# RiverPark Floating Rate CMBS Fund

**(RCRIX/RCRFX)**

## April 2020 Update – from Defense to Offense

**(May 1, 2020)**

We experienced an 8.7% increase in the Fund's share price during the month of April as our portfolio continues to work its way back to par. At the low-point in mid-March, panicked selling brought on by the Coronavirus brought the value of our assets down to approximately 70% of face value, which are now marked at 86%. We believe that these assets will return to par over the next 6-18 months during which time we expect them to continue to make their monthly interest payments as they did in March and April.

Sensing what we believe to be a once in a decade investment opportunity, new capital has been entering the Fund, and we have been actively investing to take advantage of the dislocation. For example, in April we purchased $66 million of CMBS across the capital structure at an average dollar price of 88.6% (at prices ranging from the 60s to the low 90s). Generally, we have been investing at more senior levels in the capital structure than where we typically invest, including AAA assets, but have also been investing opportunistically in our high conviction names lower in the capital structure. We believe that these investments will enhance our returns.

Seeing this significant positive change in the marketplace, we changed our posture from defense to offense and began investing new capital. With industrial backed assets recovering the fastest (followed by office, multi-family and hotel), we opportunistically sold industrial CMBS in the low 90s and redeployed this capital accretively and into higher rated assets. One of the areas of opportunity we have been most excited about is investing in the AAA, AA and A tranches of high-quality hotel assets at prices in the 80s; in fact, we have seen many of these assets already improve to low 90s dollar prices and expect them to recover smartly. At the end of April, our portfolio composition was: 41% office, 27% industrial, 26% hotel (of which over a third is newly acquired hotel assets at the most senior part of the capital structure from AAA to A), and 6% multi-family.

Overall, several dynamics are assisting in the recovery, including: participants new and old entering the market in size, a total lack of new supply, all coupons paying as agreed, no near-term maturities, TALF funding, and, for our non-hotel assets, continued strong performance. Importantly, CMBS is constructed with a wide array of safety nets and tools that allow the special servicer to restructure CMBS loans as necessary to protect bondholders and to create the best path to full recovery. We have invested in similar times of turbulence (2008) where we worked on success stories such as the restructuring and full recovery of the Hilton Hotel Company. While this crisis is different, we forecast a similar recovery.

Across the portfolio, the key to ultimate full recovery is asset quality and sponsorship. The high quality of our assets, the strength of our sponsors, our secured investments within the first mortgage, and our active trading and oversight mean that our portfolio is excellently positioned to recover in full and within our estimated timeframe.

With best wishes to you, your family and colleagues during this extraordinary period. Thank you for investing with us and please reach out with any questions.

Sincerely,

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**To determine if a 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 summary and full prospectus, which may be obtained by calling 1-888-564-4517 or by visiting the website at www.riverparkfunds.com. Please read the prospectus carefully before investing.**

*Investing involves risk including possible loss of principal. Bonds and bond funds are subject to credit risk, default risk and interest rate risk and may decline in value as interest rates rise. High yield bonds involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments. CMBS are not backed by the full faith and credit of the U.S. government and are subject to risk of default on the underlying mortgages. Securities backed by commercial real estate assets are subject to risks similar to those of direct ownership of commercial real estate loans including, but not limited to, declines in the value of real estate, declines in rental or occupancy rates and risks related to general and local economic conditions. There can be no assurance that the Fund will achieve its stated objectives. The Fund is not diversified. The value of the collateral securing CMBS can decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate. As a result, CMBS may not be fully collateralized and may decline significantly in value.*

*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 Fund or any security in particular.*

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