident Trust Strategy Fund***

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

## ***BOARD OF DIRECTORS***

**JOHN F. HENSLER  
DOUGLAS C. MALMQUIST  
ROBERT H. MANEGOLD  
THOMAS N. TUTTLE, 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. BANCORP FUND SERVICES, LLC  
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  
615 East Michigan Street  
Milwaukee, Wisconsin 53202**

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

**COHEN FUND AUDIT SERVICES, LTD.  
1350 Euclid Avenue, Suite 800  
Cleveland, Ohio 44115**

## ***LEGAL COUNSEL***

**GODFREY & KAHN, S.C.  
780 North Water Street  
Milwaukee, Wisconsin 53202**