



# RiverPark Long/Short Opportunity Fund

## (RLSIX / RLSFX)

### Fourth Quarter 2021 Performance Summary

#### Performance: Net Returns as of December 31, 2021

	Current Quarter	One Year	Three Year	Five Year	Ten Year	Since Inception
<b>Institutional Shares (RLSIX)</b>	-4.93%	2.10%	23.72%	17.76%	11.10%	10.25%
<b>Retail Shares (RLSFX)</b>	-5.00%	1.84%	23.45%	17.51%	10.88%	10.08%
<b>Morningstar L/S Equity Category</b>	4.62%	12.55%	9.96%	6.54%	5.28%	4.50%
<b>HFRI Equity Hedge Index</b>	0.91%	11.96%	14.49%	9.56%	7.50%	6.43%
<b>S&amp;P 500 Total Return Index</b>	11.03%	28.71%	26.07%	18.47%	16.55%	15.36%

*Annualized performance since inception of the Mutual Fund (3/30/2012) was 9.23% for RLSIX and 9.01% for RLSFX.*

*The performance quoted for periods prior to March 30, 2012 is that of RiverPark Opportunity Fund, LLC (the "Predecessor Fund"). The inception date of the Predecessor Fund was September 30, 2009. The performance of the Predecessor Fund includes the deduction of actual fees and expenses, which were higher than the fees and expenses charged to the Fund. Although the Fund is 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. Performance shown for periods of one year and greater are annualized.*

*Index performance returns do not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged and one cannot invest directly in an Index. Morningstar L/S Equity Category Returns sourced from Morningstar Principia. HFRI Equity Hedge Index performance is sourced from Hedge Fund Research, Inc.*

*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. For performance data current to the most recent month end, please call 888.564.4517. Expense Ratio: Institutional: 1.75% gross and 1.75% net, Retail: 2.03% gross and 2.00% net as of the most recent prospectus, dated January 28, 2021. Gross Expense Ratio does not reflect the ability of the adviser to recover all or a portion of prior waivers, which would result in higher expenses for the investor. Please reference the prospectus for additional information.*



The fourth quarter of 2021 was a generally strong period for the markets as the S&P 500 Total Return Index (“S&P”) advanced 11.0%. Large capitalization growth stocks were particularly strong, as the Russell 1000 Growth Total Return Index (“RLG”) rose 11.6%, easily besting the still very strong 7.8% rise for the Russell Large Capitalization Value Index (“RLV”). This was also a constructive period for most hedge funds as the Morningstar Long/Short Equity Category returned 4.6%, while the HFRI Equity Hedge Fund Index posted a gain of 0.9%.

In contrast, this was a notably weak quarter for the RiverPark Long/Short Opportunity Fund (the “Fund”). The Fund lost 4.9%, as many of the higher growth but more mid-cap companies that we favor for a big part of our long exposure were under significant pressure, diluting the strong performance of our larger cap longs and causing a materially disconnect between our longs and the market. Unsurprisingly in such a strong market, our short book also detracted from performance, as some notable wins from our “high-growth-but-bad-business-model” short positions were more than offset by rising stock prices for the balance of the short book. For the quarter, our longs detracted by 1.2%, while our shorts cost us 3.1%.

The fourth quarter results diluted the Fund’s full year numbers down to a tepid gain of only 2.1%, while the broader market (S&P 500) returned 28.7% for the year, with both growth (RLG +27.6%) and value (RLV +25.1%) putting up impressive performance. Our Longs contributed 13.9% (decent performance in light of last year’s stellar contribution of +65.6%, but well below the broader market’s performance) and our shorts cost us 9.0% (again, not surprising in such a strong equity market).

For the quarter, the top contributors to our long performance included alternative asset manager **KKR**, mobile compute leader **Apple**, animal health and pharma innovator **Zoetis**, software giant **Microsoft**, and healthcare insurance and services provider **UnitedHealth Group**. The leading detractors from our long book this period were all young and innovative growth leaders and included social media innovators **Pinterest**, **Twitter** and **Snap**, digital payments leaders **PayPal** and **Block** (formerly Square) and residential media platform **Zillow Group**.

In our short book, despite an extremely strong market, we had some notable winners amongst our growthier shorts including exercise equipment vendor **Peloton**, education publisher **Chegg**, online betting pioneer **DraftKings**, internet dating site **Bumble** and used car vendor **Carvana**. On the other hand, the strong market carried with it several of our older economy/tepid growth shorts including **Hewlett Packard**, **Macy’s**, **Capri Holdings** and **Church and Dwight**.

We took advantage of the disconnect that we believe has occurred between current market prices and the long-term prospects of many of our smaller market cap but higher growth companies and added (in some cases, materially) to many of these positions. We both rebalanced our long book by trimming many of our strongest YTD performing positions to add to our higher-growth, smaller market cap positions, and grossed up our long exposure, ending the period at 140.4%



invested on the long side (up from 116.5% at end of 3Q21 and 88.5% at year-end 2020). Notably, we now are at our highest long exposure since inception.

We have also added incrementally to several current short positions (as well as adding in a few newer ones) to both take advantage of higher prices for many businesses that we believe will be challenged to grow in a post COVID world, as well as to hedge some of the increased market exposure we have taken in the long book. As a result, our short exposure was a relatively high (for us) 62% at quarter-end, up from 50% at the end of 3Q and up from an all-time low of 17% at year-end 2020.

All in, our gross and net exposures as of quarter/year-end tallied 203% (a strategy high since inception) and 78% (also towards the higher end since inception), respectively.

As we turn our attention to 2022 and beyond, we expect the markets to begin to focus on a post-COVID world, which, we believe, will be characterized by a period of greater stock price dispersion driven by company secular fundamentals rather than COVID winners/losers or overall growth/value trading reversions. We expect this increased dispersion to be driven by the materially increasing forces of creative destruction that we have discussed in recent letters. We believe that many long-term secular winners will continue to emerge from this period of creative destruction as some companies lead or successfully pivot to take advantage of the waves of innovation that, in many cases, were accelerated by COVID, while others continue to struggle to adapt (and will see both revenues and margins come under increasing structural and competitive pressures). We believe that each of the companies in our long book (especially many of the midcap holdings that have recently corrected) are poised to grow materially in this wave of innovation, while we have reloaded our short book (following covering nearly all of our shorts in mid-2020) with a full complement of individual stock positions in businesses where we believe the wave is building against them, yet valuations appear stretched.

We, thus, believe our Long/Short strategy—now very fully invested on both sides of our portfolio—is particularly well positioned for this emerging landscape with substantial opportunity for gains on both sides of our portfolio in the months and years ahead.



## Strategy Review

### Reflections and Predictions

The start of a new year is a well-established moment for both reflection and prediction.

For proper reflection, one should focus predominantly on the facts. You can certainly hypothesize what might have happened had you chosen a different course – but you’ll never know.

As for predictions, they are always just a statement of opinion - what do you think will happen next. Predictions may be grounded in the most recent facts - or completely independent of them - but they are always just the predictor’s best guess about what the future may hold.

In the money management business, this exercise is pretty straightforward – what were last year’s results and what do you predict for the coming year(s). While all market participants should be doing this at all times, most have chosen each year-end as the primary demarcation point, and we will use this letter to do the same.

**Reflection** – We did not achieve any of our objectives last year. In fact, despite a strong market, the past six months have been one of the worst for our Fund’s absolute and relative performance.

**Prediction** – We believe we will more than make up for this recent subpar performance in 2022 and beyond as we have rarely been more excited about the position of both the long and short books in our Fund— as indicated by our highest Gross exposure since inception. We believe that there is a material disconnect between the current market prices of the businesses we are long and short and their intrinsic valuations.

Let’s first **reflect** on the facts.

Our Fund has performed poorly of late, losing money on both sides of our portfolio for the second half of 2021.

Reflecting with a broader lens, we note that for the last two-, three- and five-year periods, the Fund has fared well during what has been an extraordinarily strong market - returning 58% over the last two, 89% over the last three, and 126% over the last five years, handily beating most hedge funds and faring quite well (despite significantly lower net exposure) against a very strong S&P 500.



**Performance: Last 6 Months vs. Longer-Term**

	<b>2H21</b>	<b>2 Year</b>	<b>3 Year</b>	<b>5 Year</b>
RiverPark Large-Short Opportunity Fund	-7.6%	58.0%	89.4%	126.5%
Morningstar L/S Equity Performance	3.2%	18.8%	33.0%	37.3%
HFRI Equity Hedge (Total) Index	0.0%	14.9%	14.5%	9.6%
S&P 500 Total Return Index	11.7%	52.4%	100.4%	133.4%

Note: Fund performance is for RLSIX share class, 2H21 (6/30/21 - 12/31/21), 2 Year (12/31/19 - 12/31/21), 3 Year (12/31/18 - 12/31/21), 5 Year (12/30/16 - 12/31/21).

Nevertheless, underperforming for a full year and losing money for any six-month period, especially during a strong period for the markets, warrants some serious reflection.

When reflecting on our strategy, we first focus on the portion of the portfolio causing the most pain. Over the past six months, this has been our long book. Although we have, admittedly, lost more money on our shorts on an absolute basis in the past 6 months, this is less surprising in a strongly rising market. Rather, it is our lack of long contribution—both in the absolute and relative to the market—that has been the biggest disappointment and detractor from value creation of late. Although many of our larger cap long positions generated exceptional returns over these past two quarters, many of our younger and higher growth longs have gotten crushed in what has been a recent period of mid cap/relatively new tech stock carnage across the markets the past 6 months.



### RiverPark 2H21 Bottom and Top Performers

Bottom	2H21 Return	Top	2H21 Return
Pinterest Inc	-54%	Snowflake Inc	40%
Zillow Group Inc	-49%	Blackstone Inc	35%
Exact Sciences Corp	-37%	Zoetis Inc	31%
Twitter Inc	-37%	Apple Inc	30%
RingCentral Inc	-36%	KKR & Co Inc	26%
PayPal Holdings Inc	-35%	UnitedHealth Group Inc	26%
Block Inc	-34%	Dexcom Inc	26%
Farfetch Ltd	-34%	Microsoft Corp	25%
Twilio Inc	-33%	Alphabet Inc	19%
Snap Inc	-31%	Apollo Global Management Inc	18%
Illumina Inc	-20%	ServiceNow Inc	18%
SoFi Technologies Inc	-18%	Intuitive Surgical Inc	17%
Uber Technologies Inc	-16%	IQVIA Holdings Inc	16%
Shopify Inc	-6%	Charles Schwab Corp/The	16%
<b>Portfolio Average</b>	<b>-31%</b>	<b>Portfolio Average</b>	<b>25%</b>

Note: Returns are total return 6/30/21-12/31/21. Sold Apollo Global Management Inc in 3Q21. Sold IQVIA Holdings Inc in 1Q22.

Given that we are long-term, research-driven, fundamental investors for our long book (we are less concerned in our long book with near-term tactical positioning), when reflecting on our strategy, we first and foremost start with the fundamentals of the businesses we own—as this (rather than near-term stock price movements) is, to us, the primary barometer of our potential for future returns. As noted in previous letters, our goal for every stock we own is to make at least a double on each position over the next five years. We look to achieve this goal by investing almost exclusively in Secular Growth Companies – which we define as proven businesses that are at scale (meaning they’ve reached at least \$1 billion in annualized revenue and are, or will in the very near term, be profitable and cash generative) *and* that we expect to at least double their revenue and profits over the next five years while also producing significant free cash flow. We continue to believe that these are the best businesses to own over time as, in our experience, they are the ones most often priced at the largest discounts to our calculations of their long-term intrinsic values. While Secular Growth Company stocks may move all over the



place in the short term (as with most equities), we believe that if their businesses achieve the results we expect, their stock prices will eventually follow.

In stark contrast to the stock market results for our long book, 2021 was a very strong fundamental business performance year throughout the portfolio. In fact, 2021 revenue growth averaged 35.6%, making the current portfolio one of the highest annual revenue growth portfolios we have ever owned. While some of that growth was due to COVID anomalies (which have tended to be an unexpected benefit for many of our businesses), even normalizing for what we hope will be a post pandemic 2022, the three-year compound annual revenue growth for our portfolio (27.1%) is extremely strong and substantially higher than that in either the market (6.7% for the S&P) as a whole or the large cap growth index (10.6% for the RLG).<sup>1</sup> And, as highlighted in the tables to follow, many of our smaller and often younger businesses have been amongst the highest growth companies we own, as well as amongst the biggest relative winners (in terms of TAM expansion) as a result of COVID.

So...why the subpar return year for our long book?

The simple answer is that, over the past six months, and continuing into the early days of 2022, this same group of relatively young and very high growth firms have also been caught up in a dramatic “innovative tech” sell-off that has cut broadly across several sectors of the market and has resulted in roughly 40% of the NASDAQ declining over 50% over the past several months.<sup>2</sup> Interestingly, this sell-off did not “infect” many of the largest market cap growth/tech firms, including current Fund top holdings Apple, Alphabet, and Microsoft (up 30%, 19%, and 25%, respectively for the last six months) or other household tech/growth names such as Tesla and Nvidia. Even though most of our higher growth midcap tech stocks were among the smaller positions in the Fund at the end of 2Q21, the damage amongst them over the past 6 months was enough to overwhelm the strong contribution to our results from the balance of the portfolio.

Certainly, with respect to each of these firms, there are a few case-by-case issues one might cite as a near term “challenge” for their stocks. Some of these firms have had normal competitive concerns cited by analysts, while others are managing through some near-term hiccup or strategy/product cycle shift. To us, these have been normal quarterly noise and wouldn’t warrant such a large and broad-based sell-off. And, in the case of each of these holdings, we have concluded that the key performance indicators that we focus on all continue to signal impressive secular growth (which, in some cases, is currently accelerating) in 2022 and the years to come. Thus, notwithstanding these dramatic drawdowns in their stock prices, each of these companies, we believe, remain fantastic long term revenue compounders that are all expected to produce substantial piles of excess free cash flow over the next several years – to us, each is a proven

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<sup>1</sup> Source: Bloomberg.

<sup>2</sup> Number of Nasdaq Stocks Down 50% or More Is Almost at a Record, Bloomberg News, January 6, 2022.



Secular Growth Company with years of strong fundamental growth ahead. Given the sharply reduced prices and still exciting fundamentals with many of these companies, we have “leaned in” and increased our position sizes (in several cases, significantly) at what we believe to be extremely attractive valuations – taking this group of stocks from 38% of our long book (which we also increased as a whole) at the end of June to 57% as we begin the new year. In the Portfolio Review section below, we discuss in more detail the specific issues and investment case for each of these holdings.<sup>3</sup>

<b>Leaning In and Increasing Weightings</b>			
	<b>2019-2022</b>	<b>2Q21</b>	<b>1Q22</b>
	<b>Annual Revenue Growth</b>	<b>Position Size</b>	<b>Position Size</b>
Pinterest Inc	41%	3.9	4.6
Zillow Group Inc	18%	1.5	4.8
Exact Sciences Corp	31%	2.2	3.9
Twitter Inc	21%	2.9	2.7
RingCentral Inc	30%	2.1	4.5
PayPal Holdings Inc	19%	3.0	4.9
Block Inc	59%	2.6	2.9
Farfetch Ltd	41%	1.4	4.2
Twilio Inc	48%	2.8	4.1
Snap Inc	48%	4.3	4.7
Illumina Inc	12%	3.3	2.9
SoFi Technologies Inc	48%	1.4	3.3
Uber Technologies Inc	26%	2.6	5.7
Shopify Inc	57%	4.0	3.5
	<u>Average</u>	<u>Total</u>	<u>Total</u>
	<b>36%</b>	<b>38.0</b>	<b>56.6</b>
<b>Long Exposure</b>		<b>118%</b>	<b>140%</b>

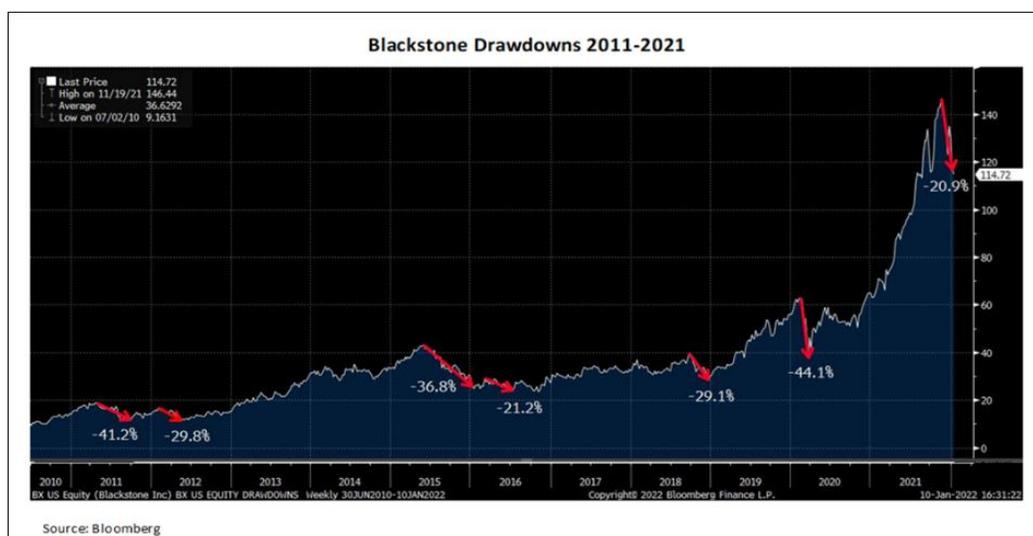
Note: 2Q21 position size at 6/30/21 and 1Q22 position size at 1/5/22. Revenue growth using Bloomberg 2022 consensus estimates.

We could end our reflection period here but given the size and breadth of some of these drawdowns, we will reflect a bit further on how we think about individual stock volatility as we manage the Fund.

<sup>3</sup> Many of these are also still smallish in market cap and relatively young, which has also skewed our portfolio a bit younger and smaller in market cap as we enter 2022.

Ben Graham’s timeless observation that “in the short run, the market is a voting machine but in the long run it is a weighing machine” applies even more so to individual stocks than to the market as a whole. For even the best of companies, especially those on a high growth path and/or that are relatively new to the public markets, there are often many intra-year periods where their stocks rapidly drop more than 20%: something we refer to as a “Great Stock Bear Market.” While bear markets (in which the entire index drops over 20%) are relatively rare (there has been just one in the past 10 years and only five in the past 20), individual stock bear markets happen all the time.

Take, for example, our best contributor to performance this year, alternative asset manager Blackstone. While the stock has been incredibly strong of late, returning 107% last year alone, prior to 2019, despite an incredibly low PE of 8-11x, high dividend yield of 6%-8%, and consistently strong mid-teens AUM growth (which we have always seen as the primary revenue driver for this company), BX suffered 7 bear markets (with an average decline of over 30% intra-year) in the 11 years that we have owned it.



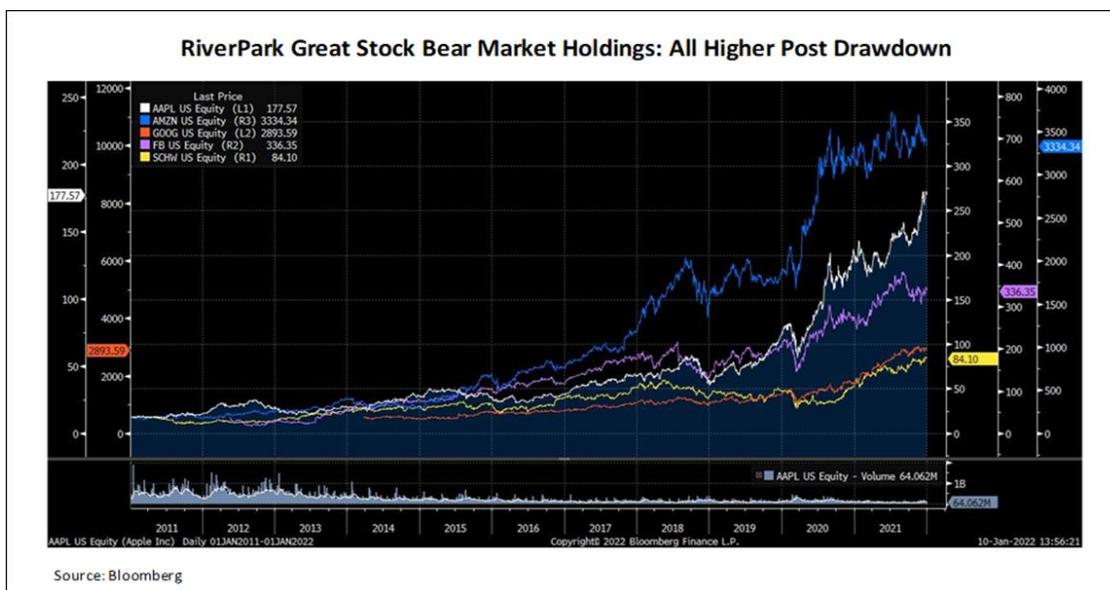
In fact, nearly all our largest and most successful longs have had many a Great Stock Bear Market.

### Past RiverPark Great Stock Bear Markets

Apple		Amazon		Alphabet		Facebook		Schwab	
Date	Drawdown								
12/28/2012	-27.1%	12/30/2011	-29.8%	12/24/2018	-23.0%	9/4/2012	-53.6%	11/23/2011	-44.0%
4/19/2013	-25.2%	10/24/2014	-29.5%	3/23/2020	-30.8%	6/5/2013	-29.5%	6/4/2012	-22.7%
1/7/2016	-26.6%	2/9/2016	-24.1%			4/28/2014	-22.1%	9/28/2015	-23.0%
1/3/2019	-38.5%	12/24/2018	-34.1%			12/24/2018	-43.0%	2/11/2016	-23.8%
3/23/2020	-31.4%	3/12/2020	-22.7%			3/16/2020	-34.6%	12/24/2018	-35.5%
								10/3/2019	-26.0%
								3/12/2020	-41.8%

Note: Date is for the bottom of the drawdown.

While the catalysts for these drawdowns often varied—an analyst downgrade, a sloppy quarter or two, negative media scrutiny—there is one thing they all have in common—every stock is materially higher today.



There are two other universal takeaways: (1) the holders who ignored the short-term downside volatility and focused on long-term fundamentals were rewarded, and (2) those that bought more were even more richly rewarded.

Moreover, while the reasons investors voted for lower short-term prices may have been company specific, the reasons for every stock’s subsequent recovery (and soaring to new heights) were always the same – the arc of secular growth continued, management teams continued to adapt and innovate, and investors eventually (often within just a quarter or two) returned to a focus on weighing revenue, earnings, and cash flow growth.



We have, thus, always looked at downside volatility - and regular Great Stock Bear Markets - as one of the best creators of the opportunity to add to existing (or buy new) positions for the Fund. We have historically been nicely rewarded by taking advantage of the chance to materially “upgrade” our portfolio by buying into (or adding to) businesses where we believed our long-term thesis was validated by the fundamentals and yet, for whatever near-term reason, a group of companies’ stocks were in a Great Stock Bear Market. Two recent periods include 4Q18 (a similar growth stock sell-off) and 1Q21 (a growth v. value sell-off). Both are good examples of a recent quarter where the Fund performed poorly as several current holdings were all marked down substantially in short periods of time. We then leaned in and added to positions (as well as adding several new “on sale” high growth companies), and over the following quarter, the fund rose significantly, outperforming the market and our benchmark and more than compensating for the previous underperformance.

Underperformance, then Outperformance			
	RiverPark Long-Short Opportunity Fund	Morningstar L/S Equity Performance	HFRI Equity Hedge (Total) Index
4Q18	-12.4%	-8.6%	-8.5%
1H19	<u>16.7%</u>	<u>7.7%</u>	<u>9.2%</u>
<b>4Q18+1H19</b>	<b>2.3%</b>	<b>-1.6%</b>	<b>-0.1%</b>
1Q21	-2.3%	5.0%	6.8%
2Q21	<u>13.0%</u>	<u>3.9%</u>	<u>4.8%</u>
<b>1Q21+2Q21</b>	<b>10.4%</b>	<b>9.0%</b>	<b>11.9%</b>

Source: Bloomberg, RiverPark

As for our short book, given that most businesses have been improving for the past 12 months in what has been a low interest rate, rising liquidity and re-opening focused market, we have kept our short book quite small and on a tight leash for well over a year. This has served us well during what has been an historically strong period in the equity markets. Of late, however, we have been steadily increasing our short portfolio (to a relatively high 62% at year-end, up from our all-time low of 17% a year ago) at what we perceive to be very attractive prices as an increasing roster of businesses that we believe will have significant structural challenges in a post COVID world in 2022 and beyond have rallied of late in a re-opening and “value” focused market. Not only do we believe that the vast majority of these businesses will struggle to grow in the years ahead, but we also continue to believe that it is this roster of businesses, especially those with excessive financial leverage that will be most harmed should the Fed more aggressively raise rates to slow down the economy and quell inflation.

So, this brings us to our **prediction** section of the letter.



Obviously, the last six months (and the last two years) have been a strikingly unique period in the economy and the markets, with the complexity of the pandemic, and societies' various responses to it, playing an enormous role in the fortunes of many businesses and in the near-term psychology amongst investors in the markets. Across the economy, while a few companies will simply revert to a normal post crisis environment, many others have had their business opportunity (and their TAMs) strengthened by structural changes brought on or accelerated by the pandemic (ecommerce, internet advertising, social networking, cloud computing, digital payments, mobile computing, etc.). These companies, we believe, will have the opportunity to grow substantially in the years to come as they take market share in an increasingly digital-first world. Others have had their business prospects and TAMs damaged (even if, as compared to last year, their businesses are currently doing better) and their management teams have struggled to adapt and innovate. These companies, we believe, face a multi-year period of subpar (if any) top line growth with compressing margins and, in many cases, worsening balance sheets. To our thinking, COVID has only further accelerated the pre-existing pace of innovation driven "creative destruction" that we believe will dominate company and stock performance in the years to come.

We have a great degree of confidence that each of the companies whose stocks have recently crashed in our portfolio will be amongst the select winners of this creative destruction and will continue to emerge as top Secular Growth Companies of the next decade. To us, these recent drawdowns have materially increased the size of the gap between stock prices and our intrinsic value calculations and as noted above, we have increased these positions to be (cumulatively) more than 50% of our long book. We have also increased the size of our short book of mature businesses that are facing increasing competitive pressures.

This long and short combination has resulted in our largest gross exposure since inception. If we are right on these businesses' fundamentals, then we believe the Fund is poised for extremely strong absolute and relative performance in the months and quarters to come.



## Portfolio Review

**Pinterest:** PINS stock was under pressure in 2021 due to sequential quarterly decreases in Monthly Average Users (MAUs), supply-chain disruptions affecting CPG ad spend, and questions regarding PayPal exploring an acquisition of Pinterest (which initially drove the stock higher but resulted in a steep sell off after PYPL announced that talks were not active). For the most recent quarter, the company's MAUs were up 1% year-over-year, but declined 2% sequentially due to the pandemic starting to lift and Gen-Z returning to campus (and engaging less). PINS still posted exceptional revenue growth of 43%, fueled by 37% ARPU growth. Pinterest also posted high incremental margins, as adjusted EBITDA grew to \$201 million for a 32% margin, up 117% year over year.

Along with our other social media advertising holdings, SNAP, TWTR and FB, we believe Pinterest to be an extremely well-positioned internet advertising platform. Users are increasingly coming to Pinterest to get inspiration for their home, their style or upcoming travel, which often means they are actively looking for products and services to buy. The company currently has 444 million MAU's, 2/3 of whom are female (who continue to control the lion's share of household purchasing budgets), which positions the company well to continue to take share of future ad dollar allocations. In addition, PINS' 3Q ARPU was only \$1.41, significantly less than SNAP's \$3.49, and Facebook's \$10. Increasing ARPU by continuing to close the ARPU gap with its peers while expanding user engagement should drive a minimum of 30% annual revenue growth over the next few years; additionally, we expect expanding gross margins (from 80% in the third quarter, which was up 500 bps year over year) will lead to improved adjusted EBITDA margins (from 32% last quarter).

**Zillow:** ZG shares declined, as the company announced its decision to exit its Offers business (home buying and selling). Although the stock reacted poorly to this news, we view the exit of this capital intensive and potentially volatile home buying business positively. While there was certainly option value in the home buying segment, we have always believed that the company's high-margin IMT (Internet, Media and Technology) Segment had terrific long-term growth drivers and, given its high margins and relatively low capital needs, was extremely valuable. The IMT segment alone should generate more than \$600 billion of EBITDA this year on just under \$2 billion of revenue and generate several hundred million dollars of free cash flow annually. Going forward, we believe the company's IMT segment will continue its high-margin, double-digit growth (last year IMT revenue and EBITDA grew 33% and 83%, respectively) and will retain its position as the leading digital media site for all things residential real estate.

Despite it being a substantially lower margin and more capital-intensive business model, the home buying business has overshadowed the media segment in recent years and in the minds of many investors and analysts. With what will be a clean and cash-rich balance sheet following the



exit of its current homes inventory, we believe that a media-focused Zillow is substantially undervalued at its current price.

**Exact Sciences:** EXAS shares declined on a disappointing recovery in Cologuard screening due to COVID. Despite continued revenue growth from Precision Oncology and COVID testing, and Cologuard screening revenue growth of 30%, COVID restrictions limited access to physicians' offices for the company's and its Pfizer Joint Venture sales force as well as causing a severe drop off of in-person wellness visits.

In the last year, Exact has also pivoted the company significantly from its single cancer screening tests (Cologuard for colon cancer and Oncotype for breast cancer) to multi-cancer screening through its Thrive acquisition, and to minimal residual disease and recurrence monitoring through its Ashion and Tardis acquisitions. Through this pivot, Exact has tripled its market opportunity from \$20 billion to \$60 billion.

**Twitter:** Despite reporting in-line third quarter results, TWTR shares struggled at the end of 2021. For TWTR, the declines could be attributed to a fear of continued headwinds from Apple's iOS tracking changes, as well as the stock continuing to be a show-me story after posting two disappointing quarters since its investor day in February (prior to this in-line quarter), as well as its recent CEO change (founder Jack Dorsey stepped down and is being succeeded by long-time CTO Parag Agrawal). Investors continue to be concerned with the platform's user engagement, as total monetizable daily active users (mDAU) grew 13% year over year to 211 million, in-line with expectations, but still below management's long-term target of 20% growth. Management expects mDAU growth to accelerate, driven by continued economic reopening and new features such as Spaces and Communities and an increase in the number and penetration of Twitter Topics. For the quarter, revenue increased 37% year over year to \$1.3 billion and 4Q guidance was strong at about 20% growth, as Twitter has less exposure to Apple's ATT headwinds.

With \$4.8 billion of TTM revenue (only 4% of Facebook's revenue), the company has a large opportunity to take share in the \$200 billion global digital advertising market that continues to flow to mobile, Twitter's focus. As the company continues to launch and improve its products (including stories, audio chat, podcasting, video and subscriptions), its platform should become more compelling to both users and advertisers, allowing it to take advertising dollar share through increased user engagement and ad pricing. As Twitter showed this year, we believe that the company can generate 20%+ revenue growth while also driving operating leverage in its already highly profitable business model, generating expanding excess free cash flow growth over time (3Q OCF grew 81% year over year).



**RingCentral:** Despite reporting strong and accelerating revenue growth and profitability throughout the year, RNG shares sold off on concerns of increased competition from Zoom and Microsoft. We believe RingCentral's partnerships, including with Avaya, Atos, Alcatel, Vodafone, and most recently Mitel provide a sales advantage to help drive 30%+ revenue growth for the next five years. For its 3Q21, RNG reported key metrics above the high-end of its guidance—subscription revenue grew 38%, annual recurring revenue growth accelerated to 42%, total revenue grew 37% and RNG's 10.5% Non-GAAP Operating margin exceeded guidance by 50 basis points. Management also again raised 2021 subscription revenue growth guidance to 32%.

RingCentral is the largest and fastest growing pure play Unified Communications as a Service (UCaaS) vendor. Traditionally, business communications have been comprised of on-premises hardware-based private branch exchanges (PBX), which primarily support voice-only desktop phones. These systems do not support employees who now communicate from anywhere with any device, using voice, video, text, messaging, and social media. UCaaS encompasses solutions addressing all these needs in a capital and labor light model for customers. RNG is the UCaaS market leader with two million users in an extremely fragmented market and is growing rapidly. The company started in the small-and-medium business market and has migrated to also serving larger enterprises, helped by new channel partnerships. The company's increasing scale from its growing recurring revenue should improve operating margins, allowing the company to achieve its long-term target of 20%-25%.

**PayPal:** PayPal shares declined in 2H21 on disappointing 3Q results and 2022 guidance below expectations. PYPL reported 13% 3Q revenue growth, guided to 13% growth for 4Q (on a softer recovery in travel and holiday season uncertainty tied to supply chain and labor market concerns), and guided to 18% revenue growth for 2022 on continued supply chain concerns, reopening driving more customers to purchase at point-of-sale, and the ending of stimulus payments. Management does expect growth to accelerate throughout 2022, exiting the year at or above its medium-term target of 20% revenue growth, excluding M&A.

PayPal is now the third largest payment company globally (after Visa and Mastercard). As the leading online checkout button/digital wallet, with 416 million active accounts, including 33 million merchants, available across 75% of the top 1,500 North American and European retailers, the company provides the purest exposure to the secular growth in ecommerce. PayPal is also a key beneficiary of the current dramatic shift in consumer buying habits brought on by the pandemic, as well as the relatively newer consumer-to-consumer payment trends through its Venmo peer-to-peer (P2P) payment service. Pay with Venmo will launch on Amazon this year. PayPal management has guided to at least 50 basis points of annual operating margin improvement over the next several years (we note that Visa and MasterCard at their scale currently have +50% operating margins compared with PYPL's 24%). Combining the secular growth of eCommerce and P2P payments with operating leverage and the strategic use of the



company's significant and growing cash balance (\$20 billion at 3Q), we believe the company can grow earnings at a mid-20% rate over the next five years.

**Block** (formerly Square): Block declined on mixed quarterly results, management commentary on slowing Cash App growth, and a delay in the closing of the AfterPay acquisition (Block announced the takeover of the global “buy now, pay later” platform in August). Still, SQ reported a strong quarter overall with gross profit growth at 43% year over year (due to pass-through costs, gross profit is more reflective of top-line growth), with gross profit from its Seller ecosystem growing 48% to \$606 million and from its Cash App growing 33% to \$512 million. Still, some investors focused on the weaker-than-expected gross profit growth in the company's Cash App division, creating pressure on the company's shares. Importantly, Adjusted EBITDA beat expectations, growing 28% to \$233 million.

Through one integrated system, SQ is a hybrid of two businesses: its Seller Business (charging small and medium-sized businesses about 3% for transaction payment processing, plus other services such as instant funds access, and software for everything from customer engagement to payroll), and its Cash App (originally for person-to-person cash transfers and now a growing digital financial services provider for consumers, representing half of first quarter's gross profit). The combined business has grown gross profit at a 37% CAGR over the past five years to \$2.7 billion for 2020, and we believe that the company has an enormous long-term runway, as it has less than a 2% share of a more than \$160 billion market. It is our view that the company's Cash App (which has grown from nothing in 2015 to \$512 million gross profit last quarter) has a particularly large opportunity with its powerful ecosystem of digital financial services, including digital wallets, direct deposits, stock trading, bitcoin trading, and business and tax services, which are all relatively new. The vast majority of Cash App's more than 36 million users are younger and, importantly, are willing to replace their bank and other financial services accounts with the app. We estimate that the company can grow its gross profit more than 30% and EBITDA more than 50% annually for the foreseeable future, and while half of the company's current profit is from its Seller Business, we believe most of Block's future value will come from its Cash App business.

**Farfetch:** FTCH shares struggled in 2H21 as consumer behavior remains hard to forecast, supply chain disruptions continue to be elevated, and Apple's App Tracking Transparency changes make customer outreach difficult and more expensive. Despite these headwinds, which we believe to be transitory, Farfetch still reported 28% gross merchandise volume growth, 33% revenue growth, and 43% gross profit growth.

In March, we had established a small position in this leading online luxury fashion retail platform. The company is benefitting from the secular trends of growing ecommerce, the global market for personal luxury goods, and emerging market growth, particularly in China. Luxury fashion has much lower online penetration than general ecommerce, and Farfetch is



differentiated because it has developed longstanding relationships with image conscious luxury product companies. Because of this focus, Farfetch has both higher average order values and higher take rates relative to peers, driving higher gross margins. We believe the company can grow revenue and EBITDA more than 20% and 50% per year, respectively, for the foreseeable future. With its extremely low capital needs—capital expenditures were less than 2% of revenue last year—we expect the company’s free cash flow to grow even faster.

**Twilio:** TWLO shares were also down sharply to end the year. Just like after 1Q and 2Q, despite another quarterly beat in 3Q, management guidance--which we believe to be conservative--disappointed some investors. Third quarter revenue of \$740 million was up 65% year over year, significantly exceeding management’s guidance of 50%-52% revenue growth. Management guided 4Q21 revenue to +40% revenue growth, which was ahead of sell side expectations, but likely below buy side expectations. Investors were also troubled by the departure of COO George Hu, who has been credited with rebuilding Twilio’s sales and marketing teams after arriving from Salesforce.com shortly after the company’s IPO in 2016.

The COVID crisis has accelerated the adoption of the company’s cloud-based, integrated communications platform that allows companies in a wide range of businesses to embed digital communications capabilities (video, chat, voice, SMS, fax, and email) into their customer facing applications without needing to build back-end infrastructure and interfaces. Twilio’s total addressable market is now greater than \$40 billion, which should grow by 50% over the next few years, providing a strong secular tailwind for the company. We expect the company’s gross margin to continue to expand from 54% in the second quarter toward management’s long-term goal of 60%-65%, and, as the company grows to scale, we expect its non-GAAP operating margin to expand to 25%.

**Snap:** Similar to TWTR and PINS, Snap shares were under pressure to end the year, as the company guided fourth quarter revenue growth down to 28%-32%, well below its 57% 3Q growth. The slowing growth is a result of both Apple’s App Tracking Transparency (known as ATT) change, giving users the choice not to be tracked across apps and websites, hindering ad-effectiveness measurement, plus supply chain disruptions causing retailers to scale back their advertising. We believe these headwinds are transitory and that next year Snap will return to its long-term growth target of 50%+ growth.

The company reported revenue growth of 57% for its 3Q to \$1 billion, driven by user growth of 23%, and 28% growth in average revenue per user (ARPU). Adjusted EBITDA improved by \$118 million year over year to \$174 million, for a 16% margin. Snap also continues to roll-out products that should help drive further expansion in user growth and ARPU. For example, five of the company’s new augmented reality Lenses generated more than 1 billion impressions each, achieving over 11 billion impressions in total. With TTM of \$3.7 billion in revenue and an ARPU that is about 1/3 that of Facebook, we believe Snap has a long runway for both revenue



growth and expanded profitability as it improves its platform functionality, grows its audience, and continues to advance its monetization.

**Illumina:** Despite reporting second and third quarter results that were well-ahead of expectations, ILMN shares declined due to the controversy surrounding its acquisition of Grail (of which Illumina already owned 12%), which it closed during August, holding the company as a separate operating business while awaiting EU merger approval. Notwithstanding the Grail drama, Illumina's core business reported healthy growth. ILMN revenue grew 78% for 2Q and 40% for 3Q. Management raised full-year revenue guidance to 36% growth and adjusted operating margin to 27.5%-28.0%, both above expectations.

We continue to view the company's core genomics market opportunities as offering one of the larger TAMs that we cover, and ILMN is the clear innovation leader in sequencing and array-based solutions for genetic analysis. With less than 0.02% of humans having been sequenced and 99% of the variants discovered in the genome having not yet been deciphered, Illumina, at only \$4 billion of TTM revenue, is still in its infancy in what is potentially a greater than \$50 billion genetics analysis tools market opportunity. With Illumina's recent entrance into the potentially even larger liquid biopsy market (early-stage cancer screening via blood samples) through its acquisition of Grail, the company has two large growth opportunities ahead.

**SoFi Technologies:** During 3Q, we purchased a small position in SoFi, a neobank or digital bank, operating exclusively online without any physical branches. The company provides a comprehensive consumer finance product suite including credit cards, student loan refinancing, mortgages, personal loans and automated investing. SoFi has a \$2 trillion dollar market opportunity by taking share from incumbent banks (such as Wells Fargo and Bank of America), as the incumbents have first generation technology, and the younger generation generally prefer digital banks.

Despite impressive 3Q results, SOFI shares struggled along with other fast-growing technology stocks. SOFI added 377,000 new customers in the quarter, it's second-highest quarterly increase in its history. The company increased its total products sold by 108%, and its revenue by 28%. SoFi also reported \$10 million of EBITDA for a 3.6% margin and increased its revenue and adjusted EBITDA guidance for the year. We expect the company to grow revenue by more than 30% annually for the next several years and grow its margin by cross-selling more profitable products—with low or no customer acquisition costs—and increasing scale, leading to profit growth of more than 50% annually for the foreseeable future. We know the SOFI management team well from previous positions over the past two decades and have great confidence in their ability to execute on this enormous growth potential.



**Uber:** UBER shares were under pressure throughout 2H21 despite the fact that delivery growth remains strong and ride sharing has begun to recover. Gross bookings in the company's most recently reported quarter doubled to 57% year over year, driven by 50% Delivery growth and 67% Rides growth.

Despite the COVID disruption, UBER remains the undisputed global leader in ride sharing, with greater than 50% share in every major region in which it operates. The company is also a leader in food delivery (56% of 3Q21 revenue), where it is number one or two in the more than 25 countries in which it operates. We view UBER as more than just ride sharing and food delivery, but also as a global mobility platform with the ability to sell to its more than 100 million users (by comparison, Amazon Prime has 130+ million members) and penetrate new markets of on-demand services, such as grocery delivery, truck brokerage and worker staffing for shift work.

UBER, at its current \$85 billion market capitalization, trades at just over 3x next year's revenue from its two core businesses. Additionally, the company has substantial, unrecognized, value in its several nascent development businesses and another \$12 billion in equity stakes in synergistic businesses around the world.

**Shopify:** SHOP shares were down modestly for 2H21, and we attribute the decline to the market environment rather than anything company specific, as Shopify's fundamentals remain exceptional. The company reported \$42 billion of merchandise sales, a 35% year-over-year increase, leading to 46% revenue growth to \$1.1 billion for its 3Q. Subscription solutions revenue grew 37% year over year.

Last year, \$120 billion (9%) of US retail e-commerce sales flowed through SHOP, which was second only to Amazon, and up from \$61 billion for 2019. The company is still enjoying significant tailwinds as retail merchants of all sizes rapidly adopt SHOP's software tools to display, manage and sell their products across a dozen different sales channels. We believe that the overall growth of e-commerce, combined with the development of new products and services at SHOP, will continue to drive revenue growth of about 50% per year over the next several years, accompanied by continued operating margin expansion.



<b>Top Contributors to Performance for the Quarter Ended December 31, 2021</b>	<b>Percent Impact</b>
Apple Inc. (long)	0.87%
KKR & Co. Inc. (long)	0.86%
Zoetis Inc. (long)	0.85%
Microsoft Corporation (long)	0.80%
UnitedHealth Group Inc. (long)	0.62%

*Portfolio Attribution is produced by RiverPark Advisors, LLC (RiverPark), the Fund's adviser. Although RiverPark believes that its attribution methodology adheres to generally accepted standards in the industry, attribution analysis is not an exact science and different methodologies may produce different results.*

*Performance Attribution is shown gross of fees. Holdings are subject to change.*

<b>Top Detractors From Performance for the Quarter Ended December 31, 2021</b>	<b>Percent Impact</b>
Snap, Inc. (long)	-1.47%
Pinterest, Inc. (long)	-1.00%
Block Inc. (long)	-0.99%
Twitter, Inc. (long)	-0.84%
Paypal Holdings, Inc. (long)	-0.61%

*Portfolio Attribution is produced by RiverPark Advisors, LLC (RiverPark), the Fund's adviser. Although RiverPark believes that its attribution methodology adheres to generally accepted standards in the industry, attribution analysis is not an exact science and different methodologies may produce different results.*

*Performance Attribution is shown gross of fees. Holdings are subject to change.*



## Top Ten Long Holdings

Below is a list of our top ten long holdings as of the end of the quarter:

Holdings	Percent of Net Assets
Amazon.com, Inc.	6.2%
Alphabet Inc.	6.1%
Microsoft Corp..	5.9%
Blackstone Inc	5.8%
Uber Technologies Inc.	5.2%
Apple Inc.	4.9%
Snap Inc.	4.9%
Pinterest, Inc.	4.8%
Zillow Group Inc.	4.7%
Paypal Holdings Inc.	4.6%
	<b>53.1%</b>

*Holdings subject to change.*



Below is a list of the key secular themes represented on both sides of our portfolio as of the end of the quarter.

Long Portfolio Themes		Short Portfolio Themes	
Internet Advertising	▪ 22.9%	Consumer Packaged Goods	▪ 9.8%
E-Commerce	▪ 14.1%	Levered Telecom	▪ 7.0%
Application Software	▪ 13.9%	Index Hedge	▪ 6.4%
Med Tech	▪ 12.3%	Energy	▪ 6.3%
Electronic Payments	▪ 12.0%	Apparel Retail	▪ 3.4%
Enterprise Software	▪ 11.6%	Branded Consumer	▪ 3.1%
Alternative Asset Management	▪ 9.4%	Beverage Vendors	▪ 2.7%
Online Travel and Transportation	▪ 8.4%	Casinos	▪ 2.7%
Mobile Compute	▪ 4.9%	Cruiselines	▪ 2.6%
Real Estate Services	▪ 4.7%	Food Service	▪ 2.6%
Discount Brokers	▪ 4.4%	Legacy IT Vendors	▪ 1.6%
Animal Health	▪ 3.8%	Overvalued Internet	▪ 1.4%
Global Media Content	▪ 3.6%	Newspapers	▪ 1.4%
Financial Services	▪ 3.4%	Paper Document Storage	▪ 1.3%
Healthcare Insurance and Services	▪ 2.9%	Medical Waste Management	▪ 1.3%

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



## Summary

We continue to believe that our secular-themed long/short portfolio is well positioned to generate strong absolute and relative performance in the years to come. We will continue to keep you apprised of our process and portfolio holdings in these letters each quarter. As always, please do not hesitate to contact us if you have any questions or comments about anything we have written or about any of our funds.

We thank you for your interest in the RiverPark Long/Short Opportunity Fund.

Sincerely,

Mitch Rubin  
Portfolio Manager and Chief Investment Officer



### Performance through and Exposure as of December, 2021

Period	RLSIX	Morningstar L/S Equity	HFRI Equity Hedge Index	S&P 500 Total Return	Contribution		Exposure*			
					Long	Short	Long	Short	Gross	Net
<b>Q4 2021</b>	-4.9%	4.6%	0.9%	11.0%	-1.2%	-3.1%	124.4%	54.9%	179.3%	69.5%
<b>YTD</b>	2.1%	12.5%	12.0%	28.7%	13.9%	-9.0%	118.5%	41.4%	160.0%	77.1%
<b>1 Year</b>	2.1%	12.5%	12.0%	28.7%	13.9%	-9.0%	118.5%	41.4%	160.0%	77.1%
<b>3 Year</b>	23.7%	10.0%	14.5%	26.1%	30.8%	-6.1%	104.1%	40.6%	144.7%	63.4%
<b>5 Year</b>	17.8%	6.5%	9.6%	18.5%	24.4%	-5.0%	107.4%	45.3%	152.7%	62.2%
<b>10 Year</b>	11.1%	5.3%	7.5%	16.6%	19.8%	-6.5%	108.4%	48.9%	157.2%	59.5%
<b>ITD</b>	10.2%	4.5%	6.4%	15.4%	18.2%	-5.7%	107.8%	49.0%	156.8%	58.8%

### Historical Performance and Exposure

Period	RLSIX	Morningstar L/S Equity	HFRI Equity Hedge Index	S&P 500 Total Return	Contribution		Exposure*			
					Long	Short	Long	Short	Gross	Net
<b>2009†</b>	1.7%	1.3%	2.9%	6.0%	5.7%	-3.6%	84.9%	40.7%	125.6%	44.2%
<b>2010</b>	4.7%	4.7%	10.5%	15.1%	13.9%	-7.0%	99.3%	45.2%	144.5%	54.0%
<b>2011</b>	8.5%	-3.3%	-8.4%	2.1%	3.8%	6.9%	115.8%	56.3%	172.0%	59.5%
<b>2012</b>	18.9%	3.6%	7.4%	16.0%	26.6%	-5.5%	106.9%	54.2%	161.1%	52.7%
<b>2013</b>	12.0%	14.6%	14.3%	32.4%	37.2%	-22.9%	109.0%	52.2%	161.2%	56.9%
<b>2014</b>	-3.9%	2.8%	1.8%	13.7%	6.0%	-7.8%	111.8%	52.3%	164.1%	59.4%
<b>2015</b>	0.6%	-2.2%	-1.0%	1.4%	-1.9%	4.5%	107.2%	49.0%	156.2%	58.1%
<b>2016</b>	-1.7%	2.1%	5.5%	12.0%	7.6%	-7.8%	111.9%	54.5%	166.4%	57.3%
<b>2017</b>	22.1%	10.7%	13.3%	21.8%	35.7%	-11.2%	121.3%	59.8%	181.1%	61.5%
<b>2018</b>	-2.1%	-6.7%	-7.1%	-4.4%	-3.2%	2.9%	103.6%	44.6%	148.2%	59.0%
<b>2019</b>	19.9%	11.9%	13.9%	31.5%	29.9%	-7.7%	94.9%	43.1%	138.0%	51.8%
<b>2020</b>	54.7%	5.5%	17.5%	18.4%	65.6%	-7.6%	98.8%	37.3%	136.1%	61.4%
<b>2021</b>	2.1%	12.5%	12.0%	28.7%	13.9%	-9.0%	118.5%	41.4%	160.0%	77.1%

† Inception date of the Fund was September 30, 2009.

Annualized performance since inception of the Mutual Fund (3/30/12) was 9.2% for RLSIX.

The performance quoted herein represents past performance. Past performance does not guarantee future results.

The performance quoted for periods prior to March 30, 2012 is that of RiverPark Opportunity Fund, LLC (the "Predecessor Fund"). The inception date of the Predecessor Fund was September 30, 2009. The performance of the Predecessor Fund includes the deduction of actual fees and expenses, which were higher than the fees and expenses charged to the Fund. Although the Fund is 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.

\* Where applicable, the exposures are delta-adjusted and are computed by averaging the exposures of each month-end within each period.



**To determine if the 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 or full prospectus, which may be obtained by calling 888.564.4517, or by visiting the website at [www.riverparkfunds.com](http://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 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 increase significantly 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 Total Return 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.*

*Morningstar Long/Short Equity Category portfolios hold sizeable stakes in both long and short positions in equities and related derivatives. Some funds that fall into this category will shift their exposure to long and short positions depending on their macro outlook or the opportunities they uncover through bottom-up research. Some funds may simply hedge long stock positions through exchange-traded funds or derivatives.*

*The HFRI Equity Hedge Index consists of funds where portfolio managers maintain long and short positions in primarily equity and derivative securities.*

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