RIVERPARK FUNDS

Q2 2012

RiverPark Long/Short Opportunity Fund

Second Quarter 2012 Performance Summary

The volatility of the last few years has continued into 2012 as the strong upward move in the markets (+12.6% as measured by the S&P 500 total return) and in our Fund (+21.0%) from the first quarter gave way to a very difficult and volatile period for equities in the second quarter (-2.8% for the S&P 500, -3.6% for our Fund).

Performance as of June 30, 2012

	Fund Performance	S&P 500 w/ Dividend Performance	Morningstar L/S Equity
Current Quarter	(3.60%)	(2.75%)	(3.05%)
Year To Date	16.69%	9.49%	1.78%
One Year	19.61%	5.45%	(2.42%)
ITD Annualized	11.43%	11.95%	1.49%
ITD Cumulative	34.66%	36.41%	4.14%

Contribution and Average Exposure Since Inception

Fund Contribution	
Long	Short
46.93%	(4.48%)

Fund Exposure			
Long	Short	Gross	Net
105.39%	50.59%	155.98%	54.80%

The performance data quoted is that of the Predecessor fund. The Predecessor fund was not a registered mutual fund and was not subject to the same restrictions as the Fund. Although the investment strategy employed by the Mutual Fund is materially similar to that of the representative performance, the representative performance does not represent historical performance of the Mutual Fund and is not necessarily indicative of future performance of the Mutual Fund. Fund performance is net of all fees and expenses. Performance shown for periods of one year and greater are annualized. Predecessor fund inception: 9/30/2009.

The performance quoted herein represents past performance. Past performance does not guarantee future results. 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. High short-term performance of the fund is unusual and investors should not expect such performance to be repeated. For performance data current to the most recent month end, please call 888.564.4517.

Investors reacted quite negatively during these last few months to, among other things, the heightened Euro crisis, signs of an economic slowdown in the U.S., China and India, and the continued flailing of political leaders at home and abroad as they attempt to address these issues (or avoid addressing them altogether). This increased uncertainty led to a sharp downward move in the markets in May (-6.3% for the S&P 500) that was somewhat offset by a strong rally on the last day of the quarter (+2.5% for the S&P 500 in a single day) in response to some reported progress in Euro-zone negotiations. This volatility and downward bias has continued as we enter the third quarter and the earnings reporting season.

Although short-term macro issues are important to include in our analysis, we find it equally important to keep them in context. Rather than react tactically to each data point, we focus on the long-term

fundamentals of the businesses in which we invest, both long and short, and believe short-term market moves based on macro concerns often create investment opportunities for long-term, research-oriented investors. We discuss this philosophy in more depth in our recent Investment Strategy Update dated July 2012 that can be found on our website at www.riverparkfunds.com.

As noted above, during the second quarter, the RiverPark Long/Short Opportunity Fund's performance was -3.6%, which compared with the S&P 500's total return of -2.8% and -3.1% for the average long/short equity mutual fund (as measured by the Morningstar Long/Short Equity Index). The Fund's gross exposure averaged 149.9% and Fund's net exposure averaged 51.7% (100.8% long; 49.1% short) during the quarter. This quarter was disappointing as we underperformed the market while on average only 52% net invested. Our underperformance was driven by our long book, which negatively impacted performance by 7.2% in the period, while our shorts provided some cover, contributing 4.1%. While surely a difficult period for the Fund, it is important to view these results in conjunction with those generated in the first quarter when our long book contributed 27.6% and our shorts detracted only 6.0% in an up 12.6% market. Taken together, through the first half of the year, the Fund has gained 16.7% (vs. 9.5% for the S&P 500's total return and 1.8% for the Morningstar Long/Short Equity Index).

Since inception through June 29, 2012 and net of all fees, the Fund has returned 34.7%.[1] This compares with a 36.4% return for the S&P 500 (total return), and a 4.1% return for the Morningstar Long/Short Equity index during this same time period. Since inception, the Fund has had an average net exposure of 54.8% and gross exposure of 156.0% (105.4% long, 50.6% short).

Strategy Overview

As you may recall from our introductory letter last quarter, this Fund is the culmination of the RiverPark team's more than 17 years of investment experience together managing both long-only and long/short portfolios. During this time, we have developed an investment strategy that we believe should be successful across all economic environments and through both up and down markets. This is because we have seen innovation and secular trends drive the emergence of successful businesses (and the demise of declining businesses) across a full spectrum of varied economic conditions.

We are, first and foremost, quality growth investors. Our strategy is to invest for the long-term, based upon deep, fundamental, company-specific research, in growing companies with sustainable competitive advantages across the market capitalization spectrum. We invest in "sunrise" businesses, which we define as those that (1) are taking advantage of long-term secular changes, (2) have world class management teams, and (3) have the potential to be multiples larger in the future. As we have seen through our nearly two decades of investing, these sunrise businesses grow across all economic environments and through different market cycles.

Unlike typical growth managers, we are also value investors. A great company only becomes a great investment if it is also bought at a great price. After we identify the best-positioned companies that have substantial growth potential, we patiently wait to invest in them when there is a large disparity between our perception of value and the market's. We call this critical part of our process our "value orientation to

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[1] The Fund was first launched as a traditional hedge fund/partnership on October 1, 2009 and converted into an open-end mutual fund on March 31, 2012.

growth" and it underlies all of our portfolio decisions. By combining the best philosophies of both growth and value when investing, we strive to produce sustainable outperformance over the long-term.

Our research of long-term secular changes leads to not only finding quality growth companies that benefit from these changes, but also poorly positioned companies failing to adapt. We define these as "sunset businesses"—those that, in our opinion, have lost their competitive advantage, have their peak profits behind them, and/or have management teams whose strategic focus is misplaced. Consequently, they face the risk of multi-year declines in profit and market value. As with our long investments, we patiently wait to sell securities of these sunset businesses short when there is a large disparity between our perception of their value and the market's. Our shorts are expected to both contribute positively to our overall investment returns while also creating a natural hedge by reducing our market exposure.

We are long-term investors. We are not traders; we do not make macro bets; we do not make short-term market calls. Secular change and the transformation of businesses (like the compounding of money) take time. We match our investment horizon with that of industry changes and the horizons of the managements of the businesses in which (or against which) we invest. This long-term focus often gives us the opportunity to take advantage of current events and market volatility to construct and manage our portfolio at what we perceive to be particularly attractive valuations due to the shorter-term focus of many investors.

The flexibility of a long-short fund is particularly well suited to our investment strategy, as it is able to profit from the full scope of our research. Our intensive research leads us to identify both winners *and* losers among both large *and* small capitalization companies, all of which can be employed in a single portfolio. In addition, we have the ability to manage both our gross and our net exposures during times of short-term market volatility to enhance our returns, as well as the flexibility to use derivatives (such as options, swaps or index products) when we determine that they provide a better risk/reward.

Quarterly Highlights

Three of the five largest positive contributors to our performance during the quarter were short positions. These included department store operator **J.C. Penney** (discussed in more detail below), Mexican consumer electronics retailer **Grupo Elektra,** and subscription video service provider **Netflix**. The two top five contributors from our long book were Canadian dollar store operator **Dollarama** and e-commerce and electronics payment leader **eBay**.

Table I
Top Contributors to Performance for the Quarter Ended June 30, 2012

	Percent Impact
J.C. Penney Company, Inc. (short)	0.63%
Grupo Elektra (short)	0.57%
eBay Inc. (long)	0.41%
Netflix Inc. (short)	0.40%
Dollarama Inc. (long)	0.39%

See page 9 for Fund's top 10 holdings

Not surprising given the declining market during the quarter, the largest contributors to our losses during the quarter were all from our long book. These included alternative asset manager **Blackstone Group** (also reviewed below), payment processing vendor **VeriFone Systems**, Asian gaming leader **Las Vegas Sands**, energy services product supplier **Carbo Ceramics**, and global branded watch vendor **Fossil.**

Table II
Top Detractors From Performance for the Quarter Ended June 30, 2012

	Percent Impact
The Blackstone Group L.P. (long)	- 0.89%
VeriFone Systems Inc. (long)	- 0.80%
Las Vegas Sands Corp. (long)	- 0.67%
CARBO Ceramics Inc. (long)	- 0.57%
Fossil Inc. (long)	- 0.52%

See page 9 for Fund's top 10 holdings

On the long side of our book, we sold down several of our larger long positions that increased materially during the early part of the quarter, including data center operator **Equinix**, transaction and database marketing solutions provider **Alliance Data Systems**, and online commerce and payments leader **eBay**. All remain significant holdings in our fund following these sales. Conversely, we took advantage of the mid-quarter sell-off in several other names to increase those positions. Most notable among these purchases were the increases in our positions in alternative asset managers Blackstone and **KKR**, and IT consulting and technology services leader **Cognizant,** each of which declined significantly during the quarter.

We also added two new long positions of significance during the period. We purchased specialty coffee leader **Starbucks**, a company we have long followed and owned many years ago, and Florida-based community bank, **Everbank**, a recent IPO with top-notch management and several key Board members that we have known for many years. We believe that market conditions have given us the opportunity to invest in both of these companies at particularly attractive values given the positive dynamics that we see in both businesses. In our short book, we covered several positions that fell significantly in the quarter, some outright, including online consumer products and access provider **United Online,** and portions of others, including department store retailer **J.C. Penney.**

The above noted portfolio activity, combined with the downward move in the markets resulted in an overall decrease in gross and net exposure during the quarter for the Fund. We reduced our exposures further as we sold several call options against some of our larger and more liquid long holdings in mid-June. This strategy, which followed a substantial increase in market volatility, allowed us to take profits in some of our core holdings, while also generating additional returns by selling volatility. These portfolio changes effectively further de-risked the portfolio as we entered the second quarter earnings season.

One of the largest detractors from our performance this period, Blackstone Group, was also our largest purchase in the quarter, becoming the largest position in the Fund. Blackstone is one of the largest and most diversified alternative asset managers in the world, an industry group that has taken an increasing share of investor capital over the last several years. The secular growth of this category has been driven by the increased globalization of capitalism, the lower returns and increased volatility of the global equity markets, and the precipitous decline in yields on most fixed income products. In our opinion, this

combination has led many global investors to shift more and more of their assets towards a handful of the best positioned alternative asset managers, including Blackstone.

Blackstone has market-leading franchises in private equity, real estate, distressed debt investing and funds of funds and has grown its assets under management for the past 15 years at a compound annual rate of 27%. During this time, in its core private equity and real estate funds (its oldest and largest franchises), Blackstone has returned an average of 2.4x its investor's capital for a net internal rate of return of over 25% per year. Over its past 25 years, the company has returned over $30 billion in gains to its investors.[2] In addition to these returns, BX, like other alternative asset managers, has maintained its highly advantaged fee structure in which they earn a base management fee of 1%-2% on assets under management (this is higher than most traditional asset management firms) as well as an incentive fee of up to 20% of the profits generated for their investors. Growth in assets under management combined with this advantaged fee structure should, over time, lead to dramatic growth in the firm's earnings power.

Despite these many positive secular and company-specific traits, BX shares have been a poor performer since its 2007 IPO. The company became a publicly traded entity just before the beginning of the financial crisis in a much-hyped IPO that was priced at $31, the top-end of its range. At the time, the company had experienced several years of very strong returns and had built the business to almost $80 billion in assets under management (AUM).

By the time of its IPO, the company had liquidated many of its previous investments (especially in its real estate funds) and was eager to raise additional capital to continue its growth and diversification. The excitement for the company's IPO quickly turned to skepticism as the financial crisis unfolded and the markets began their downturn. Despite the fact that Blackstone enjoys long-term lock ups on its capital (7-10 years on average), continued to enjoy strong net inflows, and is a substantial free cash generator (with no net-debt at the parent level), the company's stock price declined precipitously along with the broader financial industry to less than $10 per share as investors struggled with the right valuation for the company. Although the stock has recovered somewhat to $13 per share, it remains 60% below its initial offering price, and at a discount to the valuation afforded most, less profitable, traditional money managers.

To us, this presents an exciting investment opportunity. Given the difficult markets, Blackstone is not currently earning a significant performance fee on its assets and has had limited realizations or market-to-market increases in its portfolio over the past several quarters. This current disappointing earnings performance has masked the company's long-term earnings power. Blackstone's assets under management are the company's primary driver of long-term earnings power, and AUM has more than doubled since its IPO to $190 billion at the end of the second quarter. Furthermore, the company has diversified into new categories such as energy and infrastructure, as well as new geographies. Because of its growth in AUM since its IPO, we believe that Blackstone has increased its competitive advantage and more than doubled its earnings power despite the fact that current macro and market conditions have led to lower near-term earnings. The company's 4% dividend yield provides an additional cushion to its stock price at these depressed levels.

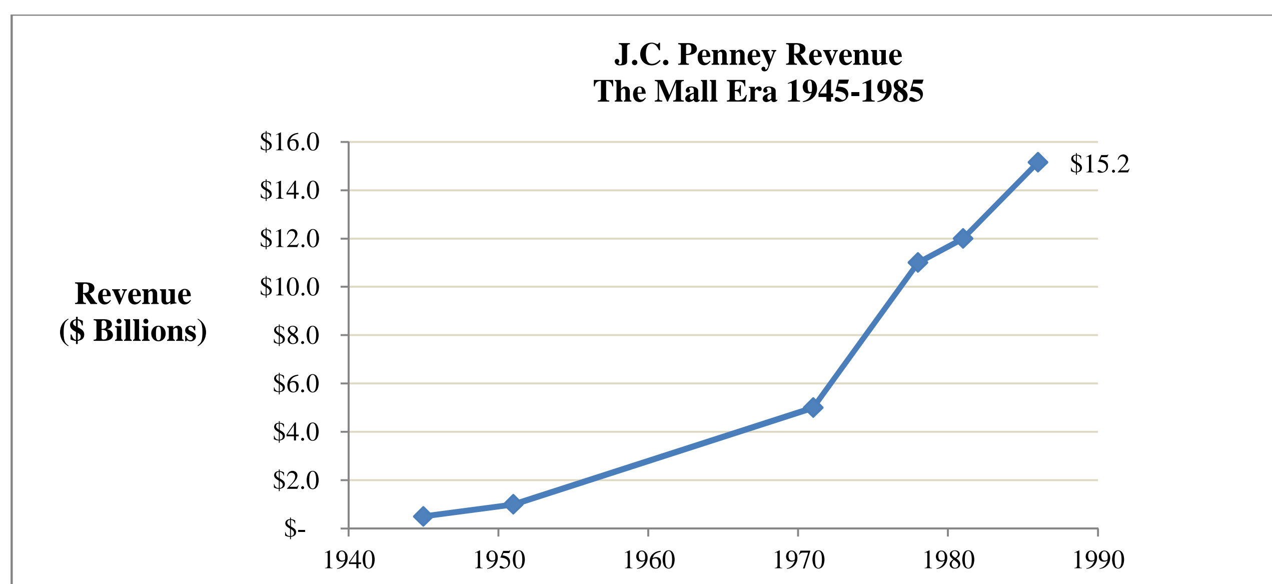
We contrast the performance of Blackstone's stock and business over the past several quarters with that of one of our more significant short positions this year, J.C. Penney. J.C. Penney is a 150 year old, moderately priced, apparel-focused department store with approximately 1,100 stores across the U.S.

[2] Per company reports and RiverPark research.

Although the company had been a leading retailer during the department store expansion in the U.S. over the last several decades, the company, like many similar retailers, has been fighting the seismic changes to its business brought on by changing consumer behaviors (the move away from shopping malls, the explosion of the Internet, consumer deleveraging) and the overstored nature of the US retail landscape.

Years ago, department stores were sunrise businesses. There was a "Mall Era" where, for 40 years, department stores benefitted from the secular trend of the American migration away from the city to the suburbs. This led to the first building of outdoor malls (1940s), the first indoor malls (1950s), and their proliferation (1970s), until malls became a core part of American culture (1980s).

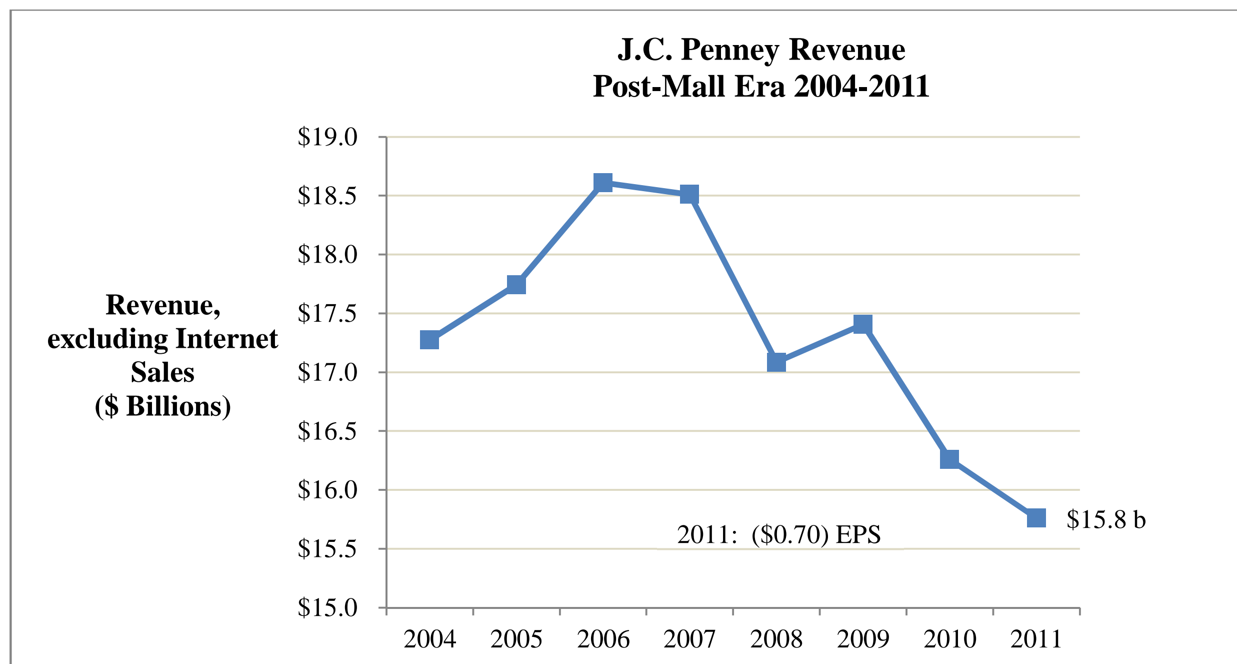
Like other department stores, JC Penny benefitted from the Mall Era secular trend.



Source: International Directory of Company Histories

Sunrise turned to sunset for malls in the 1990s. Many of the initial suburban malls began to decay. Population movements back to cities left the demographics of many suburban towns no longer supportive of so much retail square footage. It has been more than six years since a new enclosed mall opened in the U.S. and, according to real estate research firm Green Street Advisors, 10% of the nation's 1,100 malls are on the verge of failure. Department stores, the anchor tenants in most of these malls, have suffered from these broad dynamics. The rise of specialized stores (Coach, Ralph Lauren), discount shops (Dollar Stores), factory outlet malls, category killers (Bed Bath and Beyond), and e-commerce leaders (Google, eBay) have also competitively pressured department stores.

This Post-Mall Era has been difficult to ignore and has shown up in J.C. Penney's financial reports over the last several years.



Source: Bloomberg and company reports.

Today, JC Penney is a struggling, sunset business attempting to adapt to these changes. Nevertheless, excitement returned to the company starting in 2010 with the disclosure of significant ownership positions by several prominent investors, and continuing through 2011 with a change in management. JCP shares had a notable advance in the fall and winter of 2011-2012 from several new management announcements; including the arrival of former Apple retail Chief Ron Johnson. JCP shares continued to advance in January and February on several announcements, including a high-profile management presentation to Wall Street that outlined a dramatic plan to transform the company by changing its merchandise planning, its pricing, and its couponing strategies. Not surprisingly, many Wall Street analysts applauded the presentation, raised their earnings estimates to meet the company's new guidance, and strongly recommended purchase of the stock. Our research showed the targets to be aggressive, especially for a company fighting secular decline.

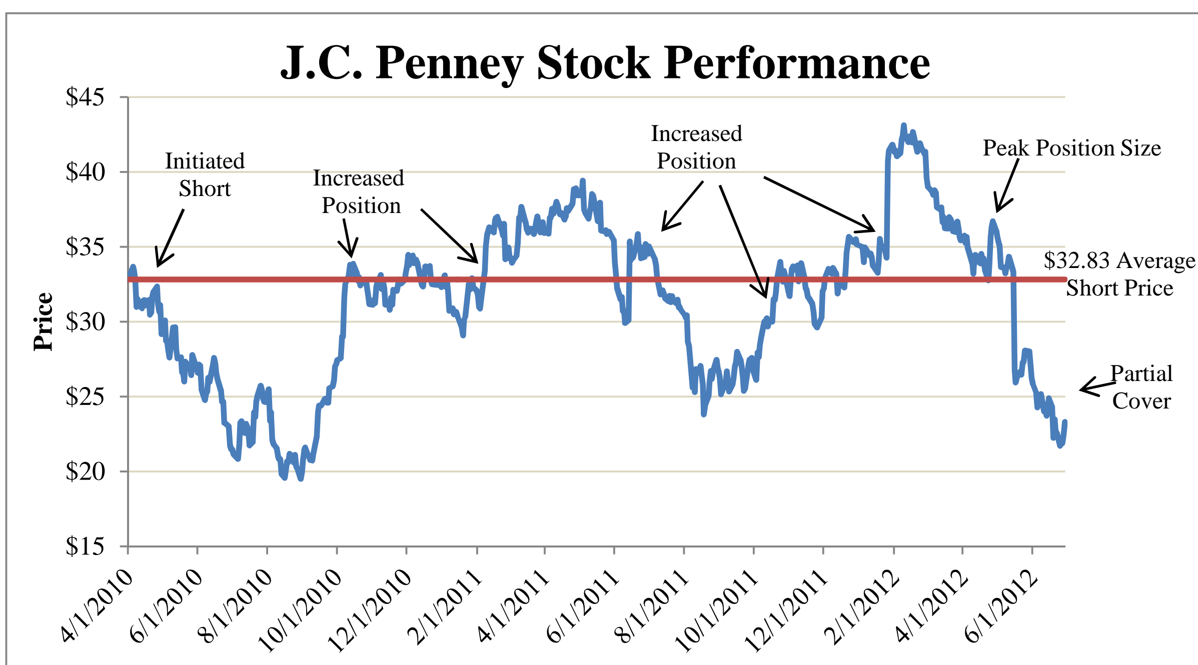
We initiated a small short position in J.C. Penney in May 2010, slowly increasing it through 2010 and 2011, which was a drag on our performance as the positive news from the company drove JCP shares higher. We increased our position significantly in response to the stock's dramatic rise, at its peak in May 2012 making the position 3.5x larger than our initial position two years prior in May 2010 and one of our largest short positions in early 2012.

We have seen few examples of sunset businesses overcoming a secularly challenged industry and returning to a sunrise business, particularly through only a change in management or new pricing strategies. Mr. Johnson and his new hires are a small fraction of the 150,000 employees at J.C. Penney and their arrival at the company would, in our opinion, have little impact on the headwinds of an outdated department store footprint with oversized stores in declining suburban malls trying to attract an increasingly value and Internet-focused shopper. The market's optimism for the company's rebound

seemed to us to be premature at best. This is especially true in contrast to the 'retailer' that Mr. Johnson left, Apple, which, while currently performing exceptionally well with a secular tailwind, was trading at a fraction of the relative value being afforded to JCP shares.

While we have great respect for Mr. Johnson and his new hires, as well as the company's new investors, our research with vendors, real estate professionals, and consumers has produced no evidence to indicate that any of the company's plans were actually working. In fact, we have seen the opposite. The pricing strategy has proven to be confusing, the advertising to be ineffective, and the morale at the company to be poor. Despite these negative data points, at its peak price this year, JCP shares traded at nearly 40x its trailing 12-month earnings, making it one of the most expensive retailers that we follow.

In the months that followed, the company reported terrible first quarter sales. Customer traffic declined 10%, customer conversion declined 5%, and average customer spends declined 5% leading to same store sales down 19%, as bad as we have ever seen in retail. The company suspended its dividend and has already parted ways with one of Mr. Johnson's key, high-profile hires. Management has since stressed to investors that its changes will take a long time to implement, with 2012 as a year of transformation. Analysts have since taken their earnings estimates back down and several have wondered if the company may have liquidity issues during the transformation. In response, JCP shares have fallen 46% from its February peak, well below our initial short position, and even further below our peak and average position. While we continue to see significant challenges in the company's business plan, we have covered a significant portion of our position.



In both of these positions (long Blackstone/short J.C. Penney), the fundamental changes at the company (secular trends, quality of business, decisions by management) when combined with a short-term change in valuation helped to drive our portfolio decisions. In the case of J.C. Penney, a substantial portion of the profit from our decision has been harvested while, in the case of Blackstone, the seeds have now been planted.

Industry Exposure and Significant Long Positions

Below are the industries representing our most significant long and short exposures as of the end of the second quarter.

Long

- E-Commerce and Internet Media
- Electronic Payments
- Mobile Computing
- Global Brands
- Alternative Asset Manager
- Digital Marketing/Loyalty
- International Gaming
- Energy Services
- Datacenters
- Global Agriculture
- Dollar Stores
- Natural Gas E&P
- Next Generation Media

Short

- Food & Drug Retail
- Console Video Games
- Apparel/Department Store Retail
- Defense Contractors
- Legacy Consumer Electronics
- PC Stack
- Matured Business Services
- Traditional Media
- For Profit Education
- Cable and Satellite
- Commodity Hardware/Components
- Big Box Retail

In addition, below is a list of our top ten individual holdings as of the end of the quarter:

Top 10 Long Equity Positions (as of month-end June 2012)

Company	Position Size
The Blackstone Group	4.7%
Apple	3.4%
Google	3.4%
Equinix	3.1%
Monsanto	3.1%
Qualcomm	3.0%
Las Vegas Sands	2.8%
eBay	2.8%
Cognizant Technology Solutions	2.7%
Dollartree	2.5%
Total	**31.5%**

This is a representative (non-exhaustive) list of our largest current long and short themes and top 10 long positions. Holdings subject to change.

Summary

We believe our secular-themed, large and small capitalization, long and short portfolio is well positioned to continue to generate strong absolute and relative performance. While market volatility continues and macro-economic challenges remain, the long-term drivers benefitting our long portfolio and pressuring our short portfolio have not changed.

We will continue to keep you apprised of our process and portfolio holdings. As always, please do not hesitate to contact us if you have any questions or comments about anything we have written in our letters or about any of our Funds.

We thank you for your support as early investors in the RiverPark Long/Short Opportunity Fund.

Sincerely,

Mitch Rubin
Portfolio Manager and Chief Investment Officer

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 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. 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.

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 upper 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.

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.

Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The "Morningstar Long/Short Equity Category" is the average performance of the 243 funds that currently comprise Morningstar's Long/Short Equity Category.

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

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