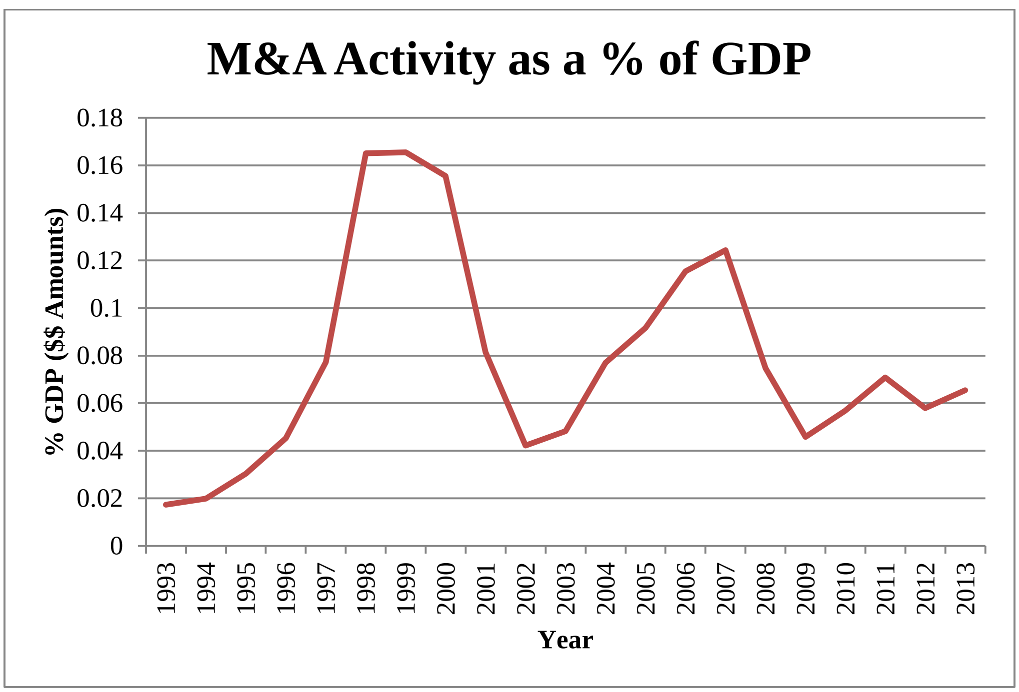
RIVERPARK FUNDS

RiverPark Short Term High Yield Fund
&
RiverPark Strategic Income Fund

July 2014

Finding Value in the Wake of M&A Activity

In terms of M&A activity, July was the biggest month since the financial crisis.[1] Headlines brought back memories from the late 1980s when Tom Wolfe's *Bonfire of the Vanities* both romanticized and debunked the profession of investment banking, and forever linked the term "*M&A"* with images of Italian-suited, "Masters of the Universe" bankers working furiously to orchestrate billion dollar deals around the globe. Although equity investors still thrill at the anticipatory rush of pending takeover deals, investment grade corporate bondholders feel a wave of anxiety. Why? Because bondholders may suffer in the wake of these transactions which often increases leverage and financial risk for existing creditors. We spend a lot of time debunking trade ideas in the search for value for our investors. As the following chart suggests, M&A activity has been steadily increasing over the past couple of years. The generally favorable yield environment, which has significantly lowered the cost of debt financing, has nurtured an increase in mergers and acquisitions activity.



[1] Source: Bloomberg

We have long been of the opinion that such financial engineering is not great for bondholders of high grade credit, as it typically is done for the benefit of equity holders at the bondholders' expense. Although this appears to be the case in most instances, we are not afraid to occasionally challenge our biases in order to uncover opportunities. By doing so, we found that M&A activity sometimes creates interesting opportunities after the fact. In the following examples, we describe two current positions that our fundamentally-driven analysis has uncovered and outline what we believe are the favorable risk-reward relationship of these investments.[2]

Example 1:

The Deal

In this first example, we explore what we believe are the range of potentially positive outcomes associated with the acquisition of URS Corp. by AECOM. On July 13, URS Corp. announced the pending sale of the company to AECOM. URS Corp. bonds are currently rated investment grade, but we believe they would likely be downgraded to high yield upon the close of the sale. These bonds carry a provision which specifies that in the event of a downgrade to high yield resulting from a sale of the company, bondholders have the option to sell these bonds back to the company at a price of $101 (the "change of control put"). Since the pro forma leverage[3] would likely rise from 2.7x to 4.4x, we have a high degree of confidence that the downgrade to high yield would occur. Our view is in line with that of S&P which has already indicated that this is the most likely outcome. This merger is expected to close sometime in October, and the $101 change of control put would be effective no less than 30 days thereafter.

The Trade

The URS Corp. notes traded at $102.18 the day before the merger was announced. After the announcement, and throughout the month of July, we built our position at an average price of $101.87. Assuming this average cost and what we believe is the likely exercise of the change of control put at the end of 30 days, our yield to a $101 takeout on November 1st would be 1.66%. By comparison, the market yield for a typical 3-month investment grade bond is approximately 0.50%.[4] When measured against this benchmark, we would expect to generate outperformance of

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[2] At July 31st, RiverPark Strategic Income Fund owned URS debt of $19.0MM and 4.01% of the fund.
At July 31st, RiverPark Short Term High Yield Fund and RiverPark Strategic Income Fund owned Express debt of $34.6MM and $2.6MM, respectively.

[3] Leverage defined as debt divided by EBITDA using the trailing twelve months combined reported financials. EBITDA is essentially net income with interest, taxes, depreciation and amortization added back to it, and is used to analyzed and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

[4] Based on Cohanzick Management LLC's current experience in the market. On July 31st, the BofA Merrill Lynch 0-1 year corporate index had a Spread to Worst of 52bps with a maturity of just under 8 months. Spread to Worst measures the difference from the worst performing security to the best, and can be seen as a measure of dispersion of returns within a given market or between markets.

over 110 basis points. We recognize that there are often variables which can delay the close of a transaction like this, but we believe that we would be compensated for any delays. Should the merger take a bit longer to close, such that the put becomes effective in 60 days instead of 30, our yield would increase to 2.44% using a December 1st redemption; the yield would continue to rise if the take-out date occurs later. We also must consider the potential for the deal to fall apart. If the merger is cancelled or an investment grade buyer outbids AECOM to acquire URS, we believe the bonds may trade to a higher price. Remember that prior to this deal announcement, the bonds traded at $102.18 and our cost basis is lower than that.

The Verdict

Based on our fundamental analysis, and after weighing the potential for return against the observable risks, we believe that our position in URS Corp notes will be profitable. In our opinion, the three outcomes discussed are the most likely to occur, yet have differing end results for the company. We believe virtually all of the likely potential outcomes, but for an unexpected decline in URS's fortunes, should result in a profitable bond investment for the portfolio.

Example 2:

The Deal

We first began buying the Express 8.75% Senior Notes due 2018 in August of 2013. Our analysis suggested that the company was holding more cash than its debt (which consists only of the bonds), and leverage without the cash was less than 1x Debt/EBITDA. At the time we began accumulating the position, Express told investors on their earnings call that, while the make-whole call premium made it too expensive to retire the bonds at that time, they would certainly consider it when the bonds first became callable in March of 2014. The bonds were trading at around a 3% yield to that first call date, but the yield would increase if they stayed outstanding longer.

The Trade

After listening to the earnings call, we were comfortable with our expectations that the bonds would be repaid at that first call date. Satisfied with the yield to the March 2014 call, we continued to accumulate bonds throughout the rest of 2013 at similar yields. However, the March 1st call date came and went, and no redemption was made. Again, we were being compensated for the additional time that the bonds remained outstanding so this did not trouble us. On March 27, 2014, almost a month after the call date, Express issued a call notice for the bonds for a late April redemption. However, the call was conditioned upon a new financing, which never came to fruition after the company reported earnings that disappointed Wall Street. Despite this development, the company continued to reiterate that it would retire the bonds in the near future, and we continued to clip the attractive coupon. In mid-June, the potential refinancing was delayed again after the company received a buyout offer from a large shareholder.

The Verdict

While no further progress or developments have since been reported on the takeover offer, we assume that a potential new loan deal to refinance the bonds will remain on hold until the "go/no go" decision on the sale of the company is concluded. Meanwhile, the company continues to hold more cash than debt, and has $1.3 billion of public equity as a cushion beneath the debt obligation we own. Given the attractive coupon and no material change in the company's financial condition, we are happy to wait.

As these two different examples illustrate, the current low-rate environment can lead to unexpected opportunities with what we believe are favorable risk-versus-return characteristics. We believe that our funds continue to be positioned conservatively relative to most risk categories, and our small size allows us to be nimble in taking advantage of these special situations when they arise. Moreover, in considering potential investments, we are not afraid to challenge our own assumptions and biases in order to find what we believe are unique opportunities.

Sincerely,

David K. Sherman & The Cohanzick Team

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. Bonds and bond funds are subject to interest rate risk and will decline in value as interest rates rise. High yield bonds and non-investment grade securities involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments. The Fund may invest in securities of companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to the Fund, they involve a substantial degree of risk. There can be no assurance that the Fund will achieve its stated objectives.

The return quoted for holdings regarding potential mergers and acquisition of URS Corp. and AECOM represents the return to be achieved when the deal closes. It is based on the announced public news releases and/or SEC filing. The merger and acquisition may be subject to due diligence by the acquiring party, regulatory approval and other customary closing condition. It is not a guarantee of future performance. Because deals involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed, including, among others: competitive pricing and activities; industry consolidation; access to credit markets; continued availability of materials, resources and consumer demand; currency values; interest rates; the ability to integrate acquisitions and complete planned divestitures; the ability to complete planned restructuring activities; the ability to manage regulatory, tax and legal matters and resolve pending matters within current estimates; legislative, fiscal and regulatory developments; political, economic and social conditions in the geographic markets where the companies operate and new or changed priorities of the Boards. There are additional expenses involved for entering into these deals which would reduce the quoted return.

The RiverPark Strategic Income Fund and RiverPark Short Term High Yield Fund are distributed by SEI Investments Distribution Co., One Freedom Valley Drive, Oaks, PA 19456 which is not affiliated with RiverPark Advisors, LLC, Cohanzick Management, LLC, or their affiliates.