

PROVIDENT GROWTH FUND

The Provident Growth Fund (PGF) was established in 1992 by a donation from Provident Investment Counsel as an acknowledgement of its continued support for the SIF. Prior to 2001, PGF was managed as a large-cap core/growth fund. Since then, PGF has been managed as a pure mid-cap growth fund with the goal of providing additional diversification across the family of SIF funds.

THE MANAGERS

From left to right: Tracy Bai, Joseph Erhardt, Rodrigo Jarrin, Tejaswa Gavankar



Tejaswa Gavankar graduated from the College of Engineering Pune with a degree in computer science. Subsequently, he began his career at Credit Suisse, building technology products for investment banking, data analytics and equity research. At KPMG, he advised aerospace and defense clients on growth strategy. He will be returning to technology strategy consulting at EY upon graduation. In his free time, he enjoys hiking and reading.

Joseph Erhardt, who spent his formative years in Japan, earned his B.S.B.A. from Colorado State University in 2015.

Before joining USC Marshall, he gained valuable experience at prominent tech companies such as Apple Inc., where he honed his skills in software and hardware development processes. Currently embarking on his CFA certification journey, Joseph aims to sit for the first exam in November 2024. In his leisure hours, he is engrossed in a Python project aimed at developing software capable of instantaneously running DCF analyses for all publicly traded companies.

Rodrigo Jarrin graduated Cum Laude from California State University, Long Beach with a degree in accounting, and later obtained his CPA license (Attestation) in the State of California. He began his career in financial audit at BDO, USA, LLP and later joined RSM, USA, LLP, specializing in various industries such as: Software, Manufacturing & Distribution, and Biotech. After public accounting, he transitioned to American Honda Motor, where he provided technical accounting and SEC reporting guidance to the various Honda entities across North America. Rodrigo enjoys running, playing tennis, and road biking. Some fun facts about him include having completed the LA marathon twice and having two fellow Trojan siblings.

Xinyue (Tracy) Bai graduated with a bachelor's degree in chemical engineering from Beijing University of Chemical Technology in China. Prior to her MBA, she dedicated four years to the consulting industry, specializing in investment research and pre-IPO due diligence. During her MBA program, Tracy completed a summer internship at J.P. Morgan Private Bank and an equity research internship at Evolution Global Advisors, a buy-side firm. Post-graduation, she aspires to build a career in investment management. In her free time, Tracy enjoys outdoor sports and reading. She is a professional photographer and holds a 2nd dan black belt in Taekwondo.

INVESTMENT GUIDELINES

PROVIDENT GROWTH FUND

FUND PURPOSE & STRATEGY

PGF aims to outperform the Russell Mid Cap Growth Index and hold approximately 25 positions, of which no single position represents greater than 10% of the portfolio. In addition to providing the fund managers with experience in portfolio management, PGF also supports student scholarships. From a top-down perspective, PGF maintains a constant eye on the portfolio's exposure across different sectors. Historically, PGF has gravitated towards sectors with high growth potential – technology and healthcare being prime examples. However, we acknowledge the dynamic nature of market cycles and macroeconomic conditions. As a result, we have become increasingly adaptable, adjusting sector focus based on evolving trends and company fundamentals. Shifting gears to the bottom-up approach, PGF actively seeks out investment opportunities in early and mid-stage growth companies. Their focus is on businesses with unique and differentiated business models that offer a strong competitive advantage. Scalability is another key criterion – we look for companies with the potential to rapidly expand their operations and market share. By focusing on companies operating in markets with significant growth potential, PGF increases the potential for long-term returns.

SECURITY SELECTION METHODOLOGY

Investment Mandate:

- Long only
- Market capitalization: \$500MM up to Largest Market Capitalization from the Russell Mid-Cap Growth Index
- Cash may not exceed 10% of the portfolio
- American Depository Receipts (ADRs) may not exceed 10% of the portfolio
- No security may account for more than 10% of the portfolio at time of purchase
- Annual turnover ratio must be $\leq 50\%$ unless approved by the SIF Instructor

Additional Guidelines:

- Sustainable revenue growth (organic or inorganic) above GDP
- Industry tailwinds (cyclical or secular) or company competitive advantage to sustain growth
- Seasoned management team across market cycles
- Attractive valuations (EBITDA & Sales multiples, DCF, and others) when appropriate

Triggers to Re-evaluate:

- Share price reaches estimated fair value
- Strong sell-off in the market
- Disruption of thesis
- Headline risk
- Macroeconomic indicators point to bearish environment

Automatic Sell:

- Accounting fraud
- Loss of confidence in management team

THE YEAR IN REVIEW

PROVIDENT GROWTH FUND (AUM \$2.15M)

For the fiscal year concluding on March 31, 2024, the Provident Growth Fund (PGF) achieved a capital appreciation of 13.38%, gross of fees. Although the fund outperformed our legacy portfolio by 1.05%, it fell short of the established benchmark, which recorded a gain of 25.36%. Throughout the year, the fund distributed \$58,842 in scholarships while incurring \$8,649 in management fees.

The period from April 2023 to March 2024 was marked by cautious optimism in the stock market following early volatility in 2023. Despite ongoing concerns over inflation, the Federal Reserve's indications of a possible halt in interest rate hikes offered a degree of relief to investors. The resilience of the manufacturing sector and a robust recovery in the housing market by March 2024 contributed to a widespread market rally. Notably, the technology sector experienced a significant rebound, particularly in companies involved with artificial intelligence, following a challenging 2022. Meanwhile, sectors like consumer discretionary lagged. The shifting investor preference from growth-focused stocks to value stocks continued to guide our investment strategy. We prioritized companies with robust profitability and competitive advantages, focusing significantly on sectors showing resurgence such as technology, and stability like healthcare. During this fiscal year, we initiated ten new positions and closed five, specifically increasing our stakes in the healthcare, technology, and energy sectors.

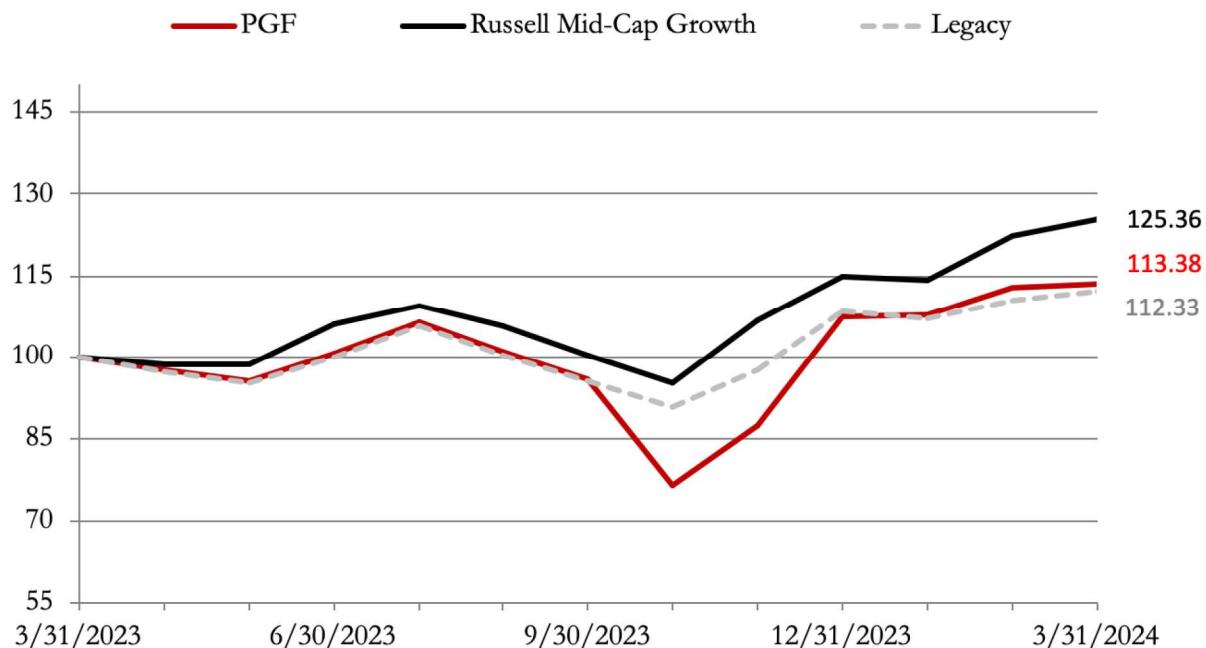
Our top performing new position was DaVita Inc. (+42.45%), a provider of dialysis services and integrated health care management services. Some other new positions included Fresenius Medical Care AG (+15.9%), Callon Petroleum Company (+14.8%), and ExproGroup Holdings NV (+8.8%).

Our top three performers across the portfolio were CyberArk Software Ltd. (+79.5%), Ally Financial Inc. (+59.2%), and DaVita Inc. (+42.45%). Our bottom three performers were Spirit AeroSystems Holdings, Inc. (-53.3%) MP Materials Corp. (-49.3%), and PENN Entertainment Inc. (-38.6%). To preserve capital, we made the collective decision to divest from these underperforming assets.

We would like to thank Professor Shephard, Dean Ku, and the CIS for this invaluable experience and learning opportunity. It was an honor to participate in this highly regarded program, and the investment management experience provided will be with us for the rest of our careers.

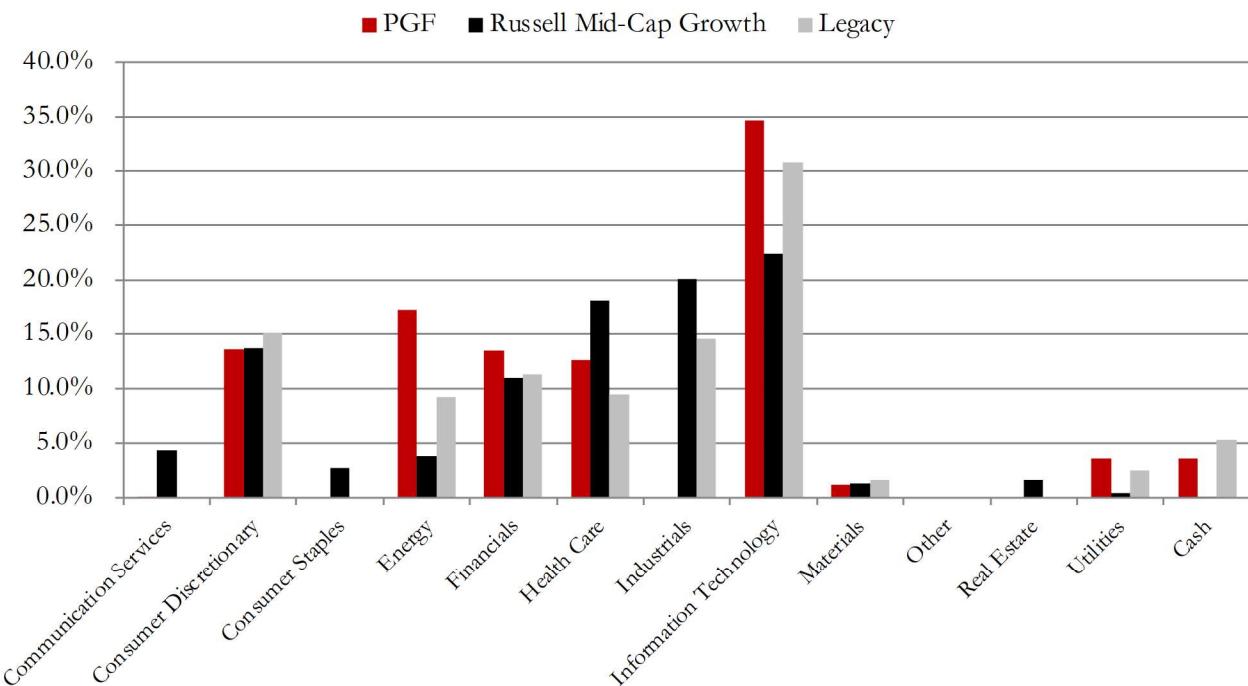
PORTFOLIO PERFORMANCE vs. BENCHMARK

PROVIDENT GROWTH FUND



SECTOR WEIGHTINGS

PROVIDENT GROWTH FUND



PORTFOLIO HOLDINGS

PROVIDENT GROWTH FUND

Provident Growth Fund

As of March 31, 2024

| Sector/Company | Shares | Cost Basis | Year-End Price | Year-End Value | Percent of Net Assets |
|---|---------------|-------------------|-----------------------|-----------------------|------------------------------|
| Consumer Discretionary | | | | | |
| ACADEMY SPORTS AND OUTDOORS, INC. | 2,710 | \$111,253 | \$67.54 | \$183,033 | 8.50% |
| KRISPY KREME, INC. | 1,950 | \$30,532 | \$15.24 | \$29,708 | 1.38% |
| NVR, Inc. | 10 | \$61,264 | \$8,099.96 | \$81,000 | 3.76% |
| Financials | | | | | |
| ALLY FINANCIAL INC. | 1,600 | \$49,093 | \$40.59 | \$64,944 | 3.01% |
| ONEMAIN HOLDINGS, INC. | 2,350 | \$61,394 | \$51.09 | \$120,062 | 5.57% |
| REGIONS FINANCIAL CORPORATION | 3,525 | \$75,709 | \$21.04 | \$74,166 | 3.44% |
| MARKEL GROUP INC. | 20 | \$29,685 | \$1,521.48 | \$30,430 | 1.41% |
| Health Care | | | | | |
| JAZZ PHARMACEUTICALS PUBLIC LIMITED COMPANY | 415 | \$56,903 | \$120.42 | \$49,974 | 2.32% |
| AMN HEALTHCARE SERVICES, INC. | 890 | \$75,038 | \$62.51 | \$55,634 | 2.58% |
| MARAVANI LIFESCIENCES HOLDINGS INC. | 5,950 | \$150,781 | \$8.67 | \$51,587 | 2.39% |
| FRESENIUS MEDICAL CARE AG | 600 | \$9,972 | \$19.28 | \$11,568 | 0.54% |
| DAVITA INC. | 740 | \$77,757 | \$138.05 | \$102,157 | 4.74% |
| Utilities | | | | | |
| BROOKFIELD INFRASTRUCTURE CORPORATION | 2,150 | \$76,949 | \$36.04 | \$77,486 | 3.60% |
| Communication Services | | | | | |
| LIBERTY LATIN AMERICA LTD. | 500 | \$4,090 | \$6.97 | \$3,485 | 0.16% |
| Materials | | | | | |
| MP MATERIALS CORP | 1,800 | \$56,861 | \$14.30 | \$25,740 | 1.19% |
| Information Technology | | | | | |
| CYBERARK SOFTWARE LTD. | 1,000 | \$40,943 | \$265.63 | \$265,630 | 12.33% |
| TWILIO INC. | 950 | \$68,345 | \$61.15 | \$58,093 | 2.70% |
| VEEVA SYSTEMS INC. | 825 | \$106,433 | \$231.69 | \$191,144 | 8.87% |
| SPRINKLR, INC. | 3,500 | \$45,185 | \$12.27 | \$42,945 | 1.99% |
| ZSCALER, INC. | 323 | \$35,200 | \$192.63 | \$62,219 | 2.89% |
| MONGODB, INC. | 350 | \$122,668 | \$358.64 | \$125,524 | 5.83% |
| Energy | | | | | |
| COTERRA ENERGY INC. | 1,840 | \$50,243 | \$27.88 | \$51,299 | 2.38% |
| DIAMONDBACK ENERGY, INC. | 350 | \$50,569 | \$198.17 | \$69,360 | 3.22% |
| CALION PETROLEUM COMPANY | 2,960 | \$100,316 | \$35.76 | \$105,850 | 4.91% |
| HF SINCLAIR CORPORATION | 1,750 | \$99,845 | \$60.37 | \$105,648 | 4.90% |
| EXPRO GROUP HOLDINGS NV | 2,000 | \$46,240 | \$19.97 | \$36,720 | 1.70% |
| Investments, at fair value | | | | \$2,075,404 | 96.35% |
| Cash And Cash Equivalents | | | | 78,642 | 3.65% |
| Net Assets | | | | \$2,154,046 | 100.00% |

WINNERS AND LOSERS

PROVIDENT GROWTH FUND

As of March 31, 2024

| Winners | Contribution | Losers | Detraction |
|------------------------|---------------------|-----------------------------------|-------------------|
| Cyberark Software Ltd. | 9.81% | Spirit Aerosystems Holdings, Inc. | -1.23% |
| DaVita Inc. | 3.74% | PENN Entertainment, Inc. | -1.04% |
| OneMain Holdings Inc. | 2.11% | Maravai LifeSciences Holdings Inc | -0.91% |

STATEMENT OF ASSETS AND LIABILITIES

PROVIDENT GROWTH FUND

| | <u>March 31, 2024</u> | <u>March 31, 2023</u> |
|--|-----------------------|-----------------------|
| Assets | | |
| Investments, at fair value | \$2,075,404 | \$1,845,457 |
| Cash | 254,641 | 113,554 |
| Receivables | | |
| Dividends and interest receivable | 2,261 | 1,773 |
| Investment securities sold | | |
| Forward foreign exchange contract receivable | | |
| Total Assets | <u>2,332,306</u> | <u>1,960,784</u> |
| Liabilities | | |
| Scholarship payable | - | - |
| Investment securities purchased | 178,261 | - |
| Forward foreign exchange contract payable | - | - |
| Foreign taxes payable - dividends | - | - |
| Total Liabilities | <u>178,261</u> | <u>-</u> |
| Net Assets | <u>2,154,046</u> | <u>1,960,784</u> |
| Additional paid in capital | 764,718 | 764,718 |
| Retained earnings | 1,389,328 | 1,196,066 |
| Net Assets | <u>\$2,154,046</u> | <u>\$1,960,784</u> |

STATEMENT OF OPERATIONS

PROVIDENT GROWTH FUND

| For the twelve month period ending | <u>March 31, 2024</u> | <u>March 31, 2023</u> |
|---|-----------------------|-----------------------|
| Investment Income | | |
| Interest | \$10,143 | \$5,465 |
| Dividends | 28,675 | 27,924 |
| Other Income | - | - |
| Total Income | <u>38,817</u> | <u>33,389</u> |
| Expenses | | |
| Distributions for Scholarships | 60,000 | 57,462 |
| Management Fees | 8,646 | 15,008 |
| Other Expenses | 168 | 27 |
| Total Expenses | <u>68,814</u> | <u>72,497</u> |
| Net investment income | <u>(29,997)</u> | <u>(39,108)</u> |
| Realized and change in net unrealized gain (loss) from investments | | |
| Net realized gain (loss) from investments | (266,779) | (309,837) |
| Change in net unrealized gain (loss) from investments | 490,037 | (691,941) |
| Net realized and change in net unrealized gain (loss) from investments | <u>223,258</u> | <u>(1,001,778)</u> |
| Realized and change in net unrealized gain (loss) from foreign currency | | |
| Net realized gain (loss) from foreign currency | - | - |
| Change in net unrealized gain (loss) from foreign currency | - | - |
| Net realized and change in net unrealized gain (loss) from foreign currency | <u>-</u> | <u>-</u> |
| Net increase (decrease) in net assets from operations | <u>\$193,261.80</u> | <u>(\$1,040,885)</u> |

STATEMENT OF CASH FLOWS

PROVIDENT GROWTH FUND

For the twelve month period ending

| | March 31, 2024 | March 31, 2023 |
|--|------------------|------------------|
| Increase (decrease) in net assets from operations | \$193,262 | (\$1,040,885) |
| Cash flow from (used in) operating activities | | |
| Adjustments to reconcile net increase (decrease) in net assets from operations to net cash from (used in) operating activities | | |
| Purchase of investment securities | (497,159) | (662,615) |
| Proceeds from disposition of investment securities | 490,470 | 768,677 |
| Proceeds from maturities | - | - |
| Proceeds, Other | - | - |
| (Increase) decrease in dividends and interest receivable | (488) | (1,446) |
| (Increase) decrease in receivable for securities sold | - | - |
| Increase (decrease) in payable for securities purchased | 178,261 | (151,327) |
| Increase (decrease) in payable for forward foreign exchange | - | - |
| Net realized (gain) loss from investments | 266,779 | 309,837 |
| Change in net unrealized loss (gain) from investments | (490,037) | 691,941 |
| Net realized (gain) loss from foreign currency | - | - |
| Change in net unrealized gain (loss) from foreign currency | - | - |
| Net cash from (used in) operating activities | <u>141,088</u> | <u>(85,819)</u> |
| Net cash flow (used in) from financing activities | | |
| Increase (decrease) in paid in capital | - | - |
| Net cash flow from (used in) financing activities | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash | 141,088 | (85,819) |
| Cash | | |
| Beginning balance | \$113,554 | \$199,372 |
| Ending balance | <u>\$254,641</u> | <u>\$113,554</u> |

RISK ASSESSMENT

PROVIDENT GROWTH FUND

| | Distribution of Portfolio Returns | | Distribution of Benchmark Returns | |
|---------------------------|-----------------------------------|---------------|-----------------------------------|-----------|
| | PGF | Benchmark | PGF | Benchmark |
| SD | 7.35% | SD | 6.37% | |
| Skewness | -0.04 | Skewness | -0.08 | |
| Kurtosis | 1.63 | Kurtosis | 0.19 | |
| VaR 1% | 18.90% | VaR 1% | 15.90% | |
| VaR 5% | 13.89% | VaR 5% | 11.56% | |
| Diversification | 0.57 | | | |
| Inverse | 1.76 | Tracking err. | 3.23% | |
| CAPM | | | | |
| PGF | | Benchmark | | |
| CAPM Beta | 1.1969 | Alpha | 0.0038 | |
| | 1.0886 | | -0.0034 | |
| Fama French Factor Betas | | | | |
| PGF | | Benchmark | | |
| HML | 0.0851 | SMB | 0.6820 | Mkt-Rf |
| | 0.1809 | | 0.3515 | 1.0801 |
| | | | | 0.0066 |
| | | | | -0.0022 |
| Interest Rate Sensitivity | | | | |
| PGF | | Benchmark | | |
| Duration Beta | 0.0727 | Alpha | 0.0169 | |
| | 0.9222 | | 0.0094 | |
| | | | | 0.1565 |
| | | | | 0.0174 |
| Credit Sensitivity | | | | |
| PGF | | Benchmark | | |
| Credit Beta | 0.0071 | Alpha | 0.0085 | |

The PGF expects a higher standard deviation at 7.35% compared to the Benchmark's 6.37%, and a CAPM Beta of 1.20, which is higher than the Benchmark's 1.08. Additionally, PGF is less influenced by changes in interest rates, yet its returns correlate more significantly with corporate credit performance. The Fund's skewness and kurtosis data shows that return is close to normally distributed, suggesting that outlier returns are unlikely to have occurred, with most data falling evenly within the curve. In terms of value at risk, PGF has a 1% chance of losing at least 18.90% in value and a 5% chance of losing at least 13.89% in value. In conclusion, this risk measurement dashboard indicates that the PGF comprises riskier holdings than the benchmark, due to a heavier weighting towards small to mid-cap stocks and sectors like information technology, real estate, healthcare, and energy. This is reflected in the Fama-French risk exposures, and it results in a greater value at risk for the Fund in any given period compared to our Benchmark Portfolio.