RIVERPARK FUNDS

RiverPark Structural Alpha Fund

(RSAIX / RSAFX)

Process Trumps Reaction

Any trepidation felt by investors at the end of August was quickly replaced by enthusiasm in September. As the month drew to a close, the looming fiscal debate and debt ceiling negotiations slightly tempered the rally, but the S&P 500 finished higher to close out the 3rd quarter, rising 3.14% for the month and 19.79% YTD. The impressive equity rally thus far has masked many concerns and areas of potential weakness, resulting in muted levels of volatility that reflect the general complacency of investors. After all, why sweat the details when the trend is uniformly one direction? While recognizing the importance of returns, we maintain that process is a much better predictive tool in the search for lasting success. Results are an outcome, and as any investment disclaimer will convey, past performance is no guarantee of future returns. How, then, can an investor differentiate between results that come from skill or results that come from luck? Process is the answer, and the attribute upon which the most successful people in all fields focus. Over long periods of time, the consistency of positive returns matter. Consistency drives the power of compounding returns. Hence, in evaluating the efficacy of investment strategies, the best practice for investors is to focus on the investment process, and not the outcome.

William Faulkner wrote, “The past is never dead. It’s not even past.” What people experience in their lives influences how they process and react to future events. The field of behavioral finance identifies several biases which can lead to investment mistakes. Since these biases are an inherent part of human nature, a disciplined adherence to a repeatable process is the most effective way to prevent such behaviorally driven mistakes from being made. As Benjamin Graham put it, “The essence of portfolio management is the management of risks, not the management of returns.” We have always subscribed to this precept, and are willing to sacrifice short-term gains rather than take unnecessary risks to chase performance. Ultimately, the best ally an investor can have is patience, and a strategy like ours, which weighs risk ahead of return, offers a prudent way to maintain a long-term investing edge.

Our Performance

The RiverPark Structural Alpha Fund (RSAIX / RSAFX) gained 1.00% this month, vs. the S&P 500 which rose 3.14% and the Morningstar OE Long/Short index, which gained 2.29%. For the year, the Fund has risen 3.0%, vs. the S&P 500, which has gained 19.8% and the Morningstar index, which has risen 9.5%.

September was characterized by another steady risk-on, multi-day rally during which equities moved sharply higher without any significant pullbacks. The S&P 500 rose almost 6% over a 3-week period, during which markets were up on 11 of 12 trading days. Even when the market began to sell off later in the month, the largest daily decline in the S&P 500 was only 0.72%, which gave us very little opportunity to take advantage of any corresponding pick-up in volatility.

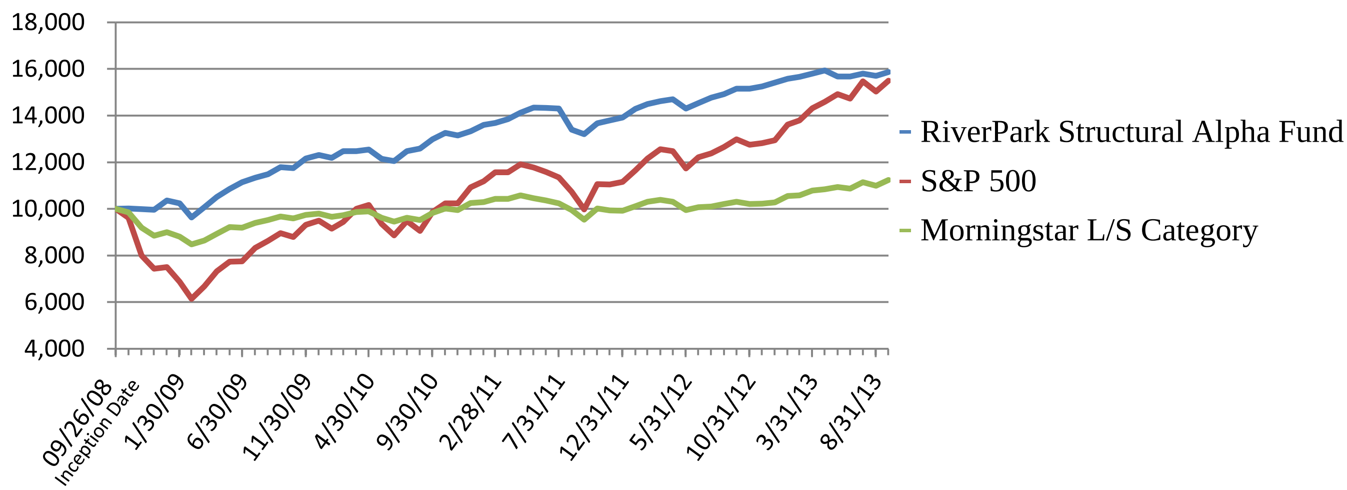
Fund Performance							
	Net Returns as of 9/30/2013		Net Returns as of Quarter End: 9/30/2013*				
	Sept 2013	Year To Date	3Q 2013	One Year	Three Year	Five Year	Since Inception
RiverPark Structural Alpha Fund, Institutional	1.00%	2.96%	1.20%	4.72%	6.90%	9.63%	9.64%
RiverPark Structural Alpha Fund, Retail	1.00%	2.96%	1.20%	4.72%	6.90%	9.63%	9.64%
S&P 500 Index	3.14%	19.79%	5.24%	19.34%	16.27%	10.02%	9.13%
Morningstar Long/Short Category[1]	2.29%	9.46%	3.46%	9.14%	4.60%	2.69%	2.36%

Total returns for periods one year and greater are annualized. Inception date was 9/26/ 2008. Performance quoted represents past performance and does not guarantee future results. The 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. Current performance may be higher or lower than that quoted. For performance current to the most recent month end, call 888.564.4517. Performance data quoted prior to 6/28/2013 is that of the Predecessor Fund. The Fund will be managed in a materially equivalent manner to its predecessor. The Predecessor Fund was not a registered mutual fund and was not subject to the same investment and tax restrictions as the Fund. If the annual returns for the predecessor partnership were charged the same fees and expenses as the Fund, the annual returns for the predecessor would have been higher.

Gross Expense: 2.15% Net Expense: 1.75%. A contractual fee waiver is in effect until at least 9/30/ 2014.

Despite market conditions, two of the Fund's three components continued to perform in-line with expectations over the quarter. The portfolio's long-biased options component gained 2.65%, and the constant hedge component declined 1.35%. The third major component of the portfolio, the Fund's short-dated option book, was adversely impacted by market conditions. Over five years, the Fund has typically generated positive alpha, or excess risk-adjusted return, from its short-dated option book, but three consecutive directional moves muted the contribution to performance that this component historically has delivered. First, the S&P gained 150 points (about 10%) from its intra-day low on June 24th of 1560 through the August 2nd closing level of

Growth of $10,000 from 09/26/2008 to 09/30/2013

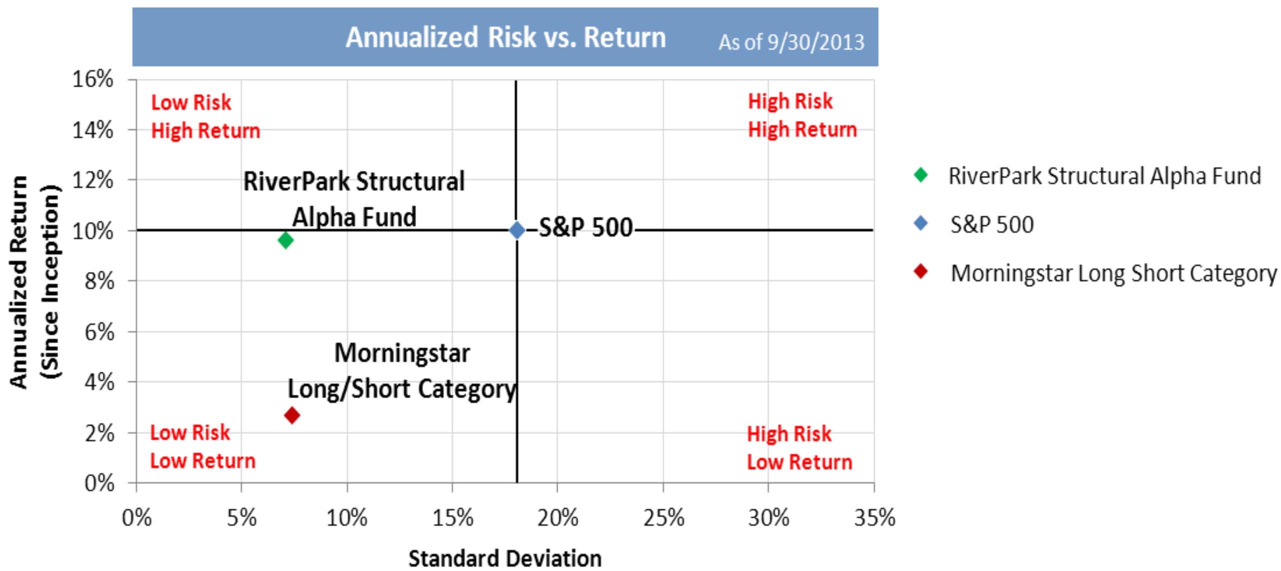


Past performance does not guarantee future results. Index returns are for illustrative purposes only and do not represent fund performance. Index performance returns do not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged and one cannot invest directly in an Index.

Quarterly Returns Since Inception			
	RSAIX	SPXTR	M* L/S
Q4 2008	3.38%	-21.94%	-8.58%
Q1 2009	-2.70%	-11.01%	-4.07%
Q2 2009	10.58%	15.93%	6.36%
Q3 2009	5.81%	15.61%	5.27%
Q4 2009	4.43%	6.04%	1.29%
Q1 2010	1.36%	5.39%	0.75%
Q2 2010	-3.43%	-11.43%	-4.15%
Q3 2010	7.77%	11.29%	3.87%
Q4 2010	2.64%	10.76%	4.36%
Q1 2011	3.87%	5.92%	1.77%
Q2 2011	3.47%	0.10%	-0.69%
Q3 2011	-7.81%	-13.87%	-7.99%
Q4 2011	5.41%	11.82%	4.03%
Q1 2012	5.03%	12.59%	4.68%
Q2 2012	-0.60%	-2.75%	-3.02%
Q3 2012	4.22%	6.35%	2.32%
Q4 2012	1.71%	-0.38%	-0.29%
Q1 2013	2.57%	10.61%	5.04%
Q2 2013	-0.80%	2.91%	0.72%
Q3 2013	1.20%	5.24%	3.46%

1710. Then, the market moved lower from 1710 to 1632 (almost 5%) at the end of August. Finally the market moved straight up from 1632 to its all-time intraday high of 1730 (over 6%) on Sept 19th. Moves of this magnitude, especially coming in such quick succession, are historically atypical, but have become more prevalent over the past few years. Unilateral moves from "risk-on" markets, when perceived macro risks are low and investor tolerance for risk increases, to "risk-off" markets, when the opposite occurs, dilute the efficacy of the short-dated portfolio positions. As a result, this portion of the portfolio lost 0.10% this quarter.

The end of the third quarter marked the 5th anniversary of our strategy. Although our returns this year have been below the historical returns of the portfolio, they are still strong on a risk adjusted basis. The goal of the portfolio is to deliver the highest probability of positive returns regardless of the market environment. In order to achieve this goal, our focus is always on managing risk. Making trade-offs between risk and return is at the heart of our investment process, and is reinforced by the interrelationship between the main portfolio components. During periods of uniformly strong equity returns, underperformance of broad measures of equities is to be expected. Over longer periods of time, and through a variety of market conditions, our risk-adjusted returns should compare favorably to other means of getting market exposure. Since inception, the Fund has delivered annualized returns of 9.64%, and a Sharpe ratio of 1.35. Over the same 5 years, the returns and Sharpe ratio for the S&P 500 have been 9.13% and 0.50, and 2.36% and 0.32 for the Morningstar Long/Short index.



Our Observations

So far, similar to last year, 2013 is looking like it will be one of only 10 years since 1928 where the S&P 500 was never negative at any time during the year. In all but one of the other instances, the following year also turned out to be positive, with average gains (excluding 2013 YTD returns) of roughly 10.5%. But what will drive the rally from here? It seems clear that it will be hard for the Fed to remove its stimulus without unleashing potentially harmful side effects. It seems equally unlikely that the stimulus will go on in perpetuity. Historically, the average bull market has lasted about 39 months. The current bull market is entering its 55th month, and still there are few signs of nervousness among investors. Volatility remains muted, with the average daily movement in the S&P 500 in the third quarter less than 0.50% - the lowest in 7 years. This complacency has a correlation in investor conformity. One of the most effective tools for spurring behavioral change is consensus messaging, which taps into people's tendency to follow social norms and rules. As psychological researcher Robert Cialdini of Arizona State University found, "people are looking at those around them, like them, in their particular environment, in their particular context, to decide what to do." So far, the consensus remains bullish. As of the end of the third quarter, most investors seem to agree with The Traveling Wilburys song *End of the Line*, singing “Well it’s all right, everything’ll work out fine.” Potentially more telling to us as we look forward, however, is the other line in that song which says, “Well it’s all right, every day is judgment day.”

As Michael Novogartz, the co-CIO of Fortress Macro Funds said: "Your alpha is how you process information." Investors are bombarded with a never-ending cycle of headlines and breaking news, and ever faster trading programs complete the feedback loop by which news breaks and markets respond. For most market participants, quick reaction seems to consistently trump careful analysis. As the pendulum swings from fear to greed and back to fear again, the short term nature of such catalysts reduces the ability of most professional money managers to stick with their investment convictions. They are often forced to react, rather than take on the career risk of potential underperformance. For most investors, this is simply not an appropriate means by which they can achieve their own investment goals and objectives. Repeatedly, we see many buyers come into the market just before a rally ends, and watch many sellers get washed out near market bottoms. A myopic focus on returns rather than process leads to a series of reactionary investment decisions, all of which can negatively compound and lead to potentially devastating results.

Investors are their own worst enemies. Their behavioral biases often go unnoticed, and are hard to overcome even when investors are made aware of them. Add market volatility to this already unstable psychological foundation, and it becomes nearly impossible for investors to prevent making mistakes that a good process can help them easily avoid. By keeping portfolio volatility low, it becomes easier for investors to stay properly invested through market cycles. In terms of investment discipline, the journey for most investors is as important as the destination. Being able to achieve investment goals depends in large part on the investor's ability to stay the course when emotions and human psychology can cause you to make mistakes. Since overcoming these biases are not easy, it is better to find a smoother route that can mitigate the desire to deviate from the path before you reach your destination. That is the basis for our systematic investment strategy.

We don't manage the portfolio to any one optimal outcome, but rather assess the likelihood of favorable and unfavorable outcomes, and position the portfolio with investments that have the appropriate risk and reward trade-offs. By design, our strategy does not react to any particular event or headline. Instead, the same rules-based investments are made repeatedly, using the periodic nature of option expirations to vary market exposures. Since inception, adhering to this process has delivered very consistent results, allowing the Fund to deliver superior risk-adjusted returns when measured against its benchmarks. Since process drives performance, there is no place for bias-driven reactions in the portfolio.

Our Conclusions

While here on Earth we debated matters great and small this past quarter, almost 12 billion miles away and moving away from us at a speed of nearly 40,000 miles per hour, NASA’s Voyager 1 became the first human object to move beyond the reaches of our solar system and touch the boundaries of interstellar space. There comes a point where all boundaries are breached. Figuring out at what point the current bull market will reach its boundary is becoming a more pressing issue for investors. Just as opportunity is often masked by uncertainty, our strategy is influenced by the notion that stability leads to instability, and vice-versa. The longer a given condition or trend persists (and the more comfortable investors get with it), the more likely and dramatic the correction will be when the trend fails. Recognizing that behavioral biases cloud judgment, we believe that a disciplined adherence to our investment process leads to sustainable positive returns with low volatility and low correlation to broad equity markets.

Sincerely,

Justin Frankel
Portfolio Manager

Jeremy Berman
Portfolio Manager

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. 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 limit for the security price. The use of options, swaps, derivatives, and futures by the Fund has the potential to significantly increase the Fund's volatility. 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. There can be no assurance that the Fund will achieve its stated objectives. Diversification does not protect against market loss. The Fund may not be suitable for all investors.

Due to the inherent leveraged nature of options, a relatively small adverse move in the price of the underlying instrument may result in immediate and substantial losses to the Fund. Options and futures options carry a high level of risk and are not suitable for all investors. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. The seller of a "naked call" is subject to the risk of a rise in the price in the underlying instrument above the strike price. The seller of a "naked" put is subject to the risk of a decline in price of the underlying instrument below the strike price. Risk is reduced only by the proceeds received from selling the option.

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