RIVERPARK FUNDS

# RiverPark Large Growth Fund
## (RPXIX / RPXFX)

### Fourth Quarter 2016 Performance Summary

For the fourth quarter of 2016, the RiverPark Large Growth Fund (the Fund) total return was 1.1%. The Russell 1000 Growth Index returned 1.0% and the S&P 500 Index returned 3.8% for the quarter. For the year, the Fund returned 6.5%, while the Russell 1000 Growth Index returned 7.1% and the S&P 500 Index returned 12.0%. For the five years, the Fund returned an annualized 12.5%; the Russell 1000 Growth Index returned an annualized 14.5%, and the S&P 500 Index returned 14.7%.

**TABLE I**
**Fund Returns for the Quarter ended December 31, 2016**

| | INSTITUTIONAL SHARES (RPXIX) | RETAIL SHARES (RPXFX) | S&P 500 (total return) | RUSSELL 1000 GROWTH (total return) |
|---|---|---|---|---|
| FOURTH QUARTER 2016 | 1.08% | 1.01% | 3.82% | 1.01% |
| YEAR-TO-DATE | 6.52% | 6.33% | 11.96% | 7.08% |
| ONE YEAR | 6.52% | 6.33% | 11.96% | 7.08% |
| THREE YEAR – ANNUALIZED | 2.61% | 2.36% | 8.87% | 8.55% |
| FIVE YEAR – ANNUALIZED | 12.46% | 12.19% | 14.66% | 14.50% |
| SINCE INCEPTION – ANNUALIZED (SEPTEMBER 30, 2010) | 11.63% | 11.35% | 13.77% | 13.91% |

*Performance quoted represents past performance and 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. High short-term performance of the fund is unusual and investors should not expect such performance to be repeated. For performance data current to the most recent month end, please visit the website at www.riverparkfunds.com or call 1-888-564-4517. Expense ratios as of the prospectus dated 1/28/2016: RPXIX 0.95% (gross), 1.00% (net); RPXFX 1.23% (gross), 1.25% (net). The Gross Expense Ratio reflects actual expenses and the Net Expense Ratio reflects the impact of such waivers or recaptures, if any. Fee waivers are contractual and subject to annual approval by the Board of Trustees. 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.*



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## Strategy Review

**"Did that *really* just happen?"**

That could be said about many of the events in both the world and the markets during 2016.

While they were not quite the 5,000-1 odds for Leicester City to win the Premier League, Donald Trump becoming President of the United States of America, the U.K. voting to Brexit, and the Cubs actually winning a World Series, were all long-shots that many never thought they would witness in their lifetimes, much less all in the same year.[1]

Market reactions were also just as strange and unpredictable.

### Oil

- Oil--ending 2015 already 67% off its 2014 high--sold off an additional 25% in January to start the year.[2]
- As a result, the World Bank, the International Energy Agency, and many analysts then slashed their oil price forecasts calling for more price weakness.[3]
- Just over a week later, oil prices were up 25%; and, by the end of the year, had advanced over 50% to $56.82.[4]

### Early 2016 Markets

- The S&P 500 experienced its worst 10-day start to a year ever, down 8.0%.[5]
- As a result, in January economists doubled the U.S. chance of recession.[6]

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[1]Carr, Paul, "How Leicester City's 5,000-1 odds compare to other long shots", *ESPN*, ESPN Internet Ventures, May 2, 2016. Web. January 12, 2017. Cillizza, Chris and Blake, Aaron, "Donald Trump's chances of winning are approaching zero", *The Washington Post*, WP Company, October 23, 2016. Web. Smith, Matthew Nitch, "BREXIT BETTING: The odds have now made a 'huge shift' towards a Remain Vote", *Business Insider*, Business Insider, June 20, 2016. Web. Paine, Neil, "There's an 85 Percent Chance The Cubs Won't Win The World Series Next Year Either", *FiveThirtyEight*, FiveThirtyEight, December 11, 2015. Web.

[2]Bloomberg L.P., "Brent crude price table", Bloomberg database. January 12, 2016.

[3] Volcovici, Valerie, "World Bank slashes 2016 oil price forecast", *Reuters*, Thomson Reuters, January 26, 2016. Web. Cooper, Amanda, "IEA says oil market may 'drown in oversupply' in 2016, *Reuters*, Thomson Reuters, January 19, 2016, Web. Berthelsen, Christian, "Banks Rip Up Oil Forecasts", *The Wall Street Journal*, Dow Jones & Company, January 28, 2016. Web.

[4] Bloomberg L.P., "Brent crude price table", Bloomberg database. January 12, 2016.

[5] Adinolfi, Joseph and Kollmeyer, Barbara, "U.S. stocks post worst 10-day start to a year in history", *MarketWatch*, Dow Jones & Co., January 15, 2016. Web. Bloomberg L.P., "S&P 500 price table", Bloomberg database. January 12, 2016.

[6] Long, Heather, "U.S. recession cries get louder", *CNNMoney*, Cable News Network, January 26, 2016, Web.



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- Strategists predicted an end to the bull market.[7]
- Without apparent catalyst, the S&P 500 immediately rallied back and was up 10.8% over the next two months and returned 1.4% for the first quarter.[8]

**Brexit**

- Brexit--the unexpected June U.K. vote to leave the European Union—sent global equities reeling, the S&P 500 down 5.3%, and wiped more than $3 trillion off global markets in just two days.[9]
- As a result, economists then forecast Britain's first recession since 2009.[10]
- Less than a week later, most global markets had reversed; the S&P 500 was above its pre-Brexit level; and the index set an all-time high less than a month later.[11]

**U.S. Presidential Election**

- Donald Trump--despite forecasters putting his chances of winning "approaching zero" just a week earlier--won the U.S. Presidential Election, plunging S&P 500 futures 5%, hitting their limit down threshold, in the wee hours of November 8th.[12]
- As a result, economists immediately warned of global recession following Trump's victory.[13]
- Many experts predicted a precipitous market decline with one economist opining that the markets would *never* recover.[14]
- Within hours, the selling pressure dissipated, the markets roared back to life, and finished the day up 1%; November itself was one of the year's better months, returning 3.7%; December, also one of the year's better months, returned an additional 2.0%.[15]

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[7] Bullock, Nicole, "US bull market era on borrowed time", *Financial Times*, The Financial Times Ltd., January 20, 2016. Web.
[8] Bloomberg L.P., "S&P 500 price table", Bloomberg database. January 12, 2016.
[9] Rodionova, Zlata, "Brexit wipes record $3tn off global markets in two days", *The Independent*, Independent Digital News and Media, June 28, 2016. Web. Bloomberg L.P., "S&P 500 price table", Bloomberg database. January 12, 2016.
[10] Edwards, Jim, "ANALYSTS: Brexit will bring recession…and contagion", *Business Insider*, Business Insider, June 27, 2016. Web.
[11] Bloomberg L.P., "S&P 500 price table", Bloomberg database. January 12, 2016.
[12] Cillizza, Chris and Blake, Aaron, "Donald Trump's chances of winning are approaching zero", *The Washington Post*, WP Company, October 23, 2016. Web. Holm, Erik, "Market Real Time: S&P 500 Futures Halted After 5% Plunge", *The Wall Street Journal*, Dow Jones & Company, November 9, 2016. Web.
[13] White, Martha C., "Economists Warn of Global Recession Following Trump Victory", *Time*, Time, November 9, 2016. Web.
[14] Krugman, Paul, "Paul Krugman: The Economic Fallout", *The New York Times*, The New York Times Company, November 9, 2016. Web.
[15] Bloomberg L.P., "S&P 500 price table", Bloomberg database. January 12, 2016.



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Few predicted any of these long-shot events or, once these events happened, even fewer predicted the outcomes that would follow.

If you then include the Zika virus outbreak and the tragic events in Syria, Haiti, Orlando, Nice, Charlotte, and Brussels, fewer still would describe 2016 as being a just another average year.

Unless, of course, you had a longer-term perspective and were discussing the return from being invested in equities.

In which case, the market's return during 2016 was almost ***exactly average***.

**U.S. S&P Average Total Return**

- The last 50 years: 11%[16]
- The last 100 years: 11%[17]
- 2016: 12%

Although, in any given year, markets can swing wildly and current economic, political and world events can be highly unpredictable, time and again we are reminded that a disciplined, long-term investment process (especially one that keeps "expert" predictions and unexpected events in perspective) remains the best way to manage through volatile times to achieve one's long-term investing goals.

For us, our goal for the RiverPark Large Growth Fund is to double our and our client's invested capital every 4-6 years, regardless of the geopolitical or macro-economic environment. We do this by investing in a select, but diverse, portfolio of companies that have long-term growth potential driven by ongoing secular trends, strong business fundamentals, and exceptional management teams that are also reasonably valued. If we are proficient in finding secular growth companies and we are correct in buying them at reasonable values, we should be successful in doubling our investors' capital every 4 to 6 years. We also believe that this strategy will produce returns in excess of a broader market index (i.e. the Russell 1000 Growth and the S&P 500) over time as those indices have historically had much slower earnings growth than our portfolio companies at comparable valuations.

For the RiverPark Large Growth Fund, 2016 was a frustrating year, not because of the unpredictable macro and political events cited above, but because our portfolio, while posting decent gains for the year (+6.5%), underperformed our primary benchmark (the Russell 1000 Growth index returned 7.1%), and the earnings of the businesses in which we are invested (on a weighted average basis, our holdings grew their earnings nearly 20% for the year). This is

[16] Bloomberg L.P., "S&P 500 price table", Bloomberg database. January 12, 2016.
[17] Bloomberg L.P., "S&P 500 price table", Bloomberg database. January 12, 2016.

similar to the first 6+ year period for our Fund, which has now doubled since its inception in the Fall of 2010 (total return of 106% since inception through January 7, 2017), but has similarly underperformed our primary benchmark (the RLG has returned 14.3% per year during this period v. our 12.2%) and the earnings of the companies in our portfolio (which have compounded in excess of 20% per year during this period). While this has made for a frustrating period of relative underperformance for the Fund since our inception, we believe that the disconnect between earnings growth and stock price performance in our portfolio and relative to our primary benchmark bodes extremely well for the Fund's relative and absolute performance potential in the future.

As we turn the page to 2017, the secular growth drivers, and the businesses we own that they positively impact, remain well intact and include the growth of digital media (Google and Facebook) and e-commerce (Amazon, Priceline and eBay), the expanded market opportunities for our select group of consumer discretionary brands (Starbucks, Disney, CarMax, Dollar Tree, Dollarama and Nike), the expanded market share of innovative asset managers (Blackstone, Blackrock and Affiliated Managers Group), the continued organic asset growth at our discount brokerage companies (Schwab and TD Ameritrade), the increasing dominance of electronic payments globally (Visa and MasterCard), the continued explosion in mobile communication (Apple, American Tower), the emergence of cloud computing (Equinix and Adobe), the growth in financial exchanges (CME Group and Intercontinental Exchange), the continued importance of energy exploration and production (Schlumberger, EOG Resources, and Southwestern Energy) and the demand for innovative healthcare solutions (Intuitive Surgical, Align Technologies, and Illumina), among others. These secular trends are all growing significantly greater than GDP and the earnings outlook for our businesses that are leading these trends are forecast to grow significantly more than the market as a whole.

In addition to substantial secular growth, the companies in our portfolio are also highly profitable and are significant cash taxpayers with predominantly cash rich balance sheets (companies representing approximately 40% of the portfolio have no net debt and those representing over 70% of our portfolio have less than 2x debt to EBITDA), with substantial portions of their cash held overseas. While we expect our portfolio companies to continue to profitably grow as they have in the past, if we enter an environment with continued rising interest rates, lower corporate tax rates, a loosened regulatory landscape, and the ability to repatriate cash from overseas, we would expect our companies' earnings growth to accelerate even faster.

Given the relative and absolute values we find within our portfolio as we begin this new year, we hope that next year when asked the question, "did that really just happen?" it will be about the substantial gains that our portfolio has generated for our investors, and that the answer will be "yes, it did."



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## Portfolio Review

| **Table I** **Top Contributors to Performance for the Quarter Ended December 31, 2016** | |
|---|---|
| | **Percent Impact** |
| **The Charles Schwab Corp.** | 0.81% |
| **CarMax, Inc.** | 0.66% |
| **CME Group Inc.** | 0.50% |
| **TD Ameritrade Holding Corp.** | 0.47% |
| **The Walt Disney Co.** | 0.40% |

| **Table II** **Top Detractors From Performance for the Quarter Ended December 31, 2016** | |
|---|---|
| | **Percent Impact** |
| **Facebook, Inc.** | -0.51% |
| **Southwestern Energy Co.** | -0.44% |
| **Illumina, Inc.** | -0.38% |
| **Amazon.com, Inc.** | -0.29% |
| **American Tower Corp.** | -0.26% |

*Contributors and Detractors are produced by RiverPark Advisors, LLC (RiverPark), the Fund's adviser, using FactSet Research Systems Portfolio Analysis Application. Please take into account that attribution analysis is not an exact science, but may be helpful to understand contributors and detractors.*

*Performance attribution is shown ex-cash and gross of fees. Holdings are subject to change.*

**Charles Schwab and TD Ameritrade**: SCHW and AMTD were two of our top contributors for the quarter as both companies' shares reacted well to both the rising equity markets (which drive increases in trading volumes/commission revenues and asset management fees) and the resumption of interest rate hikes by the Fed (which drive net interest revenue for these asset centric firms). In addition to these macro tailwinds, asset growth at both firms also remains robust (both continue to report annualized increases of 6-10% in net new assets) as Schwab and Ameritrade continue to benefit from the secular trend of discount brokerage firms taking market share of investable assets from self-directed retail investors and independent advisors. Both firms have also kept a strong grip on expenses during the past few years and have expanded operating margins, leading to earnings growth well in excess of revenue growth. AMTD shares also benefited during the quarter from the positive market reaction to its announced acquisition of Scottrade, a well-respected, privately owned, independent discount brokerage, in what appears to be a nicely accretive transaction.

Together, these two holdings represent one of our largest secular themes for the Fund as we remain optimistic that continued strong asset growth (from both the secular growth of demand for discount brokerage services and these companies' advantages of scale, execution and brand) will combine with solid equity market returns and a modestly rising interest rate environment to generate significant earnings growth over the next several years.

**CarMax**: After a particularly volatile 2016, which included several months of significant share price declines (9%, 10% and 7% monthly declines in June, September and October, respectively), KMX shares ended the year on a strong note with an increase of over 20% in the fourth quarter. The stock's resurgence can be attributed to the combination of rising expectations for greater used car affordability and demand, as well as company specific trends of rising comparable store sales, a website redesign with improved online capabilities, positive traffic trends and continued new store expansion. In addition, during December, the company reported strong quarterly earnings that included an acceleration in non-subprime comparable car sales sold to 9.8%, consistent gross profit (around $2,150 per car), strong expense discipline and the continuation of the company's stock repurchase program (the company repurchased 3.8 million shares during the quarter, just shy of $200 million). These factors combined to generate in excess of 13% year-over-year EPS growth for the quarter, which was nicely ahead of expectations and a material re-acceleration after several quarters of sub-par growth.

We continue to believe that KMX has one of the most compelling and profitable unit growth stories in U.S. retail, as well as an excellent management team and a fortress balance sheet. We view CarMax's no-haggle pricing, no-pressure salesforce, quality guarantees, unparalleled car selection, and the company's information advantage in used-car pricing as providing a superior customer proposition and a significant barrier to competition. It remains our belief that CarMax can continue to double its store base and, as the credit and the used car pricing cycles turn more positive, more than double its earnings over the next several years.

**CME Group:** The fourth quarter was also strong for CME, which registered a new all-time high in December in response to increased market activity in each of the company's core futures and options segments (interest rates, energy, agriculture, FX). Trading volumes on the CME have accelerated materially over the past several months, culminating in an impressive 52% year-over-year growth rate in November. Despite such growth, the company kept expenses firmly in check, driving operating margins several hundred basis points higher to 65% in its most recent quarter. CME management also remains firmly committed to returning excess cash to shareholders, having declared a $3.25 year-end dividend (vs. last year's record $2.90 and giving CME shares a nearly 5% dividend yield). We remain attracted to the diversity of CME's core derivative trading platforms as well as CME's high margin business model and are optimistic that a period of prolonged elevated volume levels on CME's exchanges is in store.

**Disney:** After several quarters of pressure, DIS shares rebounded nicely during the fourth quarter as the company reported solid quarterly results and gave a more optimistic picture for long-term earnings growth potential than the market had expected. Throughout 2016, the market has been concerned about the effect of cord cutting on traditional media companies. In particular, the market has been focused on the long-term effect of audience fragmentation on Disney's core ESPN division, which has long been a top contributor to Disney's growth and profitability. Despite strong growth in Disney's other divisions (studio, parks, and consumer products), audience fragmentation concerns dominated the market's discourse on DIS during 2016 and led to a material sell-off in the company's shares earlier in the year. We took advantage of that sell-off to add to our DIS position as we believe that profit growth at ESPN will remain solidly positive and, more importantly, that the secular trends and impressive array of assets in the company's other divisions afford the opportunity for sustained highly profitable growth for years to come.

While ESPN profit growth has certainly slowed in recent years due to a decline in subscribers to traditional multi-channel TV packages (and an increase in the cost of programming rights), subscriber declines are being offset by a combination of contractual increases in subscriber fees and an increase in advertising rates from a solid demand environment (given the uniqueness of live sports in creating large, non-time shifted audiences for advertisers). In addition, Disney's investment in direct to market technology (including its recent investment in BAMTech, a live streaming platform for sports and other programming) has the potential to recapture subscriber growth on over-the-top platforms and re-accelerate the growth trajectory for Disney's sports programming division over time. While the operating profit growth of the company's cable networks' segment (dominated by ESPN) has slowed over the past several years (from an average of 6-9% annual growth), profit growth remains solidly positive and we continue to project a 3-4% year-over-year operating profit growth for this division over the next several years.

More importantly, however, we believe that the market has ignored the impressive growth and increasingly valuable position of Disney's other media segments. The profit growth at the company's non-cable media divisions has materially accelerated over the past several years as the studio (+40% per year), the company's consumer products division (+20% per year) and the company's theme parks (+16% per year) are all growing at impressive levels and now represent the majority of the company's operating profit. It is the growth of these divisions that has helped fuel Disney's run of a greater than 17% compound annual EPS growth rate over the past 3, 5 and 7 years. Although the company is expecting to report below average earnings growth for 2017, management recently highlighted that several non-recurring expense increases are the primary challenges for the year (rather than any permanent secular headwinds) and that much more robust earnings growth is projected for 2018 and beyond. Given that the company rarely gives longer-term earnings guidance, the market reacted well to this outlook.



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In our opinion, Disney has the best collection of media assets in the world (Disney, ESPN, ABC, Marvel, Pixar, and Lucasfilm to name the most prominent), which is strongly augmented by the consistency and high profitability of its unique parks business and its broad consumer products division. In addition, with a pristine balance sheet, growing free cash flow, a deep library of owned content and a management and creative team that we believe to be among the best in media, we believe that DIS's strongest years of growth are still ahead of it. We added to our position throughout 2016 and during the quarter, making DIS a top 10 holding.

**Facebook**: Although FB continues to report stellar revenue and earnings growth (up 56% and 91%, respectively, for the third quarter), its shares were under pressure in the fourth quarter as investors reacted negatively to conservative comments from the company about the need to grow expenses during 2017 and rotated out of higher-growth tech stocks into other sectors following the US elections. We took advantage of this stock weakness during the quarter to increase our Facebook position, making it among our largest holdings.

After reporting earnings and profit growth, well ahead of even the most optimistic analyst's expectations, during the company's earnings call, Facebook's CFO referred to 2017 as an "aggressive investment year" for the company. This commentary led several analysts to conclude that the company's earnings growth was about to decelerate materially and resulted in a handful of downward earnings revisions. Although the consensus forecast for FB earnings growth remains robust (+25% per year) and despite the CFO making nearly identical comments during almost every quarter over the last two years, the market reacted negatively putting pressure on the company's shares. This pressure was further exacerbated by the perceived hostility of the president-elect to west coast tech companies, which led to a rotation out of several of our other top holdings (Amazon, noted below, and Google were also down in what was an otherwise solid quarter for equities).

We note that near-term results for FB remain strong with the company's revenue growth up 55% over the past 12 months (to $25 billion revenue) and its operating margin expanding 500 bps year-over-year to 59% in its most recent quarter. We believe that FB's growth potential remains exceptional as the company has only just begun to monetize its widely popular Instagram platform and has yet to begin monetizing its WhatsApp division. There are now over 4 million active advertisers on Facebook, over 500,000 active advertisers on Instagram and the company's mobile ad revenue ($5.7 billion in the third quarter) grew 70% year-over year.

We continue to believe that Facebook is the dominant social media/digital advertising platform globally and is poised for years of continued earnings and free cash flow growth as advertisers continue to follow consumer eyeballs to the internet and especially the mobile web. The company also has a world class management team that has deftly balanced investments in innovation, research and development with a commitment to profitability and free cash flow growth for the benefit of shareholders. We also note that, despite solid stock performance for



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2016--up 10% for the year--the company's stock has substantially underperformed its earnings growth over the past several years, resulting in a contraction in the company's valuation. As of this writing, FB is trading at less than 18x our 2017 earnings estimate.

**Southwestern Energy**: Although one of our larger contributors to performance for the year, SWN was a top detractor for the quarter as a mid-October decline in natural gas prices drove down the share prices of many natural gas exploration-focused companies. We took advantage of the sell-off to add incrementally to our SWN position as we believe that the combination of this year's rebound in natural gas prices (despite the fourth quarter decline, natural gas prices rallied nearly 60% during the year), management's aggressive actions to stabilize the company's balance sheet, and technological innovation, positions the company to return to growth in 2017 and beyond.

We remain optimistic that, with stable gas prices, SWN will be able to grow production materially in its three core acreage positions (Fayetteville, Marcellus and SW Appalachia) funded by its internally generated cash flow. Despite its rebound during 2016, SWN shares, in our opinion, remain extremely cheap in relation to the long-term value embedded in its reserves.

**Illumina:** ILMN shares declined during the quarter in response to disappointing third quarter results and reduced fourth quarter guidance. The company's revenue missed expectations due to a shortfall in instrument sales while the company also guided its fourth quarter revenue below Street consensus estimates due to timing uncertainty around a few large deals in the pipeline. While ILMN remains the dominant player in the Next Generation Sequencing (NGS) market, an industry that we believe is at the heart of the precision medicine revolution, a majority of its customer base in both the U.S. and overseas are research-based institutions that have irregular spending patterns. This makes quarter-to-quarter visibility difficult and has led to a pause in the company's historically strong growth rate as the company works through the unpredictability of its customers' spending patterns and the maturation of the DNA sequencing industry (Illumina revenue had grown at a 27% compound annual rate from less than $200 million in 2006 to more than $2.2 billion in 2015, but decelerated to less than 10% growth for 2016).

We had owned and exited ILMN several years ago on concerns about valuation and visibility. We re-initiated a small position earlier this year after the stock's initial large sell-off (due to a similar negative preannouncement for the first quarter of 2016) and have added incrementally throughout the year, including in response to this most recent decline. Illumina remains extremely profitable (70% gross profit margins, 34% EBITDA margins, and significant FCF) and remains the innovation leader in sequencing and array-based solutions for genetic analysis. We believe that ILMN still has substantial growth opportunities in the years to come as it continues to have a robust innovation pipeline and continues to expand into new markets (China, for example, is now the company's #2 market and grew 85% year-over-year in the latest quarter). We believe that, as the industry matures and the company continues to bring new



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product innovation to market, the company will regain its previous growth trajectory and grow its earnings materially. Nevertheless, we have kept ILMN as one of our smallest holdings, as we expect continued lumpiness in the company's results in the near term.

**Amazon.com**: After a strong third quarter, AMZN shares were under pressure in the fourth quarter as the market reacted negatively to the company's increased spending guidance. As with FB noted above, the company's shares also suffered from an overall rotation out of higher-growth tech stocks into other sectors following the US elections.

AMZN posted better-than-expected revenue growth of 29% for the quarter fueled by continued market share gains in both its e-commerce and Web Services divisions. The company's results continue to evidence the scale and profitability of both of the company's core segments: retail unit growth remains at high levels (+28% in the most recent quarter) despite the size and scale of the company's e-commerce business and AWS, in only 10 years after its launch, is now a more than $11 billion business, which grew 55% in the quarter and recorded a record high margin of 31.6%. We believe that both of these businesses remain in their early stages of growth as AMZN's leadership in fulfillment is driving continuing market share gains from both brick-and-mortar retailers and smaller online competitors, while its continued growth of and investment in Prime services creates a growing loyalty among its customers. Similarly, the company's continued investment in both compute scale and capability and price cuts for its customer base in its AWS business creates an ever-widening moat for this already highly profitable and rapidly growing business.

Amazon has shown a willingness throughout its existence to invest relentlessly in growth, innovation and value for its customers, often at the expense of short-term margins. As a result, we were not surprised by management's comments that they expected to continue to invest aggressively in fulfillment, digital content and additional Prime benefits and that there may very well be some short-term interruption in operating profit growth. Nevertheless, we believe that these investments will continue to enable AMZN to grow in excess of 20% per year for the foreseeable future while also, in the long run, expanding EBIT margins and driving accelerated growth in excess free cash flow. We added to our Amazon position on weakness during the quarter.

**American Tower**: AMT shares suffered a post-election decline as rising interest rates pressured REITs in general and speculation of potential carrier consolidation in a less anti-trust focused government sparked a wireless tower sell-off in particular. With respect to potential carrier consolidation, we note that, due to the company's long-term contracts and diversified domestic and international tenant base, there is minimal revenue risk to the company from any consolidation over the next three-to-five years (for example, several analysts have noted that AMT's exposure to a potential Sprint and T-Mobile merger would be less than 4% of sales). Moreover, we also note that AMT historically has seen merged carriers increasing their



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network capital spending after consolidation to support customer traffic and the quality of connectivity on their networks in a dramatically increasing mobile data consumption environment. According to the company, the average U.S. smartphone now consumes more than 1.4 gigabits of data per month, a 1,700% increase from just 5 years ago. Even greater data usage growth is occurring in the company's international markets. Global wireless carriers have consistently increased their capital commitments to their networks to keep up with this massively expanding usage, which then drives additional demand for American Tower's assets. We continue to believe that AMT is well positioned both domestically and internationally to profit from this exploding global wireless data growth for years to come.

## Top Ten Holdings and Industry Exposure

The below charts depict the Fund's top 10 holdings and industry exposure as of the end of the quarter.

**Table VI**
**Top Ten Holdings as of December 31, 2016**

| | Percent of Net Assets of the Fund |
|---|---|
| **Alphabet Inc.** | 5.4% |
| **Apple Inc.** | 4.5% |
| **Facebook, Inc.** | 4.5% |
| **The Blackstone Group L.P.** | 4.4% |
| **The Priceline Group Inc.** | 4.0% |
| **The Charles Schwab Corp.** | 3.7% |
| **The Walt Disney Co.** | 3.7% |
| **Alliance Data Systems Corp.** | 3.5% |
| **American Tower Corp.** | 3.5% |
| **CarMax, Inc.** | 3.5% |
| | **40.8%** |

*Holdings are subject to change. Current and future holdings are subject to risk.*



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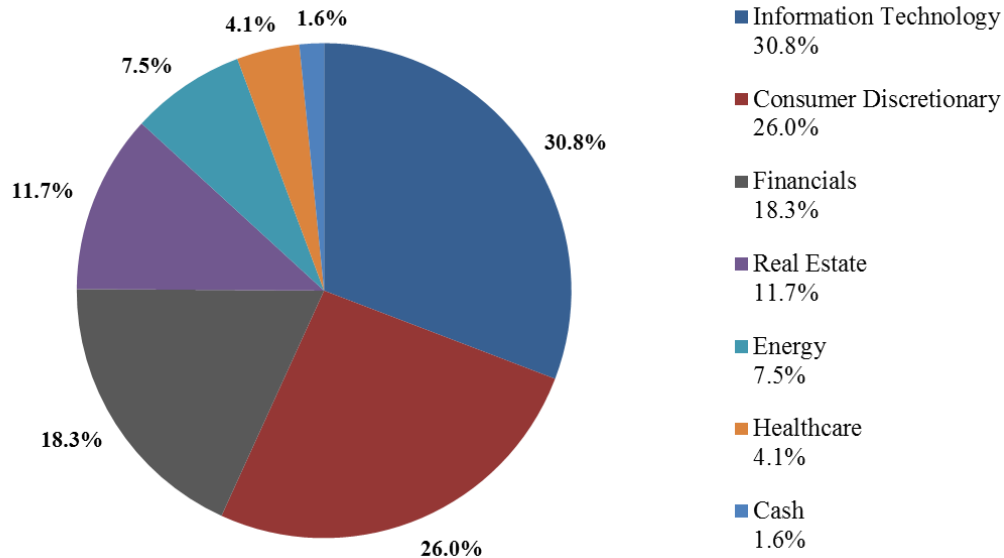


*Allocations are subject to change.*

## Summary

We believe our secular-themed, large capitalization growth portfolio is well positioned to generate strong absolute and relative performance. While market volatility continues and macro-economic challenges remain, the vast majority of the companies in which we are invested are benefiting from strong secular growth trends, generate substantial and growing excess cash flow each year, and have large cash balances to fund future growth and/or return to shareholders. This strong fundamental foundation allows our companies to continue to invest in their long term growth during difficult periods and contributes to our confidence to maintain, and, in select instances, increase our positions at attractive prices during difficult periods.

We will continue to keep you apprised of our process and portfolio holdings. As always, please do not hesitate to contact us if you have any questions or comments about anything we have written in our letters or about any of our Funds.

We thank you for your support as investors in the RiverPark Large Growth Fund.

Sincerely,

Mitch Rubin
Portfolio Manager and Co-Chief Investment Officer

**To determine if a Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and other information may be found in the Fund's summary or full prospectus, which may be obtained by calling 1-888-564-4517 or by visiting the website at** www.riverparkfunds.com**. Please read the prospectus carefully before investing.**

*Mutual fund investing involves risk including possible loss of principal. There can be no assurance that the Funds will achieve their stated objectives.*

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*The Russell 1000 Index is a stock market index that represents the highest-ranking 1,000 stocks in the Russell 3000 Index, which represents about 90% of the total market capitalization of that index. S&P 500 Index is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic equity market through changes in the aggregate market value of 500 stocks representing all major industries. Investors cannot invest directly in an index.*

*The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 stocks as of February 5, 1971.*

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