RIVERPARK FUNDS

RiverPark/Wedgewood Fund

(RWGIX / RWGFX)

Overview

Investment Philosophy

Wedgewood Partners' investment philosophy is the synthesis of the classic tenets of both Growth and Value investing - enhanced further through the differentiated temperament and behavior of a successful business owner. For over 20 years, and across several macroeconomic cycles - including a technology/telecom bubble and a credit/housing bubble - Wedgewood Partners has repeatedly been able to manage risk and pursue reward by thinking, acting, and investing like successful business owners. Practically, this means that we are particularly concerned about whether or not we are going to permanently lose money on an investment. Furthermore, we expect to be rewarded by the long-term appreciation of equity as a direct result of the underlying appreciation of business fundamentals. Of course, this "business owner" approach seems like common sense, partly because so many managers claim to invest this way. Their frantic portfolio turnover and short-term performance chasing tells another tale entirely. However, we believe we are unique because noticeably absent from our approach of focusing on business ownership is the all-too-common practice of managing the volatility of portfolio returns by means of in our opinion holding an excessive number of portfolio holdings. That is not to say that we ignore the prices of stocks, in fact we do not believe that short-term fluctuations of market prices are very good at discounting the long-term trajectory of business fundamentals. We instead focus on limiting the long-term loss of capital and believe this "business owner" approach helps us maintain the proper temperament to, actually, take advantage of short-term volatility.

Investment Emphasis

We take a unique perspective not shared by most investment managers, which we believe gives us the opportunity to achieve our returns…. namely, we view the investment management process through the prism of a business owner. We do not game quarterly earnings. In addition, we have a healthy respect for index investing – there is little doubt and particularly in our world of large cap growth companies that the market is very efficient and we further believe in the powerful indexation attribute of "letting your winners run." Our respect for index investing and investing as business owners has led us to our investment approach. To outperform the index, we believe that our portfolios must be constructed very differently than the index. . Further, acting like business owners, and therefore analyzing businesses with a long term time horizon offers the advantage of participating in the “value creation” inherent to the long-term compounding of earnings. Both of these views lead to our focused (concentrated) approach. We believe that even in a very efficient market, we can identify a portfolio of what our analysis determines are twenty or so carefully researched and studied, best-in-class growth companies selling at compelling valuations. In our view, a portfolio of great companies invested at attractive valuations, as to minimize like or competitive business models, will serve the Focused investor quite well in both favorable and difficult market environments.

Investment Process

The goal of our process is to identify companies and stocks that exhibit five, well-defined characteristics that are necessary for portfolio inclusion. First, we look to uncover companies that possess sustainably superior profitability relative to their competition. We analyze the effects that a company’s suppliers, rivals and customers have on long-term industry profitability and then decide if a company’s value chain is unique enough to withstand those pressures. A portfolio holding must also possess the potential to grow profits at a double-digit rate over a full business cycle, which we believe typically spans three to five years or longer. Next, we want our portfolio companies to exhibit financial strength, which includes regular free cash flow generation as well as revenues that do not require regular debt financing. Fourth, we look for the equity to trade at compelling valuations, based primarily on historical, relative and absolute price ratios, but also using discounted cash flow models and sum-of-the-parts analysis. Last, we seek to own companies that derive the vast majority of profitability from sources that are substantially different from the profitability sources of other portfolio holdings. We believe that this is a more thoughtful approach to diversification than simply making the holdings in the portfolio more numerous.

Focused Investing

We believe that focused investing is our edge. Specifically, unlike our less-focused peers, we are unusually selective in both the type of growth companies we choose to invest in, and quite selective in the valuations in which we build our portfolio of approximately 20 stocks. Furthermore, in lieu of managing volatility, which often requires wide and inefficient diversification, we choose to invest in only our best ideas. For example, our focused approach yields a portfolio where every position is typically overweight relative to the weightings in the Russell 1000® Growth Index* - and most positions by several hundred basis points. That is in contrast to owning underweight positions, which, for a long-only portfolio, primarily adds alpha* when they depreciate, which begs: if the holdings mostly add value when they depreciate, why own them at all? There are several reasons for this, but the most normative answer is largely to do with managing volatility and very little to do with thinking and behaving like a business owner. As we have oft remarked over the years, temperament, not I.Q., is the most propitious attribute of successful business owners, and likewise in our opinion, successful investors.

Focus is an attribute that is rarely adopted by managers and routinely avoided by investors, yet it is precisely this scarcity and neglect that amplifies our process and presents us with the opportunity to consistently, and repeatedly add value. We believe our long-history of managing focused portfolios is a substantial reason for our edge. Too many firms seek to mitigate volatility risk (i.e. standard deviation) by adding numerous holdings to portfolios, but in the process, inadvertently increase the risk of owning low-conviction ideas that often detract from alpha generation (i.e. performance not described by beta*). The large-cap growth space is quite efficiently crowded. However, in our quest to repeatedly find approximately 20 inefficiently priced growth companies, we execute both the classic tenets of both "growth" investing and "value" investing. Our long-term upside and downside capture ratios* speak to this critical competitive advantage that we believe we possess.

Portfolio Construction

Securities become candidates for purchase when a company possesses attractive investment characteristics and sells at an attractive price. Within a focused portfolio of approximately 20 holdings, the average position size is 5%. Typically, we will overweight five or six stocks that we have the greatest conviction in the collective five attributes that we look for in our portfolio companies. Our minimum portfolio position is 2.5%. The maximum is 10%. Our strategy is low turnover (typically between 25% to 30% annually) and, on average, we hold stocks for 3-5 years or longer.

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 non-diversified.

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Definitions:

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-book ratios and higher forecasted growth values.

Alpha: A measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha.

Beta: A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta is used in the capital asset pricing model (CAPM), a model that calculates the expected return of an asset based on its beta and expected market returns.

Upside capture ratios for funds are calculated by taking the fund's monthly return during months when the benchmark had a positive return and dividing it by the benchmark return during that same month. Downside capture ratios are calculated by taking the fund's monthly return during the periods of negative benchmark performance and dividing it by the benchmark return.