

Firm Brochure
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Provident Advisors LLC ("Provident"). If you have any questions about the contents of this brochure, please contact us at: 952-345-5200 or by email at ir@providentadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training. Additional information about Provident is available on the SEC's website at www.adviserinfo.sec.gov

March 18, 2013

Material Changes

Material Changes since March of 2012

No Material changes to report.

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Advisory Business

Firm Description

Provident Advisors LLC ("Provident") was founded in February 2002 and was formed by experienced professionals with extensive investment and business management experience. The business model of Provident is based on the combination of many years of experience, a "hands-on" understanding of today's rapidly changing investment environment, and the strengths of its senior management. These strengths include: (i) a focus on and demonstrated ability to identify and develop talented traders; (ii) a disciplined and focused portfolio management approach; (iii) expertise in dynamically allocating capital among broadly diversified investment strategies and asset classes; and (iv) risk management capabilities.

Central to Provident's business model are: (i) a pragmatic approach to growth in assets under management — by investing in and establishing a solid infrastructure (investment and business) prior to the acceptance of investment capital, and soliciting additional capital only when investment opportunities justify doing so; (ii) a commitment to managing client assets over the long-term through different market cycles; and (iii) an understanding of the importance of maintaining the administrative and reporting platform necessary to support excellent client relations.

Principal Owners

Deephaven, Inc., a Minnesota S corporation, is the Managing Member of Provident and holds membership interests equal to 99%. Irvin Kessler, is the sole shareholder of Deephaven, Inc. Barbara J. Anderson, Mr. Kessler's wife, is also a member of Provident and owns membership interests equal to 1%.

Types of Advisory Services

Provident currently provides discretionary management services to privately placed investment funds ("private funds") which may be organized as domestic limited partnerships, foreign corporations or foreign limited liability companies. These private funds are sometimes known as "hedge funds".

Provident does not tailor its management of the accounts of private fund clients to the particular needs of any investor in the private fund ("underlying investors"). Furthermore, underlying investors may not impose any restrictions on Provident's selection of certain securities or types of securities for private fund clients. Information about each private fund's investment objectives, strategies, restrictions and guidelines is more fully described in the offering documents for each fund. Since Provident does not provide individualized

advice to the underlying investors in the private funds, such investors should consider whether the respective private fund meets their investment objectives and risk tolerance prior to investing in the fund.

Provident serves as the investment manager to the PCM Provident Agency Master Fund LP (the "Agency Master Fund") as well as the PCM Provident Agency Fund LP and PCM Provident Agency Fund Ltd., both of which invest in the Agency Master Fund. Provident serves also as the investment manager to the PCM Provident MBS Master Fund LP (the "MBS Master Fund") as well as the PCM Provident MBS Fund LP and PCM Provident MBS Fund Ltd., both of which invest in the MBS Master Fund.

Provident GP LLC (the "General Partner"), a wholly-owned subsidiary of Provident, is the general partner of the Agency Master Fund, the PCM Provident Agency Fund LP, the MBS Master Fund, and the PCM Provident MBS Fund LP. Prophet Capital Asset Management LP (the "Sub-Advisor"), serves as the Agency Master Fund's and MBS Master Fund's sub-advisor.

Provident typically does not make individual security recommendations to the Agency Master Fund or the MBS Master Fund (collectively the "Master Funds"), but rather uses its discretionary authority to select sub-advisers who manage the Master Funds' portfolios.

Assets under Management

As of December 31 29, 2012, Provident had \$381,572,106 in discretionary assets under management. Provident currently manages all assets on a discretionary basis.

Fees and Compensation

Description

The manner in which fees are charged by Provident is described in greater detail in each private fund's offering memorandum. Fees are generally not negotiable.

Provident provides certain investment advisory and administrative services to the PCM Provident Agency Master Fund LP, the PCM Provident Agency Fund LP and the PCM Provident Agency Fund Ltd. (collectively the "PCM Provident Agency Funds"). Provident also provides certain investment advisory and administrative services to the PCM Provident MBS Master Fund LP, the PCM Provident MBS Fund LP, and the PCM Provident MBS Fund Ltd. (collectively the "PCM Provident MBS Funds"). For its services, Provident receives a monthly management fee equal to 0.125% (1.5% per annum) of the gross asset value of each shareholder's or limited partners' interest in a private fund client. The

monthly management fee is paid in advance and is directly deducted from the Master Funds' accounts as of the first day of each month. Requests for capital withdrawals or for terminations of accounts are only permitted with 90 days advance notice and are effected as of the last day of the corresponding quarter. All or a portion of the management fees received by Provident from the PCM Provident Agency Funds and the PCM Provident MBS Funds may be paid to any sub-advisor used by Provident to manage the Master Funds' assets. Any portion of the management fee paid to a sub-advisor is determined by agreement between Provident and the sub-advisor.

At the end of each year, Provident and an affiliated entity of the Sub-Advisor share a performance fee allocation equal to 20% of the net profits allocable to each shareholder or limited partner account, subject to a high water mark. The performance fee allocation is calculated monthly and allocated annually to the general partner or Provident. Accounts terminated prior to year end will be charged a prorated performance fee allocation. Any portion of the performance fee allocated to a sub-advisor is derived from the performance fee paid by a client to Provident and is determined by agreement between Provident and the sub-advisor.

Although historically Provident has not reduced its investment advisory fees, Provident, in its sole discretion, may reduce its investment advisory fees based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

In addition, Provident is reimbursed monthly for the PCM Provident Agency Funds' and the PCM Provident MBS Funds' administrative costs, such as legal, audit, accounting, reporting and any service provider or transaction-related costs. Reimbursements are made to Provident from the Master Funds' accounts. The PCM Provident Agency Funds and the PCM Provident MBS Funds do not bear any portion of the overhead of the General Partner or Provident.

Other Fees

Provident's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund transfer fees, and other fees and taxes on brokerage accounts and securities transactions. As part of Provident's cash management practices, client funds may be placed in money market funds that pay management fees to unaffiliated investment advisers. As such, client

assets held in those money market funds will be subject to two layers of management fees.

Underlying investors should refer to the offering memorandum for their private fund for information on their fund's fees and expenses.

Performance-Based Fees

Individual portfolio circumstances may influence the negotiation of a fee rate that differs from Provident's standard schedule, which is a fee based in part upon the performance of the assets under management. Such performance fee arrangements are operated in accordance with the exemption set forth in Rule 205-3 of the Investment Advisers Act of 1940. The nature of these fees is described in the client's investment advisory agreement with Provident and in their private placement offering memorandums. Performance fee arrangements may create an incentive for Provident to make more speculative investments, increase Provident's focus on short-term profits rather than focusing on long-term capital appreciation, or select sub-advisers that engage in more speculative or riskier investment management strategies or practices. This could expose client portfolio(s) to additional levels of risk than it would face if such a fee structure were not in place.

For the PCM Provident Agency Fund LP, the PCM Provident Agency Fund Ltd., the PCM Provident MBS Fund LP, and the PCM Provident MBS Fund Ltd. each investor's individual capital account will be subject to an annual performance allocation made as of December 31st each year equal to 20% of any "new appreciation" in the value of such investor's capital account. Provident, through the General Partner, and an affiliate of the Sub-Advisor, Prophet Capital Incentive LP, will each receive a portion of the performance allocation.

With respect to performance fees, any loss in an account is carried forward so that no performance fee is charged to an account unless the losses have been recouped, subject to certain adjustments (e.g., a high water mark provision).

Types of Clients

Description

Provident provides investment management services to private funds, as described above.

Account Minimums

Provident requires a minimum size for client accounts of \$1 million. Such minimums may be waived at Provident's sole discretion.

Methods of Analysis, Investment Strategies and Risk of Loss

We select specific investments for the investment portfolios we manage through the use of fundamental and technical analysis.

Fundamental analysis is a method of evaluating an investment by attempting to measure its intrinsic value through examining related economic, financial and other qualitative and quantitative factors. This includes, for example, evaluating a bond's value considering economic factors such as interest rates and the overall state of the economy and by considering information about the bond's issuer, such as potential changes in credit ratings.

Technical analysis is a method of evaluating securities by analyzing statistics associated with market activity, such as past prices and trading volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future performance.

Our investment strategies may include long-term and short-term purchases and sales, and the use of options, margin, trading (selling securities shortly after purchasing them) and short sales (selling securities we do not own). The offering documents for each private fund client whose portfolio we manage may set forth restrictions on the types of investments we can purchase or the investment strategies we can employ, as well as risk factors relevant to the investment strategy of the applicable client.

Although we manage each private fund client's account in a manner consistent with the specific risk tolerances and investment objectives of that private investment fund, there can be no guarantee that our efforts will be successful. General economic conditions, current interest rates, and any number of other factors can affect investment performance.

The underlying investors of our private investment fund clients should be prepared to bear the risk of loss. All investments present the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings.

Our investment strategies focus on residential mortgage-backed securities, commercial mortgage-backed securities, structured assets and mortgage-backed securities derivatives collateralized by commercial mortgage loans. These types of securities are influenced by the rate of delinquencies and defaults experienced on real estate loans and the severity of the losses incurred as a result of such

defaults. The factors influencing delinquencies on real estate loans, defaults and loss severity include:

- economic and real estate market conditions by industry sectors (e.g., multifamily, retail, office, etc...);
- the terms and structure of the mortgage loan; and
- any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan.

Investments in mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates. The yield and payment characteristics of mortgage-backed securities differ from traditional debt securities. Interest and principal prepayments are made more frequently, usually monthly, over the life of the mortgage loans and principal generally may be prepaid at any time because the underlying mortgage loans generally may be prepaid at any time. Faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield to maturity of a mortgage-backed security.

We may make extensive use of various types of derivative instruments for our clients. These instruments typically involve highly leveraged exposure to the underlying assets from which their performance is derived. The use of derivatives involves a variety of material risks, including the possibility of counterparty non-performance as well as of deviations between the actual and the theoretical value of such derivatives. Derivatives are subject to a wide variety of contractual terms including a range of “early termination events” permitting the counterparty to liquidate the position prematurely. Derivatives may be extremely illiquid.

Disciplinary Information

In May 1998, the Commodities Futures Trading Commission (“CFTC”) simultaneously filed and settled a registration action against Irvin Kessler, the Chief Investment Officer of Provident, who was registered as a Floor Broker at that time for activities that occurred from 1989 to 1992. The CFTC issued a Notice of Intent to Suspend, Revoke, or Restrict Registration (the “Notice”) alleging that Mr. Kessler was subject to statutory disqualification because the Business Conduct Committee (“BCC”) of the Chicago Board Options Exchange (“CBOE”) accepted offers of settlement from Mr. Kessler on nine different occasions for exceeding position limits in violation of exchange rules. The Notice also alleged that Mr. Kessler settled five other disciplinary actions with the BCC for alleged violations of exchange rules, including failure to comply with short sale rules and failure to cooperate with a CBOE investigation. Under the settlement, Mr. Kessler was prohibited from acting as a Floor Trader or Floor Broker unless his activities were subject to a sponsor certification statement executed and submitted to the CFTC by an officer of the firm that clears his trades or the chief operating officer of a contract market on which Mr. Kessler

had trading privileges. Additionally, Mr. Kessler was prohibited from serving on any disciplinary committee, arbitration panel, oversight panel or governing board of any Self-Regulatory Organization subject to regulation by the CFTC. The prohibitions ended May 2000.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Provident has no other financial industry activities other than its activities as an investment adviser.

Affiliations

Provident's management persons have affiliations with other broker-dealers and investment advisers.

Mr. Irvin Kessler, the sole shareholder of the managing member holding 99% of the membership interests of Provident is registered as a representative of Walleye Trading LLC, an options market maker. Mr. Kessler is also the sole member of Provident Real Estate Advisors LLC the sole shareholder of Deeplaven, Inc., an investment adviser to a family office and its investments, and serves as the vice-chairman of Silver Bay Realty Trust Corp. ("SBY") board of directors.

Proprietary Trading and Investment Activities

On a proprietary basis, Provident may invest in other hedge funds and/or securities whether public or private. Provident may invest in other investment vehicles or accounts and may have financial or other incentives to favor certain accounts, including its own accounts, over the accounts belonging to private fund clients. Such trading could adversely impact private fund clients because Provident could effectively be competing with clients for certain positions and because Provident's time and resources may be diverted away from clients in order to focus on Provident's own trading activities.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The employees of Provident have committed to a Code of Ethics that is available for review by clients and prospective clients upon request.

Provident has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients.

The Code of Ethics includes provisions relating to a prohibition on insider trading and personal securities trading procedures, among other things. All supervised persons of Provident must acknowledge the terms of the Code of Ethics annually, or as amended.

Provident anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Provident has management authority to effect, and will recommend to investment advisory clients, the purchase or sale of securities in which Provident, Provident's affiliates, or employees or persons associated with Provident, directly or indirectly, could have a position of interest. Provident's employees and persons associated with Provident are required to follow Provident's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Provident and its affiliates may trade for their own accounts in securities which are recommended to or purchased for Provident's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Provident will not interfere with making or implementing decisions that are in the best interests of advisory clients. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interests of Provident's clients. In addition, the Code requires pre-clearance prior to the purchase of initial public or limited offerings. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Provident and its clients.

Brokerage Practices

Selecting Broker Dealers

Provident uses the prime brokerage services of JP Morgan Chase and certain others (the "Prime Brokers") with respect to the client portfolios we manage. "Prime brokerage" refers to a group of services that a securities brokerage firm makes available to certain institutional clients. These services include, but are not limited to, transaction settlement, custody of assets, securities lending, and cash management.

Provident is not affiliated with the Prime Brokers. Our use of Prime Brokers, however, can be a beneficial business arrangement for us and for the prime broker. When selecting Prime Brokers we typically consider, among other things, the following: existing relationship with us, financial strength and

reputation, reporting capabilities, execution capabilities, pricing, and types and quality of research.

Prime Broker services provide us with access to institutional trading and custody services, which include transaction settlement, custody, and financing. Prime Brokers are compensated through transaction-based fees associated with the securities transactions it settles for the accounts of our clients along with financing charges for the amount of leverage used in client accounts.

Prime Brokers may make available to us other products and services that benefit us but may not directly benefit our clients, which may cost clients more money. Some of these products and services may assist us in managing and administering our client accounts, such as software and other technology that provide access to account data such as duplicate trade confirmations and bundled duplicate account statements.

Prime Brokers also facilitate trade execution, including access to a trading desk serving investment adviser participants exclusively; provide pricing information and other market data; facilitate payment of our fees from client accounts; and assist with back-office functions, record keeping and client reporting; and provide compliance-related publications.

Prime Brokers may also make available to us other services intended to help us manage and further develop our business. These services may include consulting, publications and conferences on practice management, information technology, regulatory compliance, and marketing.

Although Provident participates in the selection of prime brokers who provide services to the Master Funds, decisions regarding the selection of brokers or dealers who execute the Master Funds' individual security orders are typically made by the Sub-Advisor. Decisions regarding the aggregation of client security orders are also typically made at the discretion of the Sub-Advisor. Provident does not aggregate client security orders.

Review of Accounts

Periodic Reviews

Provident's CFO and Operations Director review internal reports on a regular basis, which is typically daily. Reports contain position information (i.e., unit cost, extended cost, current market value, current unit price, security CUSIP, security description, and currency) and profit and loss information (daily, month-to-date, and year-to-date) for the Master Funds. The PCM Provident Agency Funds' and the PCM Provident MBS Funds' administrator also reconciles both positions and cash daily from the Prime Brokers' custodial reports to the

client's books and records. The Operations Director reviews these reconciliations periodically and as needed, and the CFO reviews them at least monthly. Provident reviews position and cash statements from the Prime Brokers at least monthly.

Reports

Provident does not provide written reports to its private fund clients. Investors of Provident's private fund clients, however, receive written reports from the funds as described in the relevant offering documents, which is typically monthly. Reports contain estimates of the fund's performance and of the increase or decrease in such shareholder's or limited partner's capital account during the preceding month. Each underlying private fund investor also receives a Form K-1 for tax purposes annually. A private fund client may offer certain underlying investors, upon request, additional information and reporting that other underlying investors may not receive, and such information may affect an underlying investor's investment decisions, including its decision to request a withdrawal from its capital accounts.

Client Referrals and Other Compensation

The Investment Advisers Act of 1940 requires the disclosure of all third-party arrangements to an investment adviser's client when the client is introduced to the investment adviser by a third party and compensation paid to the third party by the investment adviser includes a portion of the advisory fee paid by the client.

Provident presently does not compensate third parties for referrals of clients to Provident. Provident receives certain economic benefits as a result of our business arrangements with prime brokers who provide services to client accounts. Those benefits are described in detail in the preceding section entitled "Brokerage Practices".

Custody

Assets are held at qualified custodians and for over-the-counter securities or derivatives with the respective counterparties. The custodians and counterparties make account statements available to Provident and the General Partner periodically, but at least monthly, via the custodian/prime broker websites.

Investment Discretion

Provident has discretionary authority to manage its clients' assets pursuant to written investment management agreements. Provident has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, brokers or dealers through which transactions will be executed, and commissions or mark ups or downs paid.

Underlying investors are unable to restrict or place any limitations on Provident's discretionary authority. Any restrictions or limitations on Provident's discretionary authority by its private fund clients must be in writing and contained in the private fund client's offering memorandum or investment management agreement with Provident.

Voting Client Securities

Provident has adopted proxy voting policies and procedures that are designed to address how it manages conflicts of interest that may influence the proxy voting decisions Provident makes on behalf of clients and to help ensure that such decisions are made in accordance with its fiduciary obligation to act in the best interests of clients. Provident's private fund clients are unable to direct Provident in the voting of their proxies.

Provident's policy is to vote proxies on routine matters that are not expected to have a significant economic impact on shareholders in accordance with the recommendation of the issuer's management. For all other matters, Provident's policy is vote the proxy in the best interests of the client. In those situations where a material conflict exists, Provident addresses the conflict by voting the proxy in the best interests of the client, but also requires the concurrence of both the Operations Director and the CFO that the decision is appropriate prior to voting the proxy.

Provident's proxy voting policies and procedures and record of voting is available to any client upon written request.

Financial Information

Provident does not have a financial condition that is reasonably likely to impair Provident's ability to meet its contractual commitments to clients. Provident has not been the subject of a bankruptcy petition at any time during the past 10 years.

Valuation

Although the Sub-Advisor is responsible for providing prices for all mortgage-backed securities and related derivatives held in the Master Funds' portfolios, Provident actively reviews and approves all proposed securities valuations prior to their adoption by the Master Funds through the monthly financial statement close process. In addition, Provident reviews and approves the valuations provided by the PCM Provident Agency Funds and the PCM Provident MBS Funds' administrator for liquid hedging instruments such as US Treasury securities, futures, and options on futures. In reviewing and approving securities valuations, Provident's goal is to provide a consistent valuation methodology by which the Master Funds' portfolios of securities and derivatives can be measured against each performance period and to ensure that all prices represent fair market values. However, Provident has a conflict of interest in reviewing or approving such valuations, as these will directly impact the amount of management fees and performance fee allocations received by Provident, and the reported performance returns of the PCM Provident Agency Funds and the PCM Provident MBS Funds.

Brochure Disclosure

In no event should this summary brochure be considered to be an offer of interests in any of Provident's private fund clients or relied on in determining whether to invest in any of the private funds. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the brochure. Rather, this brochure is designed solely to provide information about Provident for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940 and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided to potential investors in the offering memorandums for any of the private funds. To the extent that there is any conflict between any discussion in this brochure and the offering memorandums provided to investors, the memorandums provided to such investors should govern. In addition, to the extent that there is any conflict between any discussion in this brochure regarding the private funds and similar or related discussions in offering documents for the private funds, the offering documents for the private funds should govern.