RIVERPARK FUNDS

Wedgewood Fund

(RWGIX/RWGFX)

Wedgewood. PARTNERS, INC.

First Quarter 2022 Review and Outlook

Performance: Net Returns as of March 31, 2022

	Current Quarter	One Year	Three Year	Five Year	Ten Year	Since Inception
Institutional Class (RWGIX)	-10.80%	12.57%	21.27%	17.37%	12.86%	14.04%
Retail Class (RWGFX)	-10.86%	12.30%	20.95%	17.08%	12.62%	13.80%
Russell 1000 Growth Total Return Index	-9.04%	14.98%	23.60%	20.88%	17.04%	17.43%
S&P 500 Total Return Index	-4.60%	15.65%	18.92%	15.99%	14.64%	14.99%
Morningstar Large Growth Category	-10.80%	5.12%	18.17%	17.05%	14.11%	14.42%

Total returns presented for periods less than 1 year are cumulative, returns for periods one year and greater are annualized. The inception date of the fund was September 30, 2010. 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.*** *Gross expense ratios, as of the most recent prospectus dated January 26, 2022, for Institutional and Retail classes are 0.95% and 1.24%, respectively.*

Index performance returns are for illustrative purposes only and do not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged and one cannot invest directly in an Index.

156 W. 56th Street, 17th Floor | NY, NY 10019 | P 212.484.2100 | www.riverparkfunds.com

For the first quarter 2022 the Fund declined -10.8%. The S&P 500 Index declined -4.6%. The Russell 1000 Growth Index declined -9.0%. The Russell 1000 Value Index declined -0.7%.

Top first quarter performance contributors include Progressive, Texas Pacific Land, UnitedHealth Group, and Visa. Top performance detractors for the first quarter include Meta Platforms (Facebook), PayPal, Taiwan Semiconductor Manufacturing, CDW, and First Republic Bank.

During the quarter we sold Keysight Technologies. We trimmed Alphabet. We added to Taiwan Semiconductor Manufacturing, PayPal (twice), UnitedHealth Group, and Meta Platforms.

Top Contributors to Performance for the Quarter Ended March 31, 2022	**Average Weight**	**Percent Impact**
The Progressive Corp.	4.00%	0.39%
Texas Pacific Land Corp.	2.13%	0.28%
United Health Group Inc.	4.37%	0.21%
Visa Inc.	6.76%	0.14%

Top Detractors to Performance for the Quarter Ended March 31, 2022	**Average Weight**	**Percent Impact**
Meta Platforms Inc.	7.53%	-2.95%
PayPal Holdings, Inc.	3.80%	-1.30%
Taiwan Semiconductor Manufacturing Co.	5.83%	-1.13%
CDW Corp.	5.62%	-0.74%
First Republic Bank	3.12%	-0.73%

Portfolio Attribution is produced by RiverPark Advisors, LLC (RiverPark), the Fund's adviser, using FactSet Research Systems Portfolio Analysis Application. Please take into account that attribution analysis is not an exact science, but may be helpful to understand contributors and detractors.

Performance attribution is shown gross of fees. Holdings are subject to change.

The End of an Error. The Beginning of an Error.

"The Fed won't be removing the punch bowl when the party warms up – to paraphrase former Fed Chairman William McChesney Martin – but will wait for last call."

Barron's. November 2, 2020

"It's hard to know how much the U.S. Federal Reserve will need to do to get inflation under control. But one thing is certain: To be effective, it'll have to inflict more losses on stock and bond investors than it has so far."

William Dudley, the former president of the New York Fed. April 2022

Meta detracted from performance during the quarter after the stock pulled back as investors worried about the Company's revenue growth and competitive positioning. Although the Company's revenues grew "just" +9% during the first quarter, this growth rate was compared to a stunning +48% growth rate in the year ago first quarter. So, while the Company's revenue guide for the current second quarter is also in the mid-single digit percentage growth – disappointing many investors – we will note that is compared to a staggering 56% growth rate during the second quarter last year. As most of the globe reopens from COVID restrictions, Meta's core Family of Apps are as relevant as ever, boasting nearly 3 billion daily users – almost a *third* of the entire planet logs onto the Company's apps at least once a day. This exorbitant privilege allows Meta to quickly copy and massively scale new features to ward off competitive overtures from smaller social media rivals. Further, because Apple has introduced privacy restrictions on its platform – muddying advertisers' ability to track the performance of advertising spend during the past few quarters – Meta has introduced alternative measuring tools and processes that will relegate this risk to a transient headwind. Last, because the market pressured Meta's forward earnings multiple to historically low levels, we are encouraged that the Company spent $45 billion repurchasing its stock over the past 12 months. Meta's repurchase activity was more than four times as much as the Company spent on the headline-grabbing "Reality Labs" segment during 2021. We expect highly accretive repurchase activity to continue. We also took this opportunity to add to Meta, exiting the quarter with Meta as a top weighting.

PayPal also detracted from performance during the quarter as investors panicked in the face of the well-telegraphed run-off of eBay's revenues. We have been aware of the runoff of eBay's revenues since at least the third quarter of 2017.[1] Although markets are supposedly efficient, maybe markets are only as efficient as long as the same shareholders are in the stock. When a shareholder base turns over several, if not dozens, of times over a 5-year time frame, perhaps old news periodically becomes "new" to a market riddled with transient shareholders. In any case, we increased our weightings in the stock for the first time since 2018 as the only thing "new" to us was the highly attractive multiple for a competitively well-positioned business in the e-commerce industry.

Taiwan Semiconductor pulled back on geopolitical concerns and periodic market fears about the end of the "cycle" in semiconductors. First, we think the Company might be one of the most – if not the most – important Companies in the world. Taiwan Semiconductor has a near-monopoly on semiconductor processing at advanced nodes, which makes it irreplaceable to customers such as Apple, AMD, *NVIDIA*, Mediatek, Amazon, and even Intel. Second, much less important manufacturers have more direct geopolitical risk than Taiwan Semiconductor, yet they trade at substantial premiums – both multiple and market cap. For example, Tesla is a heavy manufacturer of only about 1 million automobiles with significant production capacity located in the heart of China, yet it trades at double the market cap of Taiwan Semiconductor. Third, while it is hard to know when the current semiconductor "cycle" will slow or end, we see very few signs of it, as

[1] https://www.wedgewoodpartners.com/_files/ugd/5bfe4b_0b747f631c6f4bb08de919ccfe5e168f.pdf

Taiwan Semiconductor continues to generate bookings well in excess of its current capacity – unlike any previous cycle. Taiwan Semiconductor traded to levels that are much too pessimistic given its competitive positioning and opportunity for growth driven by a more robust semiconductor cycle, driven by high-performance computing. As such, we added to our position during the quarter.

CDW logged steady, double-digit revenue and operating earnings growth during the quarter as its "Omni-Office" strategy of outfitting small and medium businesses with software, hardware and services – wherever workers decide or need to work – continues to resonate. CDW organizes itself across several end-markets, with each of these end markets at different stages of building out its omni-office presences. As IT hardware has become increasingly scarce due to vendor shortages and strong demand, CDW has flexed its balance sheet in the short-term in order to ensure inventory availability for long-term customers to continue this omni-office buildout. We expect this pressure on inventory turns will eventually return to normal and help sustain historically high returns on capital. The market continues to be infatuated with software services and has overlooked the fact that software providers rely on CDW for distribution in the small- and medium-sized business segment. CDW's consistent returns, cheap multiple, and mission-critical functions that it offers to vendors and customers continues to be an attractive risk-reward for portfolios.

First Republic Bank continued its streak of +20% loan growth – well above the banking industry. First Republic's differentiated high-touch strategy with clients is in stark contrast to the Company's low-touch, internet-obsessed competitors. First Republic's culture has been an important driver of its growth over the years, so it is not a surprise that the stock reacted negatively to executive turnover during the quarter. However, much of the leadership that made the Company successful over the past several decades continues to be intact. As interest rates have skyrocketed – at least relative to 2020's lows – we would expect the Company's mortgage refinance business to slow, but home purchases to pick up as First Republic has seen during the past couple periods of rising rates. Furthermore, we are optimistic that a more normalized monetary policy environment, vis-à-vis the Federal Reserve's unwinding of its $9 trillion balance sheet, could finally allow for healthier rates of return on actual loans.

Progressive was a top contributor to performance during the quarter. Much of the outperformance was likely driven by a market that rotated out of high multiple technology stocks and into companies with more direct earnings exposure to higher interest rates. In the world of U.S. Large Cap Growth investing, banks and insurers have long been relative pariahs – so out of favor that they make up just a low single-digit (or even zero) percent of most of the major domestic large growth indices. However, that hardly means they are all bad businesses. Progressive has long proven to be an exceptional growth company with a laser-like focus on balancing growth with exceptional returns by methodically managing and segmenting its risks and all the while aggressively reinvesting in marketing and expanded distribution. Many of Progressive's competitors have significant legacy distribution arrangements that have led to overly narrow distribution. Although it has been quite some time – nearly a decade – since P&C insurers have raised personal policy rates to the extent that we have seen over the past 6 months, we note that insurance customers tend to shop more when policy prices rise. Progressive's independent and direct distribution allows the Company to reach a much broader audience, which positions it well to sign customers away from narrow-focused competitors as rates rise for the first time in recent memory.

Texas Pacific Land also contributed to performance during the first quarter. Oil and gas (O&G) production on the Company's acreage increased nearly +30% year over year. Some of the largest O&G producers in the world are focusing increasing portions of their capex budgets in the prolific Delaware basin, where most of the Company's acreage is located. The Delaware basin's geology (6.4 million acres in far West Texas and South-Eastern New Mexico) is uniquely endowed and formed to benefit from horizontal drilling techniques that have been developed over the past decade. As O&G customers and shareholders are increasingly rewarded for delivering higher returns on less drilling, we see them ration their budgets by jettisoning or de-emphasizing other basins in the U.S. and around the world, in favor of the developing Delaware acreage. As it is the largest single landowner in the Delaware basin, we expect the Company's royalty revenue to continue to compound in-line with this development and could potentially double every three-to-five years, even if global benchmark oil prices retreat to the $50-$60 average of the past five years.

UnitedHealth Group contributed to performance during the quarter as the Company's long-term, mid-teens earnings growth algorithm remained intact. Further, as political wrangling in the U.S. continues unabated, we suspect investors have become more confident that little will be done on the legislative front to derail the status quo between private health insurance and Medicare/Medicaid. COVID trends continue to ebb throughout the healthcare system; however, there is a sustainable benefit to the cost structure of U.S. healthcare – particularly related to virtual care. Virtual care is not only becoming more acceptable but is now preferred by many patients and care providers which should lead to less overhead (e.g., office space) that can be reinvested in better patient outcomes. Last, the Centers for Medicare and Medicaid Services proposed a nearly 8% hike in revenue for Medicare Advantage 2023, which should allow for ample flexibility in benefit enhancement and continued incentive to grow this franchise.

Visa continued to benefit from strong consumer spending as well as a recovery in cross-border payment volumes, more recently driven by the return of travelers. While the emergence of the "Omicron" variant of COVID early in the quarter posed a risk to this travel recovery, it proved short-lived, with most of Europe, North America, and Latin American re-engaging in cross-border travel. Visa continues to extend its network to all comers. By processing over $10 trillion in volume per year, Visa has unparallel scale and, as a result, can sell this scale to its customers at very attractive economics. For example, "FinTech" businesses will often charge customers upwards of 3-5% to transact, while Visa takes mere basis points on most transactions, despite enabling service levels historically reserved for only the largest financial institutions. After adding to Visa late last year, we are most pleased that Visa is back to one of our top 5 holdings.

Company Commentaries

Meta Platforms

We have owned Meta (formerly known as Facebook) continuously since 2018. Since then, the Company's revenues have nearly doubled, while returns on invested capital have consistently clocked in near the mid-to-high 20% range. At the end of the first quarter 2022, Meta's stock traded near just 12 times forward consensus estimates, which is a substantial discount to the broad market and compared to Meta's historical multiples. We struggle to find businesses as dominant as Meta (which is why we have a focused portfolio in the first place). However, when a rare, dominant business trades down to such discounted multiples, we get aggressive with our positioning. At the end of the quarter, Meta was our top weighting.

Meta's core value proposition is about matching advertisers up with the Company's user base, which includes a staggering 2.8 billion daily users. We would hazard a guess that the only other applications with a daily user base as large as Meta's properties are likely owned by Alphabet, but Alphabet rarely discloses detailed user base data. The vast majority of Meta's advertisers are small-to-medium sized businesses – more than 10 million of them. In addition, over 160 million businesses use Meta's free tools and services. Not long ago, it would have been inconceivable for any of these small businesses to have the ability to regularly reach an audience numbered in the millions. Of course, Meta offers this access to advertisers on demand.

To drive better returns for advertising customers as well as to improve the user experience for Meta's various apps, Meta has been aggressively investing in artificial intelligence (AI). The Company recently revealed that it had built one of the world's fastest supercomputers – its "AI Research Super Cluster" (RSC). Supercomputers are typically utilized in academia, and barriers to building a supercomputer are often financial – we estimate Meta's RSC likely cost several billion dollars. RSC would be one of the first privately owned systems that Meta will be using it for product development. It is important to note that AI has become the lifeblood of some key users' experiences and advertising tools at Meta. For example, Meta has developed a product recognition system that automatically tags and serves up visually similar products on Marketplace to help make photos more attractive and relevant to shoppers.[2] Shopping on Meta's various properties is a massive addressable market that could drive new revenue streams and expand the value proposition for advertisers. Another example of Meta's use of AI is in content curation, particularly around harmful content. Meta has an AI system that has been trained on policy-violating content – which Meta has labeled and amassed over the years – and can thus flag misleading or sensationalized content.[3]

---

[2] https://ai.facebook.com/blog/advancing-ai-to-make-shopping-easier-for-everyone/
[3] https://ai.facebook.com/blog/harmful-content-can-evolve-quickly-our-new-ai-system-adapts-to-tackle-it/

Of course, not all of Meta's AI investments will be directed at the core business. The Company recently named and broke out a "Reality Labs" segment, which generates very little revenue, and serves mostly as a long-term "bets" segment, not unlike what Alphabet has been doing for years. While it is nice to know Meta is interested in developing an alternative to smartphones, this segment is not a core component of our long-term Meta investment thesis. More telling were the core financials of Meta's Family of Apps business, with segment operating earnings clocking in at a breathtaking +49% in the most recent quarter. We understand the focus on Meta's competition, but in our experience, companies that exhibit GAAP margins of 49% are not having much trouble competing, rather quite the contrary. In fact, Meta has not made a material acquisition since 2014, so virtually all the Company's growth has been organic over the past 7 years. We welcome Meta's continued investment in new products, with its more recent focus on reels, which we think adds yet another function to the Family of Apps that will drive user engagement and long-term value for shareholders.

PayPal Holdings

Since we last wrote to you about PayPal in the third quarter of 2020, it has been an eventful time for this long-term holding, and we thought we would take an opportunity to provide you with our most recent thoughts.

As we highlighted in our prior commentary, the COVID era has been a clear positive for PayPal, doing nothing but accelerating the long-term trends driving the Company's growth: specifically, the penetration of digital versus cash payments, and the penetration of digital/virtual transactions versus in-person transactions. Obvious examples of this contrast would be the long-term shift toward e-commerce versus brick-and-mortar retail, or online ordering and carry-out versus sit-down meals at restaurants. Acceleration of these long-term trends, helped by temporary lockdowns that forced transactions into the digital realm, led to a tremendous acceleration in growth for PayPal during 2020-2021, as you can see in the 2-year growth rates of 2019-2021, below:

Comparison of key metrics, end of 2021 vs. end of 2019 (2-year change)

	2019	2021	% change
TPV, in billions	$712	$1,250	76%
Non-GAAP operating income, billions	$4.1	$6.3	54%
Active accounts, millions	305	426	40%
Annual transactions/account	40.6	45.3	12%

TPV = Total Payment Volume, in $, of transactions executed using PayPal family of services

Source: company reports

The stock responded very favorably to this acceleration in growth, tripling in value through the first several quarters of the COVID era. In the last couple of quarters, things have become a bit more complicated. First, there has been an expected deceleration in the Company's growth rate, as the world has begun to return to something resembling normalcy. With very difficult comparisons to elevated growth rates in prior periods, self-evident mathematics led to an eventual slowing in growth rates. We do not attribute any importance to this COVID-influenced acceleration/deceleration itself but note that the Company continues to grow at very healthy absolute rates.

The next issue to arise in the second half of 2021 was the rapid unwinding of the relationship between PayPal and its former parent eBay. This certainly shouldn't have been news to anyone, as it has been clearly laid out in the Company's financial statements for many years, and it has been discussed at length by the Company over that time. We wrote about this in 2017 in our client letter, and fairly hilariously in hindsight, we trimmed the stock way back then, thinking that the market might eventually notice the modest pressure the unwinding of the eBay relationship would put on PayPal's results. Fast-forward to the second half of 2021, and this still appears to have been too much of a surprise to the market. It is fair to say, at least, that the relationship ended up winding down more precipitously than either we or the Company had anticipated. PayPal's growth outside of eBay has reduced the absolute size of the eBay business to a very moderate level, and – again – the unwinding of this relationship has been well-known for a long time.

Completely coincidentally, the eBay-related pressure on the business model is happening at the same time elevated COVID-driven growth rates are moderating, making the deceleration in growth appear even more dramatic. The quarterly growth rates in payment volumes, below, shows the reported numbers as well as the growth rate excluding eBay. You can see that growth began to accelerate in the second quarter of 2020, driven by COVID effects; when we first started to lap that growth in the second quarter of 2021, that also happens to be when we saw the negative impact from eBay picking up its pace.

PayPal TPV Quarterly Growth

	Q120	Q220	Q320	Q420	Q121	Q221	Q321	Q421
TPV growth	19%	30%	36%	36%	50%	40%	26%	23%
TPV growth (ex-EBAY)	n/a	31%	38%	40%	54%	48%	31%	28%

TPV = Total Payment Volume of transactions executed using PayPal family of services; growth adjusted for changes in currency
Source: company reports

However, we would highlight from this table that the Company entered the pandemic with TPV growth running around 20%. We left 2021 with a fourth quarter growth rate around 20% (even better excluding the eBay wind-down). The Company is guiding for an exit growth rate around 20% in 2022, as well after eBay finishes running down in the first two quarters of the year. Looking past the fluctuations of COVID acceleration/deceleration, and the much higher growth rates generated during 2020-2021, we think the *absolute worst* that one could say about PayPal is that it generates roughly the same growth rates post-COVID as it did pre-COVID. Furthermore, it is generating this similar growth from a much higher base of users, transaction volumes, and profits.

Another issue that arose in the fourth quarter – not exclusive to PayPal – was an unexpected slowdown in the growth of e-commerce, seen broadly across the online retail industry. We would note, for example, that Amazon's own first-party online retail business grew revenues only 1% from the prior year, and it somehow managed to lose money in both its domestic and international e-commerce businesses in its seasonally strongest holiday quarter. With digital commerce being an important component of PayPal's business, this weighed modestly on results in the quarter. We view this as nothing more than a temporary quirk, driven by a variety of issues. These include very difficult comparisons to online retail growth in the 2021 holiday season, global labor and supply chain bottlenecks impacting holiday product deliveries and availability (meaning there clearly could be no transactions for these unavailable products), plus some readjustment of consumer behavior patterns between online/brick-and-mortar shopping, after a 2021 holiday season in which COVID issues kept more people away from brick-and-mortar retail than otherwise may have been the case. We don't expect there will be any change to the long-term secular shift toward e-commerce, so we view the recent e-commerce slowdown as a temporary issue.

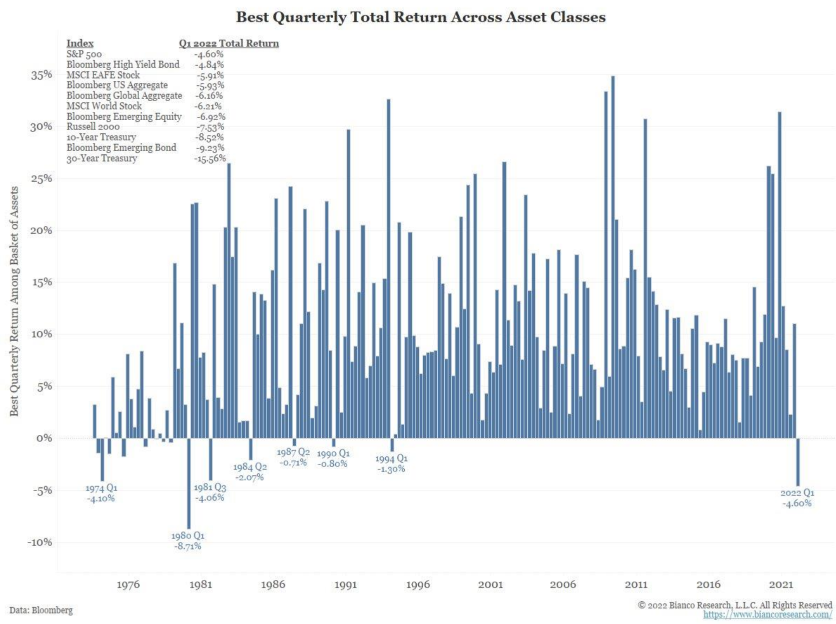
Finally, there is no doubt that some portion of the market did not like the Company's guidance commentary around user growth in 2022. As you can see from the table provided at the top of this note, the Company has had no problem attracting new users, with 40% growth in the two years between the end of 2019 and the end of 2021. In fact, as COVID led to additional digital payments penetration, PayPal ran promotions to try to attract even more new users; or, to gain a greater share of the flood of new users and use-cases driven by COVID. Eventually management concluded that many promotions had been ineffective in driving profitable growth; in short, many promotions drew users who only showed up for one or two transactions, on the promotional terms, and then disappeared. Smartly, management decided to end these promotions for 2022. The effect of this will be some pressure on the growth rate of new users, but we and management both view 2021's user growth as being inflated somewhat by new promotion-driven accounts that were not generating value in terms of profits or cash flows. Offsetting this will be the reduction in promotional spending that had drawn in these less profitable or unprofitable user accounts.

We would note a few additional items in relation to this discussion: Management has great credibility in growing the Company, considering any metric you like, and doing so at attractive levels of profitability. Furthermore, the Company told us *ahead of time* that it is pursuing this initiative. If this were a company with a history of growing users at all costs, with no regard for profitability, and if it suddenly tried to defend a slowdown in user growth – after the fact – as a suddenly-conceived fascination with profitability, we might be a little more skeptical. That is not the case here. In addition, tech investors are used to dealing with companies that do not generate profits or cash flows, meaning investors need to focus on other things, such as user growth, upon which to base their valuation of the company. We suspect that many such investors have found their way into PayPal over the past couple of years, as user growth accelerated. We would expect such investors to run for the hills when a company says it is deliberately *not* chasing user growth. We are not such investors, although, of course, we see growth in users as one of many drivers of the value of the company.

To elaborate further on this point, we believe the stock attracted a variety of new investors because of COVID, and that many people viewed PayPal as a "Pandemic Stock." Far too many of these investors may not particularly care about things like profitability, the long-term outlook, or how that outlook may have changed as a result of COVID. Furthermore, they may not have been aware of, or cared much about, the information that has been publicly available for years concerning the Company's relationship with eBay. We think many investors only bought the stock because it was working, during a period when very little was, and they scrambled for the exits at various times as momentum turned. We were well aware of this risk, by the way, and were fully aware that the outsized growth we saw during the COVID period eventually would moderate, and this explains why we trimmed the stock in January 2021.

As a result of the confluence of all these factors over the past few quarters, the stock has lost roughly two-thirds of its value since last summer. This drubbing is too extreme in our view, even allowing for the general valuation compression seen across the entire market. If you consult the table at the beginning of this commentary, you can see that in the two years since COVID struck, PayPal has grown considerably, whether you want to look at payments processed, user accounts, user engagement, or profits. We (and most observers, we believe) also think the long-term drivers of PayPal's business model have advanced considerably over these two years. Despite this, we note that the stock is now just about flat over the past two years, and it is trading at an all-time low valuation on some metrics – at just 21X 2022 EPS and 17X 2023 EPS. Stock is cheaper still after considering the $15 billion in cash on the balance sheet and the fact that the Company has been over-investing in growth capex relative to maintenance capex. As a result, we made two additions to our PayPal position in the first quarter.

The End of an Error. The Beginning of an Error.



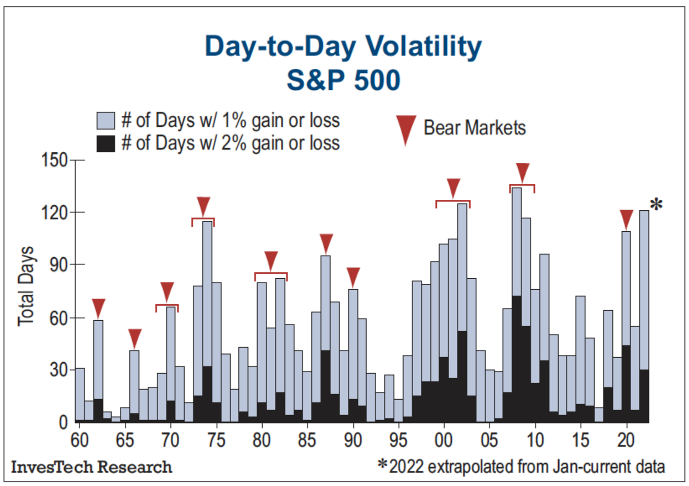
The Era (Error) of Quantitative Easing (QE) is over. The Era (Error) of Quantitative Tightening (QT) has begun. QE should have ended well over a year ago. That policy error (transitory inflation) will go down in the annuals as one of the worst predictions emanating from the hallowed halls of the Eccles Building since the 2007 prediction that the then mortgage-banking crisis would be contained to subprime mortgages. We ended our last Letter with an easy market prediction:

"At Wedgewood we expect a very volatile 2022, particularly on the downside – QT will see to that. QE has been the oxygen for financial markets for so long that we suspect that far too many market participants can't remember a time without such market steroids."

"Long term investors should root for such downside. Such times are opportunities to improve portfolios. Our pencils are sharpened for opportunities as Mr. Market serves them up."

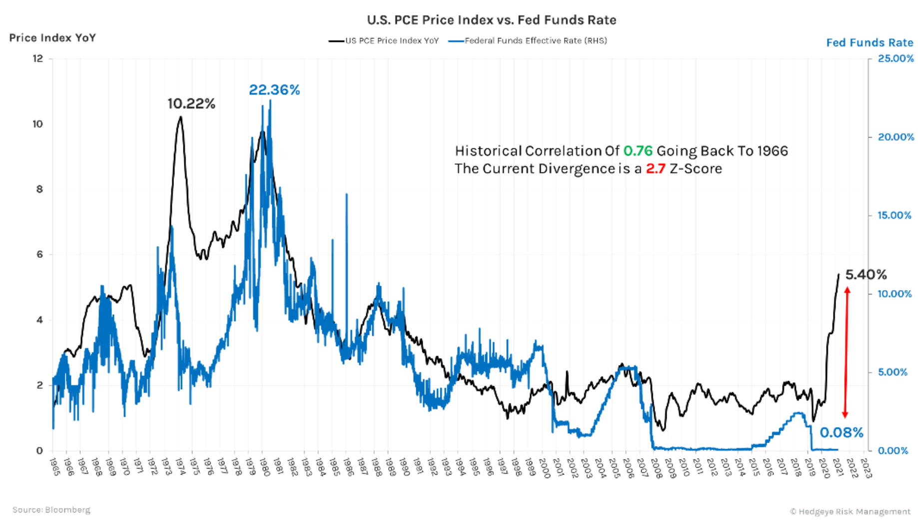
Mr. Market didn't disappoint during the first quarter. Stock market volatility has been notably higher well into April, too. The 8-year Russo-Ukrainian War, plus the tens of millions (and growing) in COVID lockdown speak to unspeakable humanitarian disasters. We are already seeing the financial shocks out of Ukraine, the breadbasket of Europe, plus supply chain pileups in the ports in and around Shanghai. Bloomberg reports *477* bulk cargo ships are currently waiting in ports in China to deliver all means of raw materials. As of this writing, it looks like the Port of Guangzhou (larger than all of the combined imported containers to U.S. ports) will be shut down too.

We've already had plenty of swings so far this year with additions to five portfolio positions. We expect to be busy this year as all financial markets come to grips with the Federal Reserve's unprecedented task of reigning in 40-year highs in inflation with two monetary tightening tools – sharply higher levels in the Federal Funds Rate and the blunt too of reducing trillions from the Fed's gorged balance sheet.

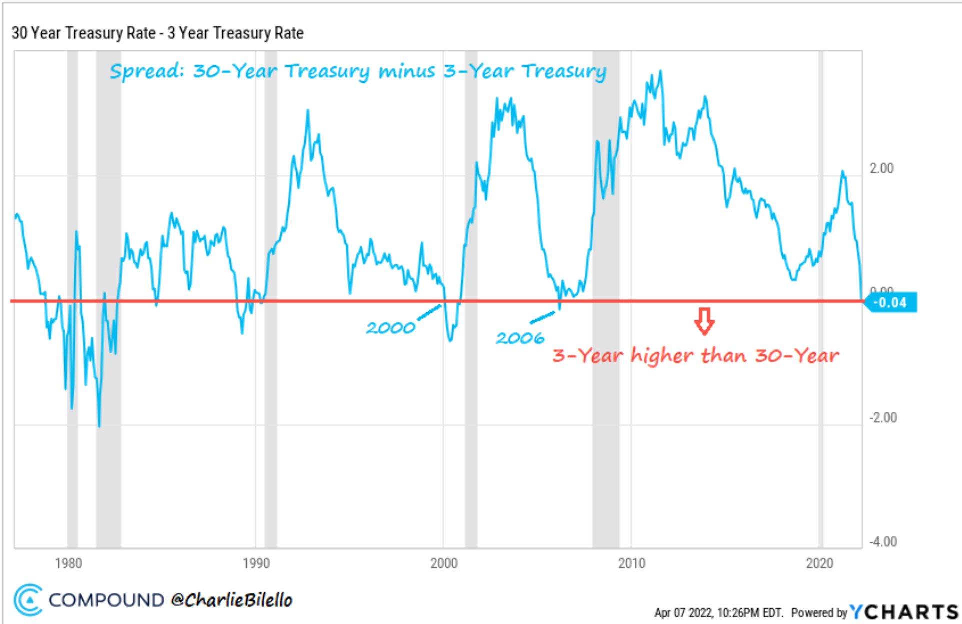


How far do we think the Fed will go in their new excellent adventure of QT? We don't know. The Fed's new mission will be to put a top in inflation, not a bottom in asset prices. Another easy forecast based on the Fed's long history, we are sure they will proceed until Powell & Co. breaks something – the bond market, the stock market, or the junk bond market. The bond market has priced in an eventual Fed Funds Rate of 3.00%. After a recent hike of just 25 basis points (1/4 of 1.00%), the Fed Funds Rate is just *0.375%*.

As we discussed in our last Letter, the Fed is woefully behind the curve in initiating QT. By some calculations, given the multi-decade spike in inflation, the Fed Funds Rate should be *5.4%*.



The Street's new parlor game is trying to decipher the odds of a new recession, given the recent inversion of the yield curve. Such recent predictions are a dime a dozen – and probably worth even less. Yield curve inversions have a rich history. Here's a few graphics to ponder for those interested in the dismal science:

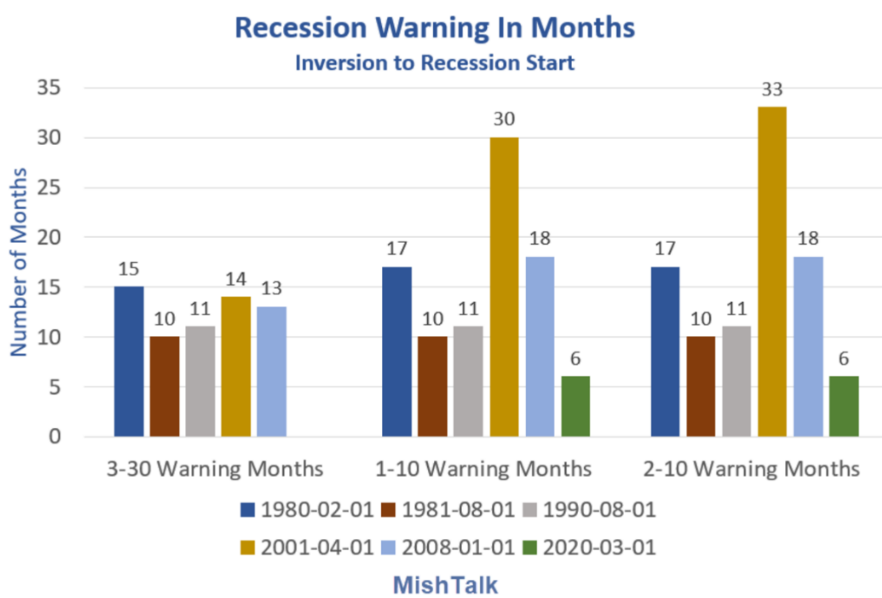


Length of time from start of a Fed hiking cycle to 2s10s inversion

Hiking Cycle Starts	First Inversion of 2s10s	Difference (months)
Apr-55	Apr-56	12
Sep-58	Aug-59	11
Jul-63	Dec-65	29
Mar-72	Feb-73	11
Dec-76	Aug-78	20
Aug-80	Sep-80	1
May-83	Dec-88	67
Dec-86	Dec-88	24
Mar-88	Dec-88	9
Feb-94	Apr-98	50
Jun-99	Feb-00	8
Jun-04	Dec-05	18
Dec-15	Aug-19	56
Mar-22	Mar-22	0
Average		23

Source: Deutsche Bank

Inverted Yield Curve (10-Yr minus 2-Yr) and Recessions (1976 - 2022)				
Recession Start	Recession End	Inverted Yield Curve Before Recession?	First Yield Curve Inversion	Lead vs. Recession Start (Months)
Feb-80	Jul-80	Yes	Aug-78	18
Aug-81	Nov-82	Yes	Sep-80	11
Aug-90	Mar-91	Yes	Dec-88	20
Apr-01	Nov-01	Yes	May-98	35
Jan-08	Jun-09	Yes	Dec-05	25
Mar-20	Apr-20	Yes	Aug-19	7
?	?	?	Apr-22	?
Average Lead Time				**19**
COMPOUND			@CharlieBilello	



The wildly fluctuating yield curve has no doubt caught the attention of the stock market. Over in the bond market, well, the fixed income folks have suffered a historical shredding – and the Fed's QT reduction of *$95 billion per month* won't start until May!

The bond market's sharp repricing is reminiscent of the bond bloodbath of 1987. Repricing in the stock market is typically quicker and deeper.

Bloomberg Barclays US Aggregate: Drawdowns >3%
(Monthly, 1976 - 2022)

Start Month	End Month	# Months	Max Drawdown (Monthly)	New High Month	# Months: Low to New High
Aug-20	Mar-22	20	-7.6%	?	?
Aug-16	Nov-16	4	-3.3%	Aug-17	9
May-13	Aug-13	4	-3.7%	May-14	9
Apr-08	Oct-08	7	-3.8%	Dec-08	2
Jun-03	Jul-03	2	-3.6%	Dec-03	5
Feb-96	May-96	4	-3.2%	Oct-96	5
Feb-94	Jun-94	5	-5.1%	Feb-95	8
Mar-87	Sep-87	7	-4.9%	Dec-87	3
Feb-84	May-84	4	-4.9%	Jul-84	2
May-83	Jul-83	3	-3.5%	Sep-83	2
Jul-80	Sep-81	15	-9.0%	Nov-81	2
Aug-79	Feb-80	7	-12.7%	May-80	3

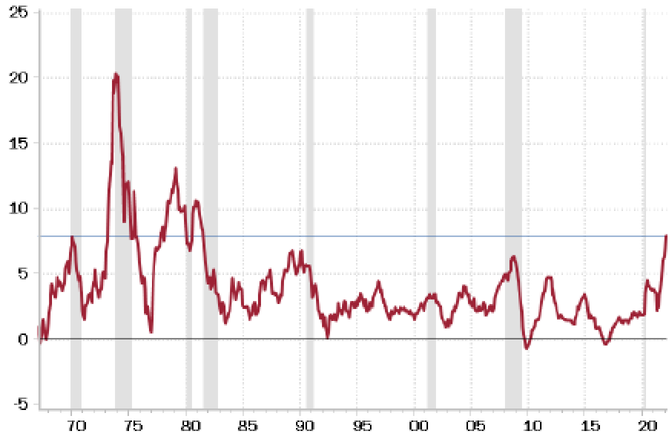
COMPOUND @CharlieBilello

Given that real yields are still the lowest on record, in an uber-inflationary environment, this encourages borrowing and spending – all the while discouraging saving. Why hold cash when inflation on all fronts shreds its purchasing power? In turn, any acceleration in spending will only serve to exacerbate the Fed's dismal monetary science experiment.

We suspect that the stock market may pay more attention to consumer and corporate behavior in this new, evolving *That '70's Show.* We expect inflation to remain cyclically higher than we've seen in decades. We have two generations of c-suite executives that have never managed in a high inflationary environment. We have two generations of analysts and portfolio managers who have never invested in a high-inflationary environment. Pre-2022: *"I can't believe how high stock valuations can get!"* Post-2022: *"I can't believe how low stock valuations can get!"* Consumers are in a state of inflation shock. The graphics below tell the tale of consumer woe:

CHART 4: Food Inflation Is the Highest Since July 1981!

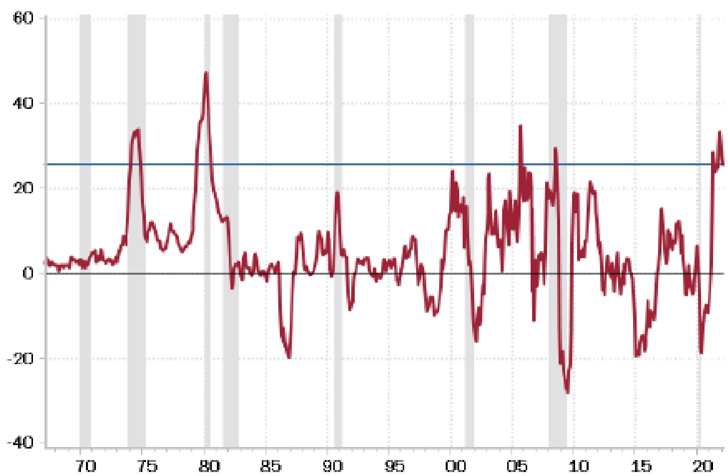
United States: *CPI: Food*
(year-over-year percent change)



Shading indicates recession
Source: Haver Analytics, Rosenberg Research

CHART 5: Energy Inflation in the Double-Digits for 12 Months Running!

United States: *CPI: Energy*
(year-over-year percent change)



Shading indicates recession
Source: Haver Analytics, Rosenberg Research

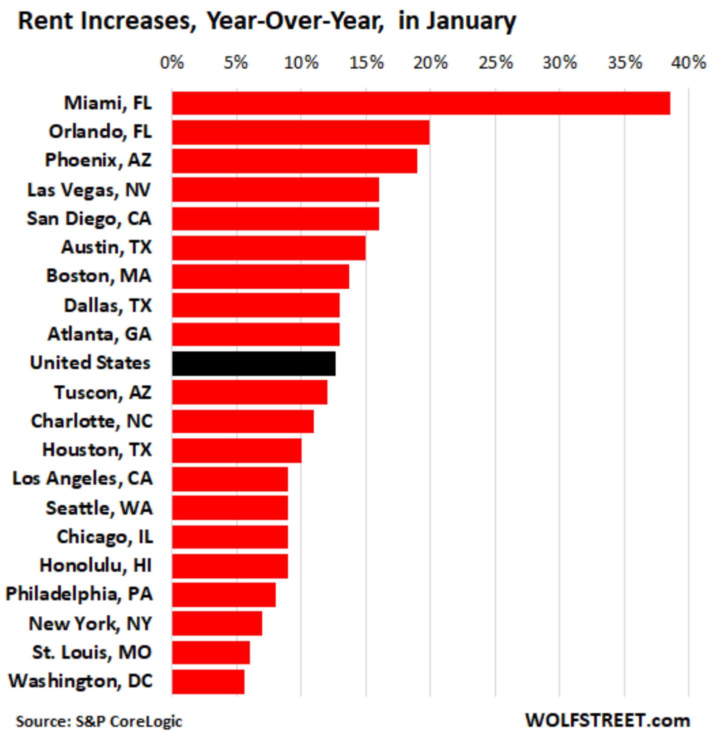
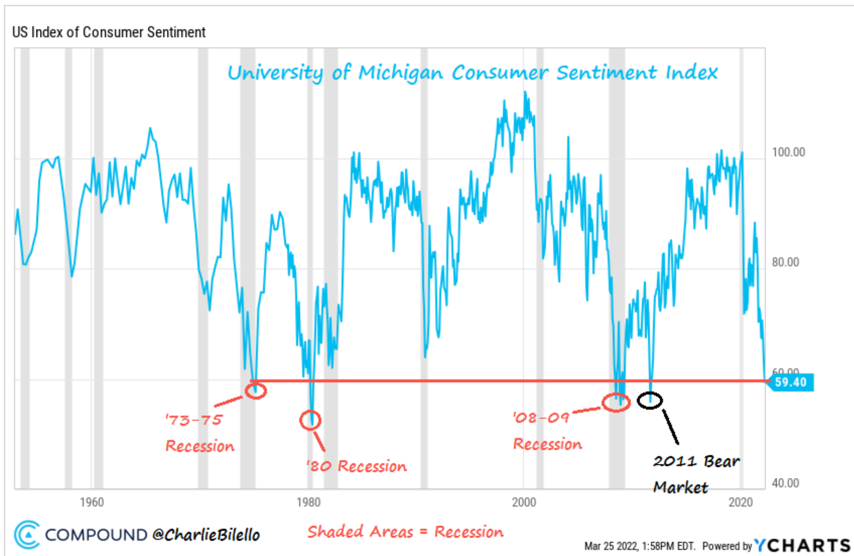


CHART 6: Green Commodity Index

Note: includes copper, nickel, lithium, cobalt, aluminum, silver, natural gas, uranium and carbon credits
Source: Bloomberg, Rosenberg Research

Consumers are so shocked by the current generational inflation spike that the recent plunge in the University of Michigan Consumer Sentiment Index is at levels only seen in deep recessions.



Corporate margins are under considerable strain too. Higher input prices (Producer Price Index) take many quarters to pass on to customers (CPI). The recent release of the PPI for March was the *highest on record* at +11.2%. Recall too corporate margins ended 2021 at record levels.

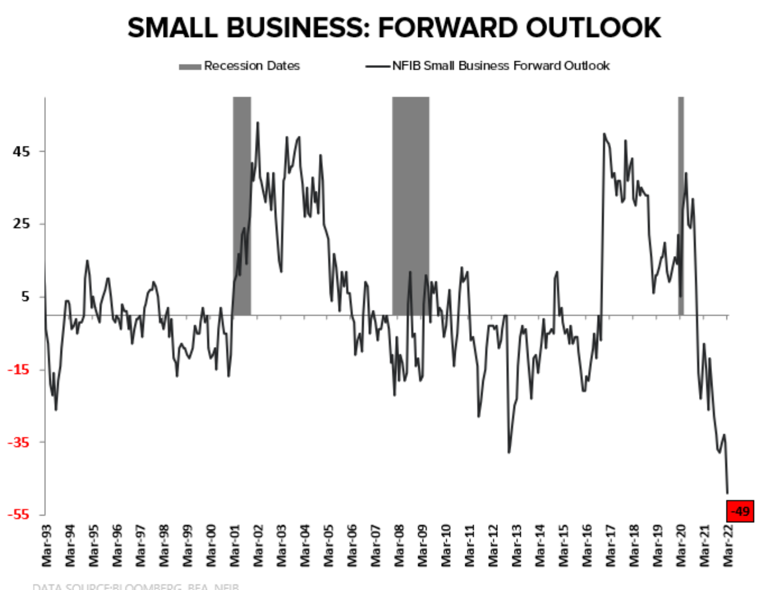
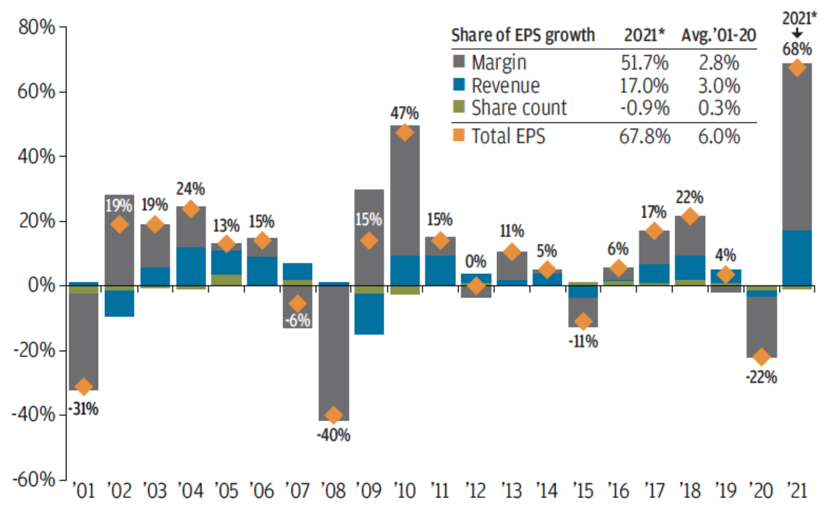


Exhibit 7: Margins may come under pressure in 2022

ANNUAL GROWTH BROKEN INTO REVENUE, CHANGES IN PROFIT MARGIN & CHANGES IN SHARE COUNT



Source: FactSet, Compustat, Standard & Poor's, J.P. Morgan Asset Management. Data are as of November 30, 2021.

Powell & Co. surely note that the sharp rise in inflation anywhere and everywhere is the mirror opposite of consumer polls – and yes, political polls as well. The Federal Reserve is a political animal too. It's rare for the Fed's political bosses to be ignored. Powell & Co. face a Hobbesian Choice to break inflation or break the markets. We suspect they might do both.

Our playbook remains the same.

We are buckled up for continued bargain hunting.

April 2022

David A. Rolfe, CFA	Michael X. Quigley, CFA	Christopher T. Jersan, CFA
Chief Investment Officer	Senior Portfolio Manager	Research Analyst

Top Ten Holdings

The below charts depict the top 10 holdings as of the end of the quarter.

Holdings	Percent of Net Assets
Meta Platforms, Inc.	7.8%
Alphabet, Inc.	7.6%
Apple Inc.	7.4%
Visa Inc.	6.9%
Tractor Supply Co.	6.8%
Microsoft Corp.	6.1%
Motorola Solutions, Inc	5.9%
CDW Corp.	5.5%
TSMC	5.4%
Edwards Lifesciences Corp.	5.2%
Total	**64.5%**

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

The information and statistical data contained herein have been obtained from sources, which we believe to be reliable, but in no way are warranted by us to accuracy or completeness. We do not undertake to advise you as to any change in figures or our views. This is not a solicitation of any order to buy or sell. We, our affiliates and any officer, director or stockholder or any member of their families, may have a position in and may from time to time purchase or sell any of the above mentioned or related securities. Past results are no guarantee of future results.

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 summary and full prospectuses, 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. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from social, economic or political instability in other nations. Narrowly focused investments typically exhibit higher volatility. There can be no assurance that the Fund will achieve its stated objectives. The Fund is not diversified.

The RiverPark Funds are distributed by SEI Investments Distribution Co., which is not affiliated with Wedgewood Partners, RiverPark Advisors, LLC, or their affiliates.

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact.

Wedgewood Partners is committed to communicating with our investment partners as candidly as possible because we believe our investors benefit from understanding our investment philosophy, investment process, stock selection methodology and investor temperament. Our views and opinions include "forward-looking statements" which may or may not be accurate over the long term. Forward-looking statements can be identified by words like "believe," "think," "expect," "anticipate," or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate.

The information provided in this material should not be considered a recommendation to buy, sell or hold any particular security.