

Provident Trust Strategy Fund (PROVX)

Quarterly Review – September 30, 2018

Investment Objective - Seeks long-term growth of capital by investing mainly in a limited number of multi-capitalization growth stocks.

Manager - The Provident Trust Strategy Fund (the “Fund”) is advised by Provident Trust Company (“Provident”) of Waukesha, WI. Provident was founded in 1999 and is controlled by the principals of the firm.

Investment Professionals – J. Scott Harkness, CFA, Chairman and CEO of Provident, is responsible for the day-to-day management of the Fund.

Strategy - Provident is a concentrated core growth equity manager seeking to exceed the S&P 500 index return over full investment cycles. (A typical investment cycle last 5-7 years and includes both a 30% advance and a 20% decline.) The Fund can flexibly allocate assets between stocks, bonds and money markets to moderate volatility, and selects common stocks of all market capitalizations. Stock selection criteria include improving revenue and earnings growth, increasing margins, significant management stock ownership, and upward valuation potential. The Fund is a non-diversified investment company; please see the prospectus for further details.

Manager Commentary – Provident Trust Strategy Fund (PROVX) gained +21.98% for the fiscal year ended September 30, 2018 vs. the S&P 500’s +17.71% gain. During Provident’s tenure as portfolio manager (September 9, 2002), PROVX gained +389.48% cumulatively with a 79.8% average month-end allocation to equities vs. +347.89% for the always fully invested S&P 500. Top performers for the 2018 fiscal year were Visa, Inc., the TJX Companies, Inc. (a 2017 worst performer) and UnitedHealth Group Incorporated, while PNC Financial Services Group, the Charles Schwab Corp. and Fastenal Company were the worst. We forecast continued modest 2-3% inflation along with 3-4% real GDP for 2018-2019, a good environment for financial asset returns, particularly stocks. The 2018 “all in” price/earnings multiple for the S&P 500 is 24X and PROVX is 22X, favorable valuations vs. 30X+ bonds. We forecast our portfolio will sell for 1-1.5X the P/E range of the 20 25X S&P 500 over the next several years. During the 2018 fiscal year, we added to our positions in the Charles Schwab Corp. and the TJX Companies and reduced our Cognizant Technology Solutions, Inc. and Visa Inc. positions due to their outsized weights in the portfolio.

Top Ten Equity Holdings	
Alphabet, Inc. (Class A&C)	11.98%
Visa, Inc.	8.32%
UnitedHealth Group Incorporated	7.15%
Cognizant Technology Solutions Corp.	7.12%
The TJX Companies, Inc.	6.21%
Accenture PLC	5.92%
Home Depot, Inc.	5.46%
PNC Financial Services Group	5.14%
T. Rowe Price Group, Inc.	5.01%
Southwest Airlines Company	4.97%

Top Ten Equity Industry Groups	
Computer Services	13.04%
Web portals/Internet Service Providers	11.98%
Finance – Credit Card	8.32%
Medical-Health Maintenance Organization	7.15%
Retail – Major Department Store	6.21%
Retail – Building Products	5.46%
Super-Regional Banks – U. S.	5.14%
Investment Management/Advisory Services	5.01%
Airlines	4.97%
Finance – Investment Banker/Broker	4.51%

Equity Portfolio Characteristics (portfolio weighted)	
Earnings (trailing 1 year)	27.43%
P/E ratio (trailing 1 year)	26.13x
Earnings (forward 1 year)	19.20%
P/E ratio (forward 1 year)	21.94x
Return on Equity	31.52%
Market Capitalization (\$ Billions)	231.36
Active Share	91.5%

Fund Information			
Inception Date	12/30/1986	Net Assets	\$180.0 million
Advisory Date	9/9/2002	Net Asset Value	\$16.47
Ticker	PROVX	Gross Ratio of Total Operating Expenses/Investment (1/31/18 Prospectus)	1.03%

Performance as of 9/30/18	Third Quarter	One Year	Three Years	Five Years	Ten Years	Since Advising*	Since Inception
PROVX	5.71%	21.98%	17.82%	14.30%	11.29%	10.40%	10.37%
S&P 500 Index	7.71%	17.71%	17.31%	13.95%	11.97%	9.79%	10.61%

* Provident Trust Company began advising PROVX September 9, 2002

Note: Returns for periods longer than one year are annualized. Returns may not match those reported by other sources such as Morningstar due to slight valuation differences at the end of the reporting period.

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.provtrust.com. Earnings growth is not a measure of the Fund's future performance.

Please see the following page for important disclosures.

Provident Mutual Funds, Inc.
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www.provfunds.com - (855) 739-9950
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S&P 500 Index: An unmanaged index, consisting of 500 selected common stocks, commonly used to measure the performance of U.S. stocks. An investment cannot be made directly in an index.

P/E ratio (trailing one year): The weighted average of the price/earnings ratios of the stocks in the Fund's portfolio based on the previous 12 months of earnings per share.

P/E ratio (forward 1 year): The weighted average price/earnings ratios of the stocks in the Fund's portfolio using forecasted earnings for the following twelve months. Forecasted earnings are just an estimate and are not as reliable as current earnings data.

Return on Equity: The ratio of Net Income to shareholders equity.

Market Capitalization: Market cap is the value of all a company's outstanding shares.

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

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

Expense Ratio: 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 at 1.00% through January 31, 2019.

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

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. 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.

Fund holdings are subject to change and are not recommendations to buy or sell any security.

You may obtain a hardcopy of the prospectus and the most recent performance data by calling (855) 739-9950 (also available from www.provtrust.com/mutualfund). 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.