RIVERPARK FUNDS

RiverPark Floating Rate CMBS Fund

(RCRIX)

First Quarter 2017 Commentary and Outlook

This is our second quarterly letter since launching the RiverPark Floating Rate CMBS Fund (the "Fund"), as the successor to a private fund that we managed employing the same investment strategy for over six years. We are excited to bring to a larger audience an investment opportunity that has historically been available only to large institutional investors.

We invest primarily in floating-rate commercial mortgage-backed securities ("CMBS"). We focus on CMBS that are secured by institutional-quality[1] commercial real estate assets, primarily in the U.S, and that have conservative credit metrics and strong sponsorship from owners including Blackstone, Brookfield, Related and Goldman Sachs. We believe that the Fund is a compelling investment for those investors seeking income in today's economic environment as it offers a combination of reduced interest rate risk (due to our floating rate investments) and favorable credit risk profile (due to our low leverage loans secured by high quality real estate and backed by strong institutional sponsors) at an expected yield to maturity of approximately 6% (gross).[2]

The Fund is structured as an Interval Fund. The Fund publishes its net asset value ("NAV") at the end of each business day, accepts capital daily from investors at NAV and offers the possibility of quarterly redemptions directly from the Fund at NAV. Income from the Fund will be distributed to shareholders monthly. The Fund is available on the Schwab platform and has the ticker symbol "RCRIX".

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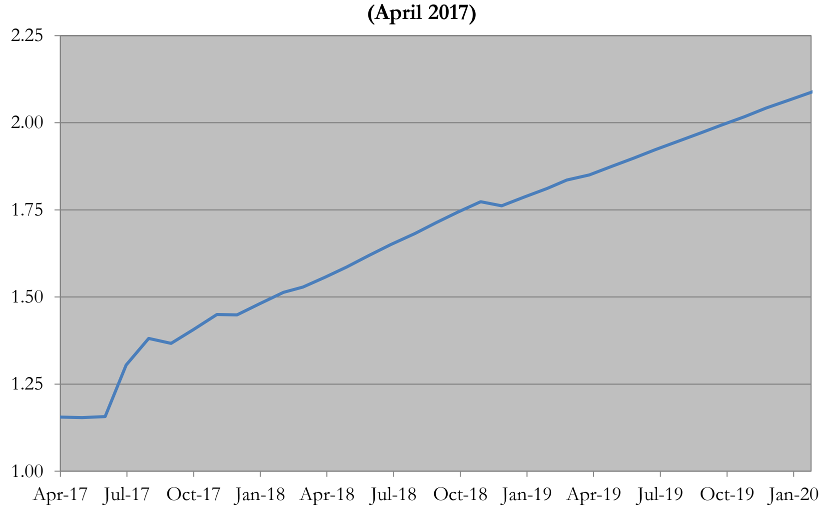
[1] Institutional quality properties are those commercial real estate properties of a sufficient size and stature (typically $100 million and greater) that they merit attention by large national or international "Institutional" investors. These properties are of a high quality design and construction, are typically large (often exceeding 500,000 square feet for an office property or 100 rooms for a hotel), and will have state of the art systems and facilities. Often they have a lead tenant for whom the property is named (or a major "flag" such as Hilton, Hyatt, Four Seasons, etc. in the case of a hotel asset) and are typically located in a prime location.

[2] Reflects the yield-to-maturity (contractual) for the Fund's investments assuming continued performance, repayment in-full at maturity, current NAV, and the current one-month LIBOR forward curve.

Performance - First Quarter 2017

During the first quarter, the Fund generated a 1.64% net return, which was in-line with our expectations. At March 31, 2017, the Fund held 25 performing CMBS investments, discussed in detail below, totaling $56 million (including cash). All of the Fund's investments pay a current coupon and 85% of the Fund's assets are floating-rate that re-price monthly to one-month LIBOR (excluding the two floating rate CLOs that re-price to three-month LIBOR). As LIBOR rates increase (as they did by approximately 27% to 98 basis points, from December 2016 to March 2017), these increases (or decreases) are passed through as a part of the investment's current coupon.

1-Month Forward LIBOR Curve
(April 2017)



Source: Bloomberg

Investment Strategy - Portfolio Construction

Our investment process is a fundamental based "bottom up" approach that emphasizes intensive due diligence of the underlying real estate. The following concepts are fundamental to our investment analysis.

Loan-to-Value Ratio (or LTV). In order to calculate the Loan-to-Value Ratio at our level in the capital structure (our "attachment point"), we add up all of the senior and pari passu debt (the "Total Loan") and divide that amount by the underlying value of the commercial real estate

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securing the Fund's investment. The Loan-to-Value Ratio is key to understanding what would happen to our investment if real estate values were to fall. If the Total Loan is $200 million and the property is appraised at $400 million, then the Loan-to-Value ratio would be 50%. A lower Loan-to-Value Ratio indicates that our investment has more credit support than a loan with a higher LTV.

Debt Coverage Ratio. This ratio is key to understanding how strong the underlying cash flow of the real estate is compared to the amount of debt on that asset. The ratio is calculated by dividing the net cash flow generated by the asset by the amount needed to pay the monthly loan payments at the level of the Total Loan. If the property generates $1 million per month and the debt service is $250,000 per month, then the Debt Coverage Ratio would be 4x. A higher Debt Coverage Ratio indicates stronger cash flow than a lower one.

Debt Yield. This is another way of testing the strength of the underlying cash flow and is closely linked to Debt Coverage Ratio. The Debt Yield is the amount of annual cash flow generated by the property divided by the principal amount of the Total Loan. If the property generates $1 million per month or $12 million per year and the Total Loan is $100 million, then the Debt Yield would be 12%. A higher Debt Yield is stronger than a lower one.

The Fund's investments have the following characteristics as of March 31, 2017:

Number of Investments:	25 (average investment size of $2.2 million)
Purchase Price:	98% (of face)
Weighted. Avg. Coupon:	4.66%
Loan-to-Value Ratio:	44%
Debt Coverage Ratio:	4x
Expected Maturity [(3)]:	3.4 Years
Current Yield-to-Maturity [(4)]:	6.3% (gross)

[3] Represents the contractual maturity of the Fund's loans (or earlier repayment date, if known). Note that 85% of the Fund's current investments are floating-rate and freely open to repayment; based upon historical performance, a two-year repayment date is anticipated by the sub-advisor, though no such repayment date can be assured.

[4] See footnote two on page 1.

Investment Outlook – First Quarter 2017

Thus far, 2017 has presented a stable climate for CMBS investing. CMBS new issuance of $12 billion in the quarter was down by approximately 30% from the same quarter in 2016, due primarily to the market's adjustment to the Risk Retention rules in Dodd Frank that took effect on January 1, 2017. The CMBS pipeline indicates that the adjustment period is mostly over, with estimated issuance back up to $17 billion for the second quarter. Importantly, approximately 25% of first quarter CMBS issuance was represented by Single Asset / Single Borrower (SASB) transactions, which we favor.

Regarding CMBS new issuance spreads during the quarter, the benchmark AAA narrowed from swaps + 115 basis points to swaps + 93 basis points due to healthy fundamentals in the asset class and the reduction in new issuance supply.

We are attracted to floating-rate commercial real estate debt due to its stability, current monthly income and ability to capture upside should interest rates continue to rise. Below are trends impacting the market.

- **Interest Rates.** We anticipate that interest rates will continue to rise, with two or three additional rate hikes predicted in 2017. During the quarter, we saw one-month LIBOR (CMBS' primary floating-rate index) increase 27% to 98 basis points and one-year forward LIBOR of 1.79% (we recall one-month LIBOR rates as high as 4.5% in 2008). Since 85% of the Fund's investments re-price to LIBOR, we capture this potential upside and further, unlike fixed-rate loans, our investments are not expected to decline in value as interest rates rise.
- **Risk Retention.** Risk Retention has been adopted for CMBS with 15 transactions priced ($12 billion) in the first quarter and robust issuance in the pipeline.
- **Wall of Maturities.** Approximately 10% of the CMBS market is maturing during the second and third quarters of 2017. We believe that this higher level of maturities (many from the high leverage 2006/2007 vintages) will create buying opportunities as the refinancing of these maturing loans is expected to lead to an increase in CMBS issuance.
- **Retail Property Woes.** At present, we are overweight office and hospitality assets and are underweight retail. We prefer office for stability and hospitality as a way to capture

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operating upside in a higher inflation environment. Retail continues to be a very challenging sector that requires careful and disciplined due diligence.

Throughout 2017 we will continue to emphasize high-quality investments (in terms of asset quality and sponsorship) with a strong bias towards floating-rate assets and an emphasis on office and hospitality assets. In all instances, we are focused on performing loans, in good locations, with robust cash flow coverage, and conservative Loan-to-Value Ratios.

Detailed Asset-by Asset Portfolio Review

The Fund is currently invested in primarily Single Asset / Single Borrower CMBS investments with an average loan size in excess of $500 million. We are biased to these assets as they tend to represent higher quality, more institutional properties, with stronger sponsorship (typically, leading private equity and investment funds).

During the quarter, the Fund acquired seven new CMBS investments and made one small "add on" investment in the Four Season Hualalai, for total new investments during the quarter of $14 million. Additions to the portfolio this quarter are highlighted below in addition to any substantial updates for existing investments. As of March 31st, the Fund was 99% invested.

1. **Hyatt Hotel Portfolio $3.0mm (5% of portfolio) sponsored by Lone Star**
   This loan is secured by a diversified portfolio of 38 high-performing Hyatt hotels (with 5,000 keys) in 21 states and with no single asset representing more than 5% of the portfolio's cash flow. The hotels enjoy penetration levels exceeding 100% in terms of occupancy, ADR and RevPAR and the loan has an attractive basis of less than $58k/key, a Debt Coverage Ratio of 6x, a loan maturity of less than 3 years and a coupon of LIBOR + 3.80%.

2. **Golden Living Term Loan $3.0mm (5% of portfolio) sponsored by Fillmore Capital**
   We have been an investor in this loan in multiple formats for many years and know the sponsor and portfolio of 300 skilled nursing facilities well. This loan benefits from an attractive basis of less than $30k/bed, a Debt Yield of over 20%, a loan maturity of just over one year and a coupon of LIBOR + 8.25% (with a 1.0% floor). This month, we profitably sold the loan ahead of the announced early repayment in April.

3. **Willis Tower Chicago $2.5mm (5% of portfolio) sponsored by Blackstone**
   The Fund purchased this loan, secured by the iconic Willis Tower (fka the Sears Tower) in the West Loop of downtown Chicago, directly at the offering. Owned by Blackstone, the

Fund's "A" rated floating-rate CMBS benefits from a basis of less than $182sf, a Debt Yield of 13%, a coupon of LIBOR +1.20% and a 5 year term.

4. **<u>Citi 2017-P7 Conduit $2.0mm (4% of portfolio) sponsored by Various Borrowers</u>**
The Fund invested in the "BBB" CMBS of this risk retention compliant new issue conduit transaction during a period of market weakness at an opportunistic price of swaps + 365 basis points for a total yield-to-maturity of 6%. This $1 billion portfolio consists of 46 loans and benefits from a 59% LTV and a 2x Debt Coverage Ratio.

5. **<u>Sava Portfolio $1.6mm (3% of portfolio) sponsored by Rubin Schron, et. al.</u>**
We have been an investor in this loan in multiple formats for many years and know the sponsor and portfolio of 300 skilled nursing facilities well. This "AA" rated CMBS benefits from an attractive basis of less than $24k/bed, a Debt Yield of greater than 30%, a loan maturity of just over four years and a coupon of LIBOR + 2.30%.

6. **<u>Theraldson Hotels $1.3mm (2% of portfolio) sponsored by Goldman Sachs</u>**
We have invested for a number of years in this portfolio of 152 diversified hotels (with nearly 15,000 rooms), which is sponsored by Goldman Sachs. The Fund owns the "A" tranche, which has a basis of $40k/key, a Debt Yield of 20%, a loan maturity of just over one year, and a coupon of LIBOR + 2.65%.

7. **<u>Eleven Penn Plaza NYC $1.1mm (2% of portfolio) sponsored by Vornado Realty Trust</u>**
This loan is secured by Vornado's 1 million square foot Manhattan office tower next door to Penn Station and known as "Penn Plaza." This fixed-rate loan, which matures in 2020, has a coupon of 4% and benefits from favorable metrics including a LTV of 47%, a basis of $353 per square foot and Debt Coverage Ratio of 2.5x.

The below investments, owned in the portfolio since year-end 2016, had noteworthy updates:

- **<u>Gramercy 2005 CDO $4.2mm (8% of portfolio) sponsored by CW Capital</u>**
Based upon repayments of the underlying loans, cash proceeds in this "legacy" front-pay CLO asset fully collateralize the Fund's investment and we anticipate being repaid in full by the end of April 2017.

- **<u>Equity Inns Hotel Portfolio $1.8mm (3% of portfolio) sponsored by Goldman Sachs</u>**
This diversified portfolio consists of 96 properties and over 11,000 rooms. Based upon published reports, we anticipate that the Fund will be refinanced out of this investment in

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April/May 2017 (two years ahead of contractual maturity). We have invested in this portfolio for other clients since 2007.

Willis Tower Chicago

Eleven Penn Plaza - NYC

Conclusion

We are excited about the market prospects in CMBS and are hard at work sourcing new investments, actively managing the existing portfolio and carefully analyzing our markets. We are uncovering attractive opportunities in both the new issue and legacy markets and anticipate seeing numerous opportunities in the year ahead. Importantly, our team has over $10 million invested in the Fund. We believe that fixed-income assets are an important part of any comprehensive investment strategy, and that in this environment, investors can best protect their capital, while generating upside, by investing in floating-rate securities such as LIBOR-based floating-rate CMBS, which are the dominant investment type for the Fund.

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. For more information about Talmage, please visit the website at www.talmagellc.com.

Talimco, LLC, a Registered Investment Advisor subsidiary of Talmage, LLC is the named sub-adviser to the Fund.

Mutual fund 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. Securities backed by commercial real estate assets are subject to securities market 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.

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