RiverPark/Wedgewood Fund

(RWGIX / RWGFX)

Review and Outlook

The RiverPark/Wedgewood Fund gained approximately 8.8% during the third quarter of 2013. This compares favorably to the gains in the Standard & Poor's 500 Index of +5.2% and +8.1% in the Russell 1000 Growth Index. Through September 30, our year-to-date 2013 performance of +17.1% trails both the stock market and our benchmark of 19.8% (S&P 500 Index) and +20.9% (Russell 1000 Growth Index).

TABLE I
Fund returns for period ended September 30, 2013

	INSTITUTIONAL SHARES (RWGIX)	RETAIL SHARES (RWGFX)	RUSSELL 1000 GROWTH	S&P 500 (with dividends)
THIRD QUARTER 2013	8.79%	8.64%	8.11%	5.24%
YEAR TO DATE	17.12%	16.85%	20.87%	19.79%
ONE YEAR	17.15%	16.79%	19.27%	19.34%
THREE YEAR	17.66%	17.35%	16.94%	16.27%
SINCE INCEPTION – ANNUALIZED (SEPTEMBER 30, 2010)	17.66%	17.35%	16.94%	16.27%

** Total returns presented for periods less than 1 year are cumulative, returns for periods one year and greater are annualized. The performance quoted herein represents past performance. Past performance does not guarantee future results. High short-term performance of the fund is unusual and investors should not expect such performance to be repeated. 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, and current performance may be higher or lower than the performance quoted. For performance data current to the most recent month end, please call* ***888.564.4517.***

RiverPark Advisors, LLC, the Fund's investment adviser, has agreed contractually to waive its fees and to reimburse expenses of the Fund, to the extent necessary to ensure that operating expenses do not exceed, on an annual basis, 1.00% for the Institutional Class Shares and 1.25% for the Retail Class

Shares of the Fund's average net assets. This agreement is in effect until at least January 30, 2014, and subject to annual approval by the Board of Trustees of RiverPark Funds Trust. In the absence of these waivers, total returns would be reduced.

During the quarter we trimmed back positions in **Charles Schwab** and **Cognizant Technology** and we added to existing positions in **Perrigo**. Our only new position was the purchase of **M&T Bank** (our first new purchase since October 2012). We did not eliminate any holdings during the Quarter.

Our best performing stocks during the quarter were **Cognizant Technology** (+31.1%), **Schlumberger** (+23.8%), **Cummins Inc.** (+23.1%) and **Gilead Sciences** (+22.6%). Holdings that negatively impacted performance for the quarter were **Monster Beverage** (-14.1%), **Coach** (-3.9%) and **M&T Bank** (-3.3%). While we are pleased with our absolute and relative performance during the 3rd Quarter, particularly in the context of the current four-and-a-half year bull market, our year-to-date performance has been challenged by current macro-related investment process headwinds.

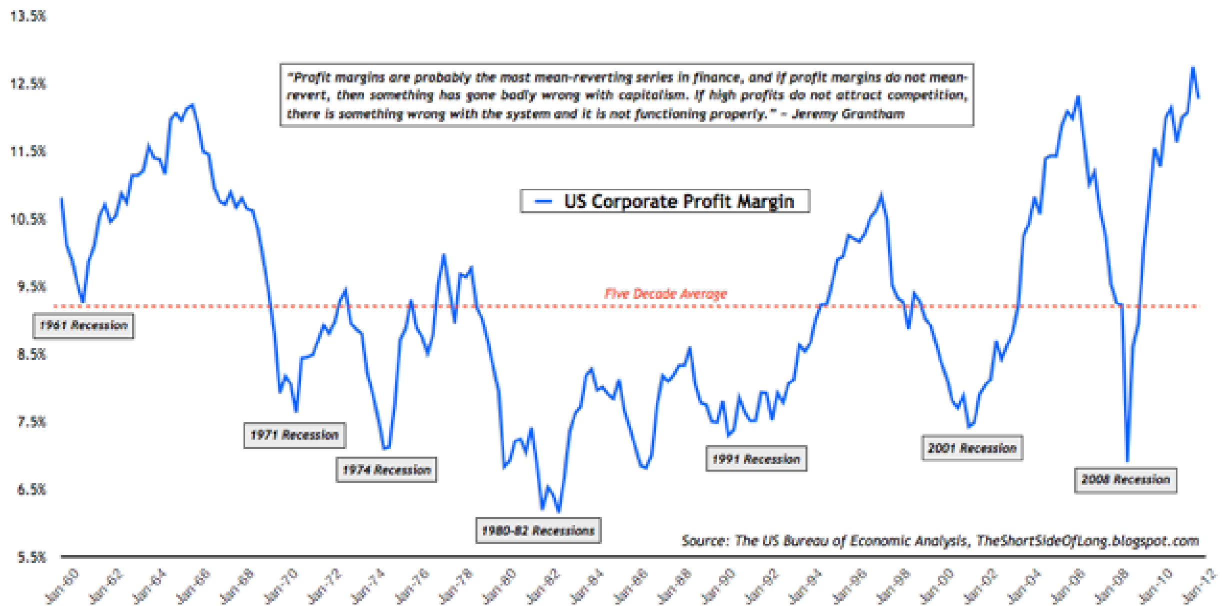
In terms of current portfolio positioning, due to the net trimming of a few holdings during the second quarter, portfolios are overweight in cash, though we expect it to be put to work as soon as the market serves up opportunity. However, at the present time, our bench of prospective new companies to invest in is still quite bare. It is not that we haven't identified terrific companies that we would like to own - there are plenty in fact. The gating factor continues to be valuation, particularly in the context of a booming bull market. That said, our current short list of our most attractive purchase candidates largely reside within the current portfolio.

Our philosophy of investing as business owners continues to drive a process that seeks to maximize the reward of long-term equity appreciation and minimize the risk of permanent capital losses. While we seek to own high-quality, exceptionally profitable companies that can grow at a double-digit rate over a market cycle, we also will not pay just "any price" for these qualities, paying particular attention to valuations. In terms of quantifying these factors, through the third quarter, we have constructed the portfolio with companies that, using IBES estimates, exhibit a weighted average, long-term earnings growth rate that is over 10% faster than our Russell 1000 Growth benchmark, yet the price to earnings ratio of the portfolio is roughly 15% cheaper than the benchmark. Over a three to five year period, we expect our upside market capture and downside market capture ratios to fall in-line with these metrics.

In Investing 101 we all learned that the value of any business is the cumulative future cash flow generated over the life of the business – discounted back to the present by a combination of an investor's required rate of return and in consideration of the time value of money. This seemingly simple, straightforward construct occurs in anything but real-time as corporate prosperity; expectations of risk and interest rates are three variables that are in a constant state of flux. At any given time, one variable may be so dominant as to render the other two irrelevant. However, without question, over longer periods of time – say, five-plus years – corporate prosperity (or the lack thereof) emerges as the most dominant variable in wealth creation. Indeed, successful businesses have been the elixir of wealth creation on these shores since Henry Hudson sailed into harbor of New York in 1609. Even the casual observer of the stock market can recite any number of the most successful publicly traded companies of the day. Said casual observer immediately understands too why Warren Buffett and Bill Gates are ranked as the first two individuals on the Forbes 400 list of the world's richest people – Microsoft and Berkshire have been meteoric in their wealth creation over the past several decades. However, with this Letter we continue to chronicle the out-sized impact that the Federal Reserve's Quantitative Easing (QE) monetary policy as had on the stock market. Indeed, more than 100% of the stock market's gains since this bull began in 2009 have come during the weeks of Fed purchases

After US Federal Reserve Chairman Ben Bernanke whispered the “T-word” (taper) back in May, the US Federal Reserve Open Market Committee recently surprised financial markets by maintaining the pace of asset purchases, which put talk of a “taper” on hold for, at least, the next few months. While we do not position the portfolio according to monetary policy, we think it might be helpful to note what we perceive to be its short-term effects on our relative performance. During much of the quarter, our investment process was in favor relative to the benchmark (Russell 1000 Growth Index), though, year-to-date the market has more amply rewarded investment factors such as low profitability and high valuations, both of which run counter to our process of identifying excellent businesses that exhibit peer-leading profitability and trade at historical, relative and absolute attractive levels. In addition, if yields available to investors revert to all-time low levels, especially given the prospects of perpetual monetary easing, we would expect a “reach for yield” could re-emerge, which we think is another form of speculation gone haywire. In any case, and regardless of interest rates, we expect that our portfolio of best-in-class companies will continue to generate superior profitability and growth, relative to the average business, and we will be patient until the market inevitably serves up valuation disconnects, which is when we plan to take full advantage of the opportunity.

While “QE” has no doubt revived the animal spirits of investors and speculators across nearly every asset class, paradoxically, the one class of “investors” that is absent from Chairman Bernanke’s bash is corporate CEOs. The paradox, as it were, is that with corporate profit margins at post-World War II highs – as well as in the context of a long-in-the-tooth bull market - one would think that any rational CEO would minimize share repurchases and dividends payments so that every plug nickel of cash on the corporate balance sheet, plus retained earnings, would be aggressively re-invested into capex in an effort to capture what may be once-in-a-generation highs in profitability. Indeed, according to J.P. Morgan the Dividend over Capex Ratio recently matched the +60-year high set in 2004. An aging corporate asset base will ultimately generate less cash, meaningfully so, without the concomitant investment (capex) in fresh assets.



We echo Jeremy Grantham's words: the system is not functioning properly. To be blunt, QE is like a morphine drip on the economy, the term structure of interest rates, and speculative behavior – and has distorted the rationality of Corporate America. Chairman Bernanke's "Great Experiment" looks to be eagerly adopted by his likely successor Janet Yellen. We don't know when it will end, but it will. Given the market's and economy's addiction, and both psychological and physical dependence on the Fed's opiate, the inevitable withdrawal won't likely be pleasant.

Philosophy and Process

Over a multi-year cycle, we believe stocks ultimately follow profitability. On the other hand, every CEO of every public company has a job, not necessarily to maximize profitability, but to maximize their share price. So we recognize that there exists an inherent, yet subtle, disconnect between what we expect as investors and what a public company might be doing.

Now, during their quest to maximize shareholder value, we often see companies are given unsolicited advice by stakeholders, analysts, journalists and even competitors, as to how the company can best achieve its goal of boosting its share price. Sometimes, this advice is heeded

and it results in a strategy that does not coincide with the profitability maximization strategy that we require of our invested companies. In order to control for these risks, a key element of our stock selection process prescribes that we look for businesses with unique, competitive advantages that we believe result in superior profitability profiles.

For example, over the past few quarters, a cacophony of Apple onlookers suggested, urged, plied and pled for the Company to release a "low-cost" version of its highly profitable iPhone. We realize that the goal, likely, was to get Apple to change its competitive strategy to one that is predicated on market share, rather than innovation and differentiation. While we recognize that growth of profitability is sometimes correlated with growth of market share, we are not as concerned about market share, particularly because market share cannot be reinvested - at least, not until the costs of obtaining that market share have been expensed.

On the other hand, profits can be reinvested and compounded for years on end.

So, not surprisingly (at least to us) Apple shunned the cost/volume strategy, in favor of their continued focus on charging a premium price for a unique user experience. For good reason, too. We have witnessed that, over a few decades, Apple's value chain has been custom-fitted and reinforced to serve the goal of product differentiation. The consistent result has been a profitability profile that is without peer, not only in smartphones, but other portable electronics and even PC's. Of course, if Apple were to suddenly start competing on price, with the assumption that they will eventually make up the difference on cost efficiencies (i.e. volume), then it seems their existing value chain investments would be rendered obsolete, almost instantly, as the basis of competition would change from differentiation to one that minimizes cost. We think this shift would effectively put Apple's value proposition back to "square one," far behind several other competitors executing similar cost/volume strategies and any resultant market share gains would bare very little profitability for long-term shareholders, in spite of any short-term boost the stock might get from grabbing market share.

In conclusion, we regularly encounter businesses with strategies that cater to short-term stock performance, often at the expense of long-term profitability and value creation. However, we remain steadfastly committed to our long history of investing in excellent companies, with the expectation that our businesses will defend superior value propositions and compound the resultant profits at a double-digit rate for several years, thus driving exceptional value creation.

Company Commentaries

Cognizant Technology Solutions

Cognizant was our biggest contributor for the quarter. Portfolios had Cognizant as a top weighting, as we aggressively added in the 2nd quarter, when we believed concerns about punitive legislation contained in proposed immigration reform were more than discounted in the stock. This quarter, the stock recovered nearly a third, as the market decided that said punitive legislation was less probable than originally believed. As a result of this relatively large incline in valuation, we trimmed positions, though Cognizant remains a top holding.

Apple

Apple shares were also a top contributor to portfolio performance. The stock rallied as the Company's innovation and profitability profiles proved to be more than just alive and well, after another record launch of the latest iteration of its most profitable product, the iPhone. As we have previously pointed out, there are only two players that generate profitability in the smartphone market. Yet, Samsung and Apple each have very different strategies for competing in the market. As long as Apple maintains focused on a unique user-experience-driven innovation strategy – as opposed to a volume/cost minimization strategy espoused by Samsung – we expect Apple will continue generating disproportionate value for customers and shareholders. Given the run-up during the quarter, for many accounts, we trimmed our positions if they surpassed a 10% weighting, as this is the maximum weighting we are willing to carry a stock.

Cummins

Cummins contributed to performance during the quarter as the Company's profitability marched higher in the absence of any direct, global competitors. While Cummins' top-line growth is typically "lumpy", particularly due to the capital intensity of their products, margins have been maintained through pricing power and cost efficiencies. We continue to like Cummins as we believe its long-term profitability profile is much more robust than what the market gives it credit for.

Monster Beverage

Monster Beverage detracted from performance as revenue growth decelerated in the face of negative press related to the safety profile of energy drinks. Despite this transient headwind, the

brand continues to take share, profitably, from traditional carbonated soft drinks. We continue to expect the Company's growth profile, over a multi-year period, will eclipse double-digits, despite periodic negative press. Energy drinks continue to be a highly disruptive offering in the beverage industry, driven by a generational shift in preference for caffeinated products. While the level of caffeine in the typical Monster Energy drink is higher than most traditional carbonated soft drinks, it has half as much (per ounce) than most popular coffee house offerings. We believe this relatively new value proposition should position Monster to continue taking share from traditional beverage incumbents.

Coach

Coach's stock retreated from gains experienced during the 2nd Quarter as the Company's same store sales (SSS) in North America disappointed the market. While we pay attention to the trajectory of North American SSS, we are more interested in the Company's consolidated growth and profitability. We think Coach continues to have robust opportunity on both scores as they penetrate markets that are underserved by affordable luxury players and also expand the brand into new product categories in more established markets. We think the Company's peer-leading profitability will be maintained as it continues to own and operate the distribution fronts for nearly 90% of its revenue, a quarter of which we estimate is generated in markets where western luxury competitors have little or no presence, due to a lack of brand awareness and/or distribution capabilities.

M&T Bank

Warren Buffett has oft remarked of Berkshire's ownership of the jewelers Borsheim's Fine Jewelry, Helzberg Diamonds and Ben Bridge Jewelers, "…if you don't know jewelry, know the jeweler." The same could be applied to Buffett's views on banking and bankers. The list of Warren Buffett's favorite bankers - and it's a short list to be sure – include the likes Jamie Diamond (J.P. Morgan Chase), Dick Kovacevich (Wells Fargo/Norwest) and Brian Moynihan (Bank of America). Of these three, Berkshire owns multi-billion stakes in both Wells Fargo ($20 billion) and Bank of America ($5 billion 6% preferred and 700 million warrants – warrant strike price $7.14, current share price $14.) Berkshire also owns a $3 billion stake in U.S. Bancorp. (We sold our holdings of U.S. Bancorp in the fall of 2011 – please don't look at a recent stock chart.) Wells Fargo/Norwest is a former holding of ours as well. Buffett also owns shares of J.P. Morgan in his personal account. As notable as each of these heavyweight CEOs may be, their banking accomplishments pale in comparison to Buffett's and Berkshire's earliest bank investments.

In the pantheon of this country's greatest bankers, the names Wilmers and Abegg are little known outside of banking circles – particularly Abegg. For those that endeavor to study the careers of either we can promise you a rich education in banking. The first is Eugene Abegg. The second is Robert Wilmers, the Chairman and CEO of M&T Bank. We purchased shares in M&T Bank this past July. We will save him for last.

Eugene (Gene) Abegg is arguably the greatest banker nobody has ever heard of. In fact, Abegg could have been cast as a crusty version of George Bailey of the Bailey Building and Loan Association in Frank Capra's It's a Wonderful Life. Indeed, if it weren't for Buffett's acquisition of 97.7% of the shares of the Illinois National Bank and Trust of Rockford Illinois in 1969, fewer still would have reason to know of Abegg. Gene Abegg built the Illinois National Bank (colloquially known as Rockford Bank) in 1931 with $250,000 in capital and $400,000 in deposits. In its first full year of operation, the bank earned $8,782. Abegg defined old-school, conservative banking. He paid his employees in cash and cashed checks on weekends. Fascinatingly, the bank was chartered in the days before the U.S. Treasury had the monopoly on issuing legal tender. As proof, Buffett still has Rockford $10 bills sporting Abegg's picture.

Sixty-eight years later when Buffett bought the bank - and with no new capital contributed to the bank – Abegg had grown the bank's capital 68-fold to $17,000,000 and deposits 250-fold to $100,000,000. Never forgetting that the bank was the trusted fiduciary of his neighbor's money, during the National Bank Holiday in March of 1933 (the Emergency Banking Relief Act) Abegg had enough cash in the bank's vaults to cover all depositors.

(An aside: To put into perspective the shear economic chaos at the time that Gene Abegg founded the Illinois National Bank and Trust Company we have reprinted an excerpt from our Client Letter The Great Bull Market of 2009 written in October of 2008.)

…It was during the fateful years in late-1929 through early 1930 that government policy prescriptions would eventually kill the economic patient. The recession had gathered strength by the spring of 1930. Industry after industry not only pleaded, but demanded action out of Washington. Most wanted price protection from cheaper imports. Average ad valorem rates on dutiable imports averaged 26% from 1921 to 1925. The infamous Smoot-Hawley Tariff Act raised the duties on over 20,000 imported goods – averaging 50% from 1931 to 1935. Although President Hoover had called for lower duties, he nonetheless signed the bill (against the wishes of a signed petition of 1,038 economists; J.P. Morgan's CEO Thomas W. Lamont said he "almost went down on my knees to beg Herbert Hoover to veto the asinine Hawley-Smoot tariff.") on June 17, 1930.

International reaction was swift and brutal. Retaliation began long before the bill was enacted. When the bill passed the House of Representatives in May 1929, boycotts broke out. Foreign governments raised rates against American exports. Thirty-four formal protests were lodged with the Department of State from foreign countries.

In May 1930, Canada preemptively imposed new tariffs on 16 products that accounted for around 30% of U.S. exports to Canada. France, Germany and Great Britain protested and unilaterally developed new trade avenues. U.S. imports collapsed 66% from $4.4 billion (1929) to $1.5 billion (1933), and it's exports fell 61% from $5.4 billion to $2.1 billion, while both drops far exceeding the 50% fall in GDP. Unemployment rose from 3.2% in 1929 to nearly 14% by December 1930. By June 1931, the former recession spiraled into the Great Depression.

Simply, and tragically put, the collapse of the global economy and the concomitant collapse of the global banking system put the "Great" in the Great Depression. As seen in the chart below, the U.S. banking system was certainly under stress by late 1929, yet the deposit-currency ratio was at a new high, indicating faith in the banking system. But by late 1930, bank suspensions and failures began to alarmingly increase, only to skyrocket after the failure of the New York Bank of United States in Bronx, New York on December 11th. This bank was the fourth largest in New York and wiped-out 450,000 depositors. In the resultant panic, 300 banks would fail that month alone across the country. The Federal Reserve of the 1930's did not possess the plethora of monetary tools that the Federal Reserve of the 21st century has at their disposal. Yet the few tools they did possess were woefully deployed. Interest rates were cut early on in the crisis. But when the banking panic hit, the Federal Reserve simply did not attempt to increase credit to member banks. Fed credit fell to $1 billion by the summer of 1931. It had stagnated at that level as early as 1924 - and at $3.1 billion in 1919.

Milton Friedman, the American Nobel Laureate economist, best known among scholars for his theoretical and empirical research on monetary history, never minced words in his criticism of Hoover's Treasury Secretary; the brilliant, yet taciturn Andrew Mellon who was quoted during this period as saying:

"Liquidate labor, liquidate stocks, liquidate the farmers, liquidate real estate … It will purge the rottenness out of the system…values will be adjusted, and enterprising people will pick up the wrecks from less competent people…"

The Hoover administration finally acted in October 1931 with the launching of the National Credit Corporation to extend loans to banks. In February 1932, the Hoover administration created the Reconstruction Finance Corporation to extend loans to both banks and railroads. The Glass-Steagall Act was passed that February and also permitted government bonds to serve as collateral against Federal Reserve notes. But alas, those attempts to increase liquidity in the banking system were simply too little, too late.

As the economic depression deepened in the early '30s, and as farmers had less and less money to spend in town, banks began to fail at alarming rates. During the 1920's, there was a national average of 70 banks failed each year annually. After the Crash, and during the first ten months of 1930, 744 banks failed – 10 times as many. In 1931, 2,294 banks in the U.S. failed. The stock market bottomed in July 1932, but the Great Depression lingered on until the United States began to supply and aid Great Britain's war effort in 1939. The final economic and financial toll from 1929 to 1933 was simply staggering – if not beyond comprehension. Durable goods dropped -67%. Non-durable goods dropped -70%. Industrial production fell

-50%. Wholesale prices fell -40%. Nominal GNP fell to 1917 levels. Real GNP fell to 1922 levels. S&P Composite earnings dropped -68%. Nominal corporate earnings fell to 1880 levels. Real corporate earnings dropped to 1873 levels. U.S. exports fell from $5.2 billion to $1.7 billion. The Dow crashed -89%. 9,765 banks failed. By 1933, without modern-day FDIC-type depositor insurance, depositors saw $140 billion disappear through bank failures. Henry Ford cut wages from $7 per day to $4. Unemployment rose from 3% to 28% (ex agriculture: 38%). The Dust Bowl ended in 1939. Devastatingly, 100,000,000 acres of topsoil was lost – much of it ended up in the Atlantic Ocean.

Postscript: President Roosevelt's National Bank Holiday (and the Emergency Banking Relief Act) was passed in a special joint session of Congress on March 4, 1933. The EBA's most significant measure was the creation of de facto deposit insurance. The days of panicked bank runs was over. The first day of trading (March 15), the Dow Jones Industrial Average recorded its largest percentage gain in its history rocketing +15%.

That short banking panic history notwithstanding, Berkshire's ownership of the Illinois National would prove to be far too short-lived. In late 1970, new bank holding company laws would require Berkshire to dispose of the bank's stock ten years hence. The decade that Berkshire owned the Illinois National, Abegg (71 years young in 1969) would lead the bank to sterling growth and profitability. Over the course of Berkshire's decade long ownership consumer time deposits quadrupled, net income tripled and trust department income had more than doubled. A couple of Abegg's most remarkable years standout during this period are worthy of note. Despite very conservative lending standards and maintaining out-sized balance sheet liquidity, in 1975 and 1977 the bank earnings on assets were 4-times and 3-times the rate of the nation's largest banks. Abegg's last act as CEO and year before Rockford Bank's shares were distributed to Berkshire's shareholders, the bank set an all-time record by generating return on assets of 2.3% - again, 3-times the industry rate. Gene Abegg would pass away at the age of 82 the next July.

History would not be kind to Rockford Bank in the ensuing years. In 1985 the Rockford Bank merged with the American National Bank of Rockford Illinois. The new bank changed its name to AMCORE Financial. The new entity prospered during the 1990's, but the real estate boom-bubble-bust took the worst kind of toll on the bank. The bank's construction and real estate loan portfolio grew from $280 million in 2004 to over $900 million by just 2007. By early 2010 the bank was doomed to failure. In April 2010 the Comptroller of the Currency closed the bank. All deposits were transferred to BMO Harris Bank.

Gene Abegg's banking philosophy was more than "…all banking is local." Abegg was a community banker cut from a Norman Rockwell painting. Abegg made it his and the bank's business (literally) to be involved in countless aspects of the Rockford community. What was

good for the community was good for the bank – and vice versa. Robert Wilmers is cut from the same community banker cloth.

Robert Wilmers is the 78 year-old CEO and Chairman of M&T Bank headquartered in Buffalo New York. Much like Abegg, Wilmers' is banker. Period. He is not a speculator or trader, much less a Master of the Universe. We have long admired M&T Bank's business model and are pleased to report that we began buying these shares this past July.

There is often a strong bond among the religious institutions, the local businesses, the schools, the libraries, the universities, the hospitals, and the social organizations, as well as the people who work in local government. It has always been important that bankers play a leading role in such communities as they tend to be part of the glue that bonds them together with a focus on improving the quality of life.

Central to the long tenure, loyalty and employee commitment is ownership. Avoiding banking fads and the lure of short-term spikes in earnings requires long-term commitment. At M&T, that commitment is sustained, in part, by its ownership structure. Today some 18.5% of the company's stock is owned or controlled by M&T's management, directors and employees. Fully 2,638 or 93% of the employees with corporate titles at the level of vice-president and above own M&T stock. If they act like owners, it's because they are.

Robert G. Wilmers
Message to Shareholders, 2012

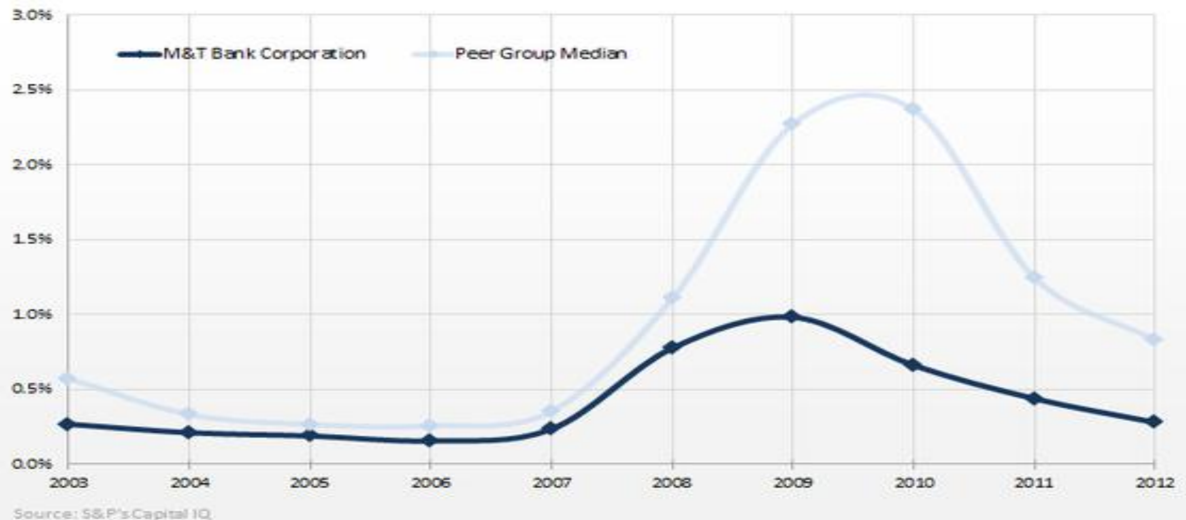
In our +20-year investing history we have steadfastly avoided the banking business. Commodity businesses – which most banks are - are rarely winners. In most commodity-related businesses only the lowest cost providers survive. If however you add sticky customers with a sustainable low-cost advantage, now you have a chance to thrive. Lastly, if such a thriving commodity business can regularly add new customers to its roster, well, you may then have something special, kudos to Mr. Wilmers. Lastly, these very few exceptions can be spectacular businesses. Witness GEICO. One of the all-time great growth businesses, GEICO sells a commodity product, but what makes their delivery of a commodity product so lucrative? They are consistently the lowest cost provider and they deliver a differentiated customer experience that renders very sticky customers. (In fact, GEICO's incentive bonus plan is measured largely on customer persistency.) Hence, GEICO is consistently the auto insurance industry's most profitable company. Comparisons between M&T Bank and GEICO are not perfect, but they are illustrative. In sum, low-cost products and superior service = sticky customers = competitively advantaged profitability.

M&T Bank traces its roots back to 1856 as the Manufacturers and Traders Bank. During the Great Depression, nine Buffalo-area banks went bust. M&T Bank survived. After cutting his banking teeth at Bankers Trust in the early 1960's and later Morgan Guaranty Trust, Wilmers started an investment firm with the sole mission to buy an underperforming bank he could call his own. Buffalo was as unlikely a place than any to launch a banking empire. Like many other Rust Belt cities, Buffalo has seen its population decline by half since the 1950's. In 1983 Wilmers' investment firm had winnowed their list of acquisition targets to First Empire Corporation. The bank had 60 branches (even one in Paris!?), just $2 billion in assets and just fourth by deposit share. The stock was selling at just one-third of its book value and its principal banking subsidiary was M&T Bank. Wilmers and his partners purchased about one-quarter of the shares. Wilmers became CEO and Chairman of the Board and soon began pushing for a new direction.

Charlie Munger: Because he talked about morality and business, Bob Wilmer sounds like an Old Testament prophet. He doesn't like that banks make so much money in trading. He thinks these banks are just trying to outsmart their own clients. It is one of the best annual reports ever.

Warren Buffett: Wilmers also discussed the fact that he doesn't like that money flows to people who work with money. Sadly, this attracts people with a lot of ability to banking when they should be doing something else.

Over the next half-dozen years or so, Wilmers set out to change the culture of the entire organization into a focused, no-frills, bread-and-butter, low-cost/high margin community bank that championed banking conservatism on all matters, and to the extinction of anything even remotely smacking of a banking gun slinging attitude. For example, M&T Bank typically only lends 55-65% of the cost of a project. Net charge-offs were just .30% in 2012. By way of perspective, over the past 30-years the bank's charge off ratio on loans has averaged an industry leading .37%. Similar too to Abegg, Wilmers instituted a culture by his own example in Buffalo to insist that the bank's branch senior executives become intimately involved in the local economy and in local charities. In 2012 and 2013, M&T Bank has been named in the Top 10 of BusinessWeek's lists of Most Generous Companies. The bank has earned the highest possible rating under the Community Reinvestment Act for 25 straight years.



As the bank grew in branches and territory, and in the seniority of his local branch presidents, Wilmers decentralized the majority of the lending decisions at the local board level. Included on these local boards were the leading businessmen in the community. This deep relationship approach at the local level was key in the bank's march to grow local market share and keep it, i.e., sticky customers. The bank's early focus on middle-market small business (SBA) lending continues to this day. M&T Bank is the #1 SBA lender in the Districts of Baltimore, Buffalo, Philadelphia, Rochester, Syracuse, Washington, D.C. and Delaware.

We often find that businesses with low-cost advantages, especially in commodity industries, lack scalability, particularly on the organic growth front. Particularly in regional banking, we have seen that organic growth is largely a composite of three factors - more products per customer, market share take and better net lending spreads. However, M&T Bank has other levers of potential growth beyond their low-cost advantage. Like any bank, M&T Bank can grow organically and by acquisition. These two factors are not mutually exclusive and, if executed well, they serve to compliment each other as accretive acquisitions can provide significant scaling opportunities to the organic business.

By 1987 Wilmers had been waiting patiently to unleash his other potent growth weapon by aggressively acquiring troubled, but fixable banks and savings and loans. He didn't have to wait long for his first catch. After the stock market crash in 1987 he announced his arrival in New

York City by buying the $2 billion-asset East New York Savings Bank. In 1990, Stan Lipsey the publisher of the Buffalo News (a subsidiary of Berkshire Hathaway) introduced his Buffalo friend Wilmers to his Omaha boss Buffett. Buffett, always quick to recognize talent and opportunity, bought $40 million in new M&T Bank preferred shares and encouraged Wilmers to proceed apace with this new cache of capital. Wilmers did, making ten acquisitions from 1990 through 2001. A needle-mover during this spree was the purchase of Keystone Financial Services with $7.4 billion in assets. The bank's markets now included Northern Maryland, Central Pennsylvania and West Virginia. By 2001 assets were up more than ten-fold to $31 billion. In April 2003, Wilmers struck big again acquiring Baltimore-based Allfirst Financial from the troubled Allied Irish Banks. The $3.1 billion asset purchase increased M&T Bank's assets by almost $16.5 billion, and expanding the bank's mid-Atlantic footprint – notably gaining the leading deposit market share in Baltimore, the second largest share in Maryland and the fifth largest position in Pennsylvania.

Growth by acquisition would continue apace with the acquisition of twenty-one Upstate New York branches from Citibank in 2006, thus securing the #1 deposit market share in both Buffalo and Rochester. In 2007, just as the ill winds of the gathering financial storm were blowing, M&T Bank acquired the thirty-three branches of Partners Trust Financial Group. This acquisition solidified the bank's market share in the Central New York communities of Binghamton, Syracuse and Utica. Over the course of his career, Wilmers would be an acquirer in every economic or market downturn.

The canary in the coalmine of the imminent collapse of the housing cheap-and-easy credit bubble was the swift collapse of two Bear Stearns hedge funds in June and July that year. The ensuing financial meltdown would bring the global banking system to its knees. Wilmers was one of the lone voices of reason during the heyday bubble-lending years of 2005 and 2006, vocally criticizing the banking industry's culture of both speculative lending and speculative trading. The bank under Wilmers watch would not bend to the common convention and become a "virtual casino." That said M&T Bank would not escape the carnage unscathed, yet through the trials and tribulations over the next half-dozen years, Wilmers capital allocation philosophy would be put to the test (and opportunity) like no other period during his realm as CEO.

M&T Bank had the fortune that they had to deal with their canary in the coalmine lending misfortune in the early innings of the gathering-banking storm. In February of that fateful year, Wilmers & Co. tried - and failed - to sell a $1.4 billion portfolio of Alt-A (almost sub-prime) mortgages. Sobered by that singular experience, the bank was quick to shut down all related business by August 2007. That error of commission aside, from 2007 through 2010, the bank's

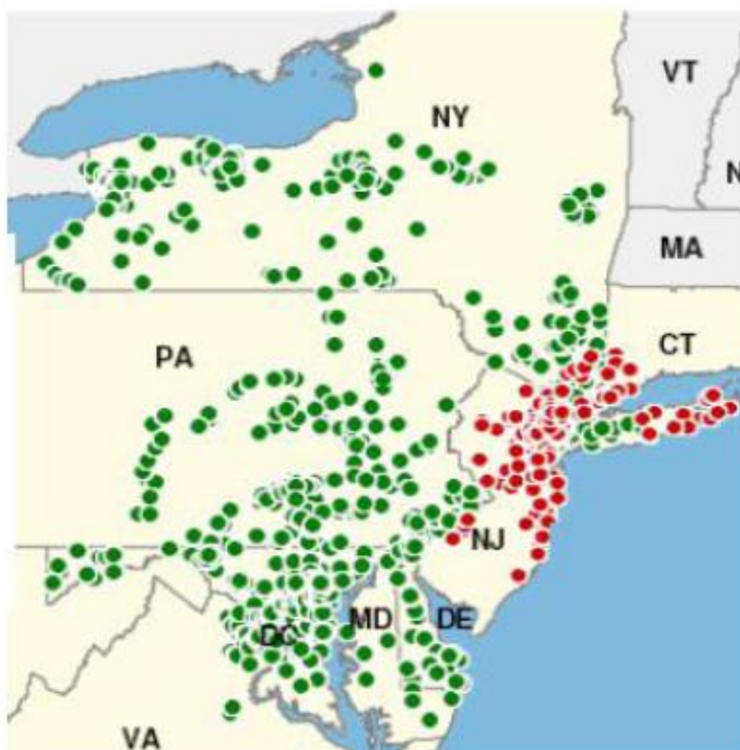
charge-off rate on their home equity portfolio was just 1.7%, compared to the crushing rate of 6.5% for its peers. Furthermore, M&T Bank was profitable in every quarter during those dark years – leading to their unmatched record 147 consecutive quarters of profits under Wilmers regime. Lastly, M&T Bank is one of only two banks in the S&P 500 Index that did not cut their dividend during the crisis. (The other bank is Northern Trust.) As in many aspects in life, crisis breeds opportunity in commerce too. M&T Bank would take advantage of the multi-year banking crisis like no other bank. From 2009 through 2013 M&T Bank would acquire three troubled banks of size and scale that doubled the banks size and geographic radius by just 27 miles – as well as generating an earnings accretive internal rate of return ranging from 16% to 20%, conservatively calculated and well in excess of the bank's cost of capital.

The first was the acquisition of 128-year old, $6.4 billion in assets, Provident Bancshares in Baltimore in December 2008. The combination of M&T Bank's 143 branches with Provident's 177 branches elevates the combined entity into the largest branch network in the Baltimore/Washington area – plus the #2 deposit share.

The second acquisition in November 2010 was the acquisition of the significantly impaired Wilmington Trust. At the time of this acquisition, the staid Wilmington (founded in 1903) was reeling from six consecutive quarters of losses stemming from their busted Delaware real estate portfolio. Owing to the depressed price of the acquisition price – 50% of tangible book value – the accretive IRR on this acquisition was north of 20%. Wilmington held the largest deposit share in Delaware, and it's +$50 billion suite of trust and investment services are national in scope. Post-acquisition, M&T's trust revenues as a percentage of total fee revenues more than doubled to 35%. In addition, mortgage banking as a percentage of fee revenues declined form 17% to 13% and deposit service charges declined from 42% of fee revenues to 33%.

The third and latest acquisition in August 2012 was the acquisition of Hudson City Bancorp – a traditional savings and loan based in Paramus, New Jersey. Hudson City is unique in that nearly all of their $28 billion assets are residential loans. The bank is also capital rich and we view M&T Bank's asset-sensitive balance sheet will serve nicely to mitigate Hudson City's interest rate sensitive asset base.

Hudson City's branches are quite vibrant with deposits per branch of $175 million – more than double the amount ($85 million) of existing M&T's branches. Furthermore, Hudson City's 97 New Jersey branches, 29 branches in downstate New York and 9 branches in Fairfield Count, Connecticut significantly expands M&T Bank's relatively small footprint in these three lucrative regions.



Source: M&T Bank

Since Wilmers & Co. took over M&T Bank in 1983 the bank has acquired 23 banks and Savings and Loans (S&Ls) – expanding from a single state to seven – and assets have grown from $2 billion to $110 billion. M&T's branch count has grown from 60 to over 870. The bank currently boasts a customer base of over 2 million retail household customers and nearly 220,000 commercial customers.

In terms of future acquisitions, considering the group of Northeastern regional banks and a handful of S&Ls, we approximate that there is about $30 billion in market cap trading at or near 1X book value, relative to M&T's roughly $15 billion market cap on 1.5X book value. If management continues the same M&A cadence (every 18 to 24 months), then we expect further accretive acquisitions in M&T's future to drive double-digit growth.

The powerful trifecta of low-cost banking products, sticky customers and accretive acquisitions, coupled with the conservative culture of strong credit metrics has enabled M&T Bank to consistently generate high returns on tangible common equity, which then in turn has driven capital generation. Since 1983 through the first half of 2013, the bank's net operating earnings per share has compounded at a rate of 17%. Dividend growth has compounded at a rate of 15% over the same period. It is no surprise the bank's stock price has compounded at a rate of 15.8% over the same time period.

Key too to M&T Bank's long-term success has been Wilmers & Co. near textbook application of exemplar stewards of shareholders capital. Over the past ten years the banking industry has had to navigate two extreme (and mutually exclusive) environments in the management of shareholders capital. Few banks navigated this period successfully on behalf of shareholders – many failed. For example, during the cheap-and-easy credit bubble years (2003-2007) when spreads were too tight, prudence dictated a deceleration of lending out money. Prudence also dictated in such a lean banking environment that excess capital should be deployed more effectively in share repurchases and increased dividends. On that score, during 2003-2007, for every $1 of capital, Wilmers & Co. split share repurchase, dividends and capital retained, 52%, 28% and 20%, respectively. Earnings in 2012 finally topped earnings in 2006, yet tangible book value per share is up 56% over the same period. At the other end of the spectrum, during the near collapse of the U.S. banking system from 2008-2012 the bank retained 51% of earnings - providing the capital to double the size of their franchise via accretive acquisition. Over the past 30 years, capital allocation, surprisingly has been quite balanced between capital retained (37%), dividends (32%) and share repurchases (31%.) Post-2013, the "growth spring" is set to recoil over the next few years (both organic and accretion). This harvest will be measured in years, not quarters.

We do need to caution and temper expectation that the 25% to 30% returns on tangible equity during the pre-banking crisis years will not be repeated in the future. Regulatory capital levels for community banks, regulatory compliance expenses and higher FDIC assessments today (which don't adjust for loan quality) will be quite higher than years before. Main Street will bear the brunt of the sins of Wall Street. Specifically, the bank's Tier 1 common capital ratio as of the just reported third quarter stood at 9.07% - 50% higher than the approximate 6% from 2003 through 2009. That caution duly noted, along with a higher capital base and the low hanging M&A fruit largely picked over, we still expect M&T Bank to generate solid double-digit earnings growth over the next few years. The stock is currently valued at just 1.5X trailing book value. A valuation we believe to be quite attractive for this high quality bank.

Table II Top Ten Holdings as of June 30, 2013	
	Percent of Net Assets of the Fund
Apple Inc.	9.2%
QUALCOMM, Inc.	6.1%
Berkshire Hathaway Inc.	6.1%
Cognizant Technology Solutions	5.8%
Express Scripts Holding Co.	5.7%
EMC Corp.	5.6%
Google Inc.	4.8%
Cummins Inc.	4.4%
Stericycle Inc.	4.2%
Coach, Inc.	4.0%
	55.9%

Holdings are subject to change. Current and future holdings are subject to risk.

We hope these Letters give you some added insight into our portfolio strategy and process. On behalf of Wedgewood Partners we thank you for your confidence and continued interest. As always, please do not hesitate to contact us if you have any questions or comments about anything we have written in our Letters.

David A. Rolfe, CFA	Dana L. Webb, CFA	Michael X. Quigley, CFA
Chief Investment Officer	Senior Portfolio Manager	Portfolio Manager

To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges, and expenses before investing. This and other information may be found in the Fund's full or summary prospectus, which may be obtained by calling 888.564.4517, or by visiting the website at www.riverparkfunds.com. Please read the prospectus carefully before investing.

Mutual fund investing involves risk including possible loss of principal. The use of leverage by the fund managers may accelerate the velocity of potential losses. Furthermore, the risk of loss from a short sale is unlimited because the Fund must purchase the shorted security at a higher price to complete the transaction and there is no limit for the security price. The use of options, swaps and derivatives by the Fund has the potential to significantly increase the Fund's volatility. There can be no assurance that the Fund will achieve its stated objectives. The Fund is not suitable for all investors.

This material represents the portfolio manager's opinion and is an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding the funds or any security in particular.

The ***S&P 500 Index*** *is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation, with each stock's weight in the Index proportionate to its market value. The* ***Russell 1000 Value Index*** *measures the performance of the large-cap value segment of lower expected growth values. The* ***"Morningstar Long/Short Equity Category"*** *is the average performance of the 243 funds that currently comprise Morningstar's Long/Short Equity Category.*

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