



# RiverPark Large Growth Fund

## (RPXIX/RPXFY)

### Fourth Quarter 2017 Performance Summary

The equity markets and the RiverPark Large Growth Fund (the “Fund”) each continued their strong 2017 run in the fourth quarter as the S&P 500 Total Return Index and the Russell 1000 Growth Total Return Index (“RLG”) returned 6.6% and 7.9%, respectively, while the total return for the Fund was 6.6%.

This brings the Fund’s 2017 total return to 30.2%.

**TABLE I**  
Performance: Net Returns as of December 31, 2017

	Current Quarter	Year-to- Date	One Year	Three Year	Five Year	Since Inception
<b>Institutional Class (RPXIX)</b>	6.58%	30.19%	30.19%	10.36%	13.97%	14.02%
<b>Retail Class (RPXFY)</b>	6.49%	29.83%	29.83%	10.09%	13.70%	13.74%
<b>Morningstar Large Growth Category</b>	6.41%	27.84%	27.84%	10.96%	15.02%	13.61%
<b>Russell 1000 Growth Total Return Index</b>	7.86%	30.21%	30.21%	13.79%	17.33%	16.03%
<b>S&amp;P 500 Total Return Index</b>	6.64%	21.83%	21.83%	11.41%	15.79%	14.85%

*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 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](http://www.riverparkfunds.com) or call 1-888-564-4517. Gross expense ratios, as of the prospectus dated 1/27/2017, for Institutional and Retail classes are 0.90% and 1.11%, respectively.*

*Index performance returns are for illustrative purposes only and do not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged and one cannot invest directly in an Index.*



## Strategy Review

“A rising tide lifts all boats” -- John F. Kennedy

But...

“Only when the tide goes out do you discover who’s been swimming naked” -- Warren Buffett

There were strong tides during 2017 that lifted many boats across the global markets. Accelerating GDP growth, strong employment trends, limited inflation, a slow and steady Fed, accelerating earnings, and significant corporate tax reform all contributed to the S&P 500’s impressive 22% total return for the year. Strong returns were not limited to the US as accelerating global growth, stabilizing economies and limited geopolitical disruptions led to even stronger results overseas with the MSCI World (+23%), Latin America (+24%), Asia Pacific (+32%) and Emerging Markets (+37%) indices all posting better returns than the US.

While growth stocks certainly led the way in the US—the Russell 1000 Growth Total Return Index returned 30%—value stocks also generated much stronger than average returns as the Russell 1000 Value Total Return Index returned 14% (well ahead of its long term average of 7.4% over the last 20 years). And all these returns paled in comparison to Bitcoin’s 1,300% rise.

While there was a general perception that a select group of high growth technology stocks drove the market, nearly all segments participated in the strong rally. In fact, in addition to the Technology sector, each of the Consumer Discretionary, Financial, Health Care, Industrials, and Materials sectors all advanced 20% or more for the year while even the traditionally defensive Consumer Staples and Utilities sectors were up 10% and 8%, respectively. On an individual company basis, nearly half of all S&P 500 companies (48% of the index constituents) returned more than 20% for the year.

This does not mean, however, that the fundamental revenue and earnings growth across businesses and industries also rose with the tide during the past 12 months. While many businesses (such as those in our portfolio) with strong secular tailwinds, competitively advantaged business models and talented management teams thrived during the past year (and over the past few years), many others continued to face significant structural and secular headwinds that continue to pressure their pricing power and profitability. Take, for example, mass merchant behemoth, Wal-Mart. In contrast to the 47% total return for its stock during 2017, and the glowing endorsements from many investment analysts that characterize Wal-Mart as a re-invigorated growth company, the company has, over the last 12 quarters, averaged less than 1% year-over-year revenue and earnings growth. During this time, the company’s operating profit, pressured by flat sales (for nearly all of the past 5 years), rising costs and increased investment, has declined by \$3 billion, operating margins have contracted over 20% and earnings



over the last 3 years have averaged a 5% per year annual decline. While WMT may be executing marginally better over the last few quarters (where earnings have gone from down 12% in fiscal 2016 to up 2.7% projected for fiscal 2018), it does not appear, to us at least, that the secular headwinds and stiff competition in WMT's businesses from Amazon, Target, Costco and many others is going to get easier anytime soon. While forward estimates for future earnings growth for the company have risen of late, we believe that the ongoing headwinds in bricks and mortar retailing will cause WMT to underperform those expectations. And yet, after this year's rally, the stock now trades at 22x earnings for 2018 and nearly 21x earnings for 2019, a premium valuation to the market. We find a similar narrative across many mid to large size businesses in industries under significant structural and secular pressure yet whose stocks have performed substantially better than their businesses during 2017 (and over the past few years). While low growth and high multiples may continue to work in an ocean with still rising tides, the view may not be pretty if and when the tide goes back out.

In contrast, the fundamentals across our portfolio have been extremely strong, and, in most cases the earnings growth of our businesses have far outperformed their stock prices over the past several years (resulting in the stocks across our portfolio continuing to trade at discounts to their long term growth rates). Take, for example, our trio of exceptionally managed internet media and ecommerce leaders Alphabet, Facebook and Priceline. Over the past three years, this trio (which today represent about 10% of our portfolio) has grown revenue and earnings at an average annual rate over 27% and 31%, respectively, while expanding operating margins (at +40% on average). These companies each lead fast growing global industries and are taking substantial share of revenue and profits in nearly all markets in which they participate and, for each, we continue to project better than 20% average annual revenue and earnings growth and stable margins for at least the next several years. And yet, their stocks, on average, trade at a lower multiple than WMT on each of our 2018 and 2019 earnings projections (21x and 18x our estimates).

We believe that this combination of exceptional secular growth and reasonable valuations is embodied throughout our portfolio and bodes extremely well for continued future strong returns regardless of the overall markets tides. In addition to the substantial additional global growth we continue to expect from the digital media, e-commerce and mobile computing trends (represented by Facebook, Priceline and Alphabet discussed above, as well as **Apple, Amazon and Ebay**), we remain extremely excited about the ever expanding outlets available to our digital payment companies (**Visa and MasterCard**), the global growth opportunities for our leading consumer brands (**Starbucks, Disney, Nike, Adidas**), the market share of client assets being won by our innovative asset managers (**Blackstone, Blackrock and Affiliated Managers Group**), the continued organic asset growth at our discount brokerage companies (**Schwab and TD Ameritrade**), the explosion in mobile and digital communication traffic driving demand for wireless (**American Tower**) and cloud (**Equinix**) infrastructure, the continued growth in trading volumes on our financial exchanges (**CME Group and Intercontinental Exchange**), the surging



demand for innovative healthcare solutions (**Intuitive Surgical, Align Technologies, and Illumina**), the continued adoption of SAAS-based software solutions (**Adobe**) and the continued importance of energy exploration and production (**Schlumberger, EOG Resources, and Cabot Oil & Gas**), among several others. These secular trends are all generating revenue growth for our portfolio companies that are both significantly greater than US or global GDP and earnings that we forecast to grow significantly more than the market as a whole. As of this writing, the 20% expected long term earnings growth that we project for our portfolio is more than three times that of the RLG yet, at 18x forward earnings, trades at about the same price.

Our companies will also enjoy a significant boost to earnings and cash flow from government policy during 2018. Since our companies are relatively high corporate tax payers (a substantial portion of our companies will have as much as a 30-35% reduction in their tax rates), the recently enacted tax reform will boost earnings and cash flow substantially across our portfolio during 2018. Many of our portfolio companies are also directly and positively impacted by higher interest rates as they either have high cash balances that will earn higher rates of interest income on their deposits and/or have businesses models in which higher rates provide a direct benefit in terms of higher revenue (such as Charles Schwab and TD Ameritrade) or higher trading activity (such as CME and ICE). Many of our companies also have substantial overseas cash balances available for repatriation that will now be freed up to be invested for future growth and/or accelerated returns to shareholders.

As of this writing, the tide continues to rise, fueled by stock market and business optimism from corporate tax relief and improving economic growth. On the other hand, tides do not rise forever and, like the oceans and currents, markets and economies can be notoriously unpredictable. During these periods, it is generally those companies with sustainable growth and reasonable valuations that weather the storm best. Whether future tides continue to lift all boats, or the tide washes back out to expose those without bathing suits (or strong fundamentals), we believe that our portfolio will continue to thrive as the growth in their future earnings, combined with their reasonable valuations, gives us great optimism in our future absolute and relative returns in any and all seas.



## Portfolio Review

Top Contributors to Performance for the Quarter Ended December 31, 2017	Percent Impact
Dollar Tree, Inc.	1.01%
Amazon.com, Inc.	0.58%
The Charles Schwab Corp.	0.57%
Adobe Systems Inc.	0.53%
Alliance Data Systems Corp.	0.43%

*Portfolio Attribution is produced by RiverPark Advisors, LLC (RiverPark), the Fund's adviser, using the FactSet Research Systems Portfolio Analysis Application. Although RiverPark believes that the FactSet model 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 ex-cash and gross of fees. Holdings are subject to change.*

**Dollar Tree:** Dollar Tree shares were our top contributor for the quarter after posting strong results that beat expectations across nearly every metric while also raising guidance. The company's Dollar Tree segment posted strong 5.2% same store sales growth, its 39th straight quarter of positive same store sales growth and its best since the fourth quarter of 2014. The company's Family Dollar division also showed continued signs of its turnaround under DLTR's leadership, delivering 1.5% same store sales growth, a 130 basis point improvement in gross margin and a 190 basis point improvement in operating margin. For the combined company, operating margin increased 120 bps year-over-year and operating income and EPS increased 24% and 40% year-over-year, respectively. These results are particularly compelling given the skepticism around the Family Dollar acquisition and the overall negative sentiment around bricks and mortar retail.

We continue to believe that the company's unique merchandising and pricing strategies position it to compete successfully in a more Amazon-centric environment in the years to come. In our view, continued top-line growth (driven by new stores and same store sales growth) combined with additional Dollar Tree-Family Dollar merger synergies, expense control, tax rate savings and debt pay-down should drive 20% annual earnings growth for the company for the next several years. In addition, we expect the company to use its substantial free cash flow to retire the Family Dollar acquisition-related debt (the company has already paid down \$1.4 billion—20% of its debt—over the past 12 months) and then resume its long standing history of share repurchases.



**Amazon.com:** AMZN shares also reacted positively to strong quarterly results. The company's revenue grew 34% for the third quarter to a record \$44 billion, as Amazon extended its retail reach with its Whole Foods acquisition, continued to execute on its broad e-commerce initiatives and continued to post impressive growth and margins in its cloud computing division (Amazon Web Services). In addition to strong sales growth (and despite the third quarter typically being a period of heavy spending in anticipation of the holiday season), the company's margins and profits also surprised investors to the upside.

As the leader in both global e-commerce (marketing research firm eMarketer estimates that Amazon will command 44% of e-commerce sales this year, compared with 38% last year) and cloud computing, Amazon remains extremely well positioned for years of continued strong growth. The company continues to invest heavily in maintaining its leadership - not only in retail and web services, but also in fulfillment centers, video content, marketing, Echo/Alexa, and nascent geographies (such as India). With its core divisions continuing to be innovation and market share leaders in rapidly growing industries, we believe sales will continue to grow in excess of 20% per year for the foreseeable future. Although operating and capital expenditures will cycle through periods of higher and lower growth as the company presses its leadership, we believe the company will also significantly expand its profitability over time and generate a dramatic increase in excess free cash flow over the longer term, which should continue to fuel strong stock price performance.

**Charles Schwab:** SCHW shares were our third top contributor for the quarter as its stock reacted positively to the strong equity market, continued net client asset inflows, significant progress on tax reform, an interest rate increase in December, and the expectation for additional interest rate increases during 2018. Schwab has executed extremely well over the past several years and, despite substantially lowering trading commissions and asset management fees to gain market share, still appears poised to generate double-digit revenue growth, which, combined with the company's disciplined expense control, should generate 20%+ earnings growth per year for the foreseeable future. These rates of growth could be substantially higher should the pace of Fed rate hikes accelerate.

**Adobe:** Adobe shares also had a strong quarter as the company reported another strong quarter of better than expected results. ADBE posted 25% revenue growth with strong performance across both of its core segments: Digital Media revenue increased 29% year-over-year and Digital Marketing revenue grew a better-than-expected 18%. Expenses were well controlled, allowing operating margins to expand 350 bps to an impressive 40%, which generated EPS growth of 40% year-over-year.

We remain bullish on Adobe's growth opportunities as the market for digital advertising solutions globally continues to expand and ADBE, through its ability to raise prices, convert existing customers to its subscription Cloud solutions, and capture new customers via innovative



new product offerings, takes market share. Management recently cited the company's total available market as being in excess of \$83 billion by 2020 (a sizeable opportunity for the \$7 billion in revenue Adobe) and the company's execution and expense control remain best in class in its industry.

**Alliance Data Systems:** ADS shares had a strong quarter and was a top contributor. The company's credit trends have continued to improve throughout 2017, and delinquencies for November came in essentially flat year-over-year (a marked improvement from late 2016 and the earlier months of 2017). This continues to suggest that ADS is nearing a positive earnings inflection point in 2018 as three years of rising charge-offs (which have pressured earnings comparisons despite strong client growth) begin to ease.

Management continues to guide towards 19% earnings growth in 2018 (on 12% revenue growth) as credit losses normalize, the company's core lending business continues to grow and the company's advertising and rewards divisions rebound (as new programs ramp up). Tax reform will additionally boost the earnings growth rate. Investor caution has resulted in ADS shares trading at 11x next year's pre-tax reform EPS, a significant discount to both the company's long-term growth rate (over the past 10 years the company has generated revenue and earnings compounded growth rates of 13% and 17%, respectively) and the Russell 1000 Growth Total Return Index's forward multiple of 20x. As the company returns to more normalized earnings growth in 2018, we believe that this earnings growth coupled with multiple expansion can be a powerful combination to drive ADS's shares higher.

Top Detractors From Performance for the Quarter Ended December 31, 2017	Percent Impact
CarMax, Inc.	-0.49%
Realogy Holdings Corp.	-0.33%
adidas AG	-0.18%
The Priceline Group Inc.	-0.13%
Southwestern Energy Co.	-0.13%

*Portfolio Attribution is 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.*

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**CarMax:** After four straight quarters of better-than-expected results, CarMax reported a mixed third quarter that led to its shares being a top detractor from performance. While EPS grew 13% for the quarter, in-line with Street expectations, sales were a bit disappointing (same store sales increased 2.7%, below consensus of 4.5% growth). The ebb and flow of the value proposition for used vs. new cars appeared to cause some slippage in demand for the company's late model, used car dominated inventory during the period (in contrast, the company's wholesale division and its lending divisions each exceeded expectations). We have seen these swings between the new and used markets many times during the years that we have been following KMX as a public company and do not believe that they are predictive of the company's growth prospects or of the industry's long term trends. Nevertheless, we will be watching closely for signs of normalization in 2018.

It remains our belief that KMX is one of the most compelling and profitable unit growth stories in U.S. retail with an excellent management team and a fortress balance sheet. In the near term, we expect credit normalization as well as strong used car industry momentum to continue to support strong quarterly earnings comparisons while, over the longer term, we expect the company to double its store base and more than double its earnings, while also generating substantial excess capital to return to shareholders. For 2018, the new tax laws will be of material benefit to KMX as the company's effective tax rate is projected to drop from an above average 37% to approximately 23%, providing a substantial lift to 2018 earnings and free cash flow. Following this recent pullback and incorporating the new tax rate, KMX shares trade at a substantial discount to the market for what we perceive to be a well above average growth business.

**Realogy:** RLGY shares were the next top detractor from performance this quarter on disappointing third quarter results, concerns about the impact on the housing market from the new tax law, and uncertainty around CEO succession. Given that the company has not executed as expected over the past several years, is in the midst of a management change and was also the smallest market cap in our portfolio, we decided to exit our remaining RLGY position and use it as a source of funds for other purchases this quarter.

**Adidas:** Adidas shares were the next top detractor in the quarter on elevated concerns about an increase in North America promotional activity for the holidays. While the company is the athletic footwear and apparel leader across Western Europe and Russia, it is a distant second in sales to Nike in North America and additionally lags in profitability. We view its recent promotional activity as part of its strategy for revenue and profit growth in North America. We continue to believe that Adidas continues to have substantial worldwide growth potential, and in North America in particular, the opportunity to close the sales and margin gap with NKE is particularly exciting. In 2016, Adidas' U.S. North American footwear business grew 24% as its market share increased three percentage points driven by strong product innovation. Additionally, the company's North American operating margins grew nearly 400 basis points to



6.3% as its management team focused on cost synergies and improved processes. Management continues to forecast a 15% revenue CAGR for North American sales through 2020 (a substantial premium to market growth) with much faster operating profit growth as the company approaches Nike's 26% North American operating margin.

Adidas continues to execute well globally and, during the quarter, management spoke at several investor events and maintained its forecast for 2017 revenue growth at 17% to 19% driven by the continued secular trend to active wear, under-penetration in women's wear and growing the company's direct-to-consumer channel. Overall, Adidas' strong top-line growth, combined with operating margin improvement across segments, should lead long-term to greater than 20% EPS growth.

**Priceline:** After advancing 30% year-to-date through October, PCLN shares had a sharp decline in November making it a top detractor for the quarter. Although the company reported strong third quarter results in which it generated 18% adjusted EBITDA growth and 19% adjusted EPS growth for the quarter (both exceeded guidance), investors were spooked by the company's conservative 4Q17 guidance of a deceleration to 8%-13% year-over-year bookings growth as well as management's commentary that they would begin experimenting with additional off-line advertising to diversify away from a search engine-centric model. While we will monitor these changes closely, we note that the PCLN management team has executed brilliantly over the past decade and has a history of giving very conservative guidance as well as thoughtfully allocating their marketing dollars and other expenses. We do not believe there has been any significant change in the company's competitive position or long-term growth potential. In fact, we note that for this recently reported third quarter, management had guided to 9%-14% bookings growth and then reported 18% actual growth.

PCLN has been the dominant on-line travel agency for over a decade while posting high-teens revenue growth. With a business model that requires limited capital expenditures (\$275 million over the trailing twelve months as compared with its \$12 billion of revenue), PCLN has historically produced very impressive free cash flow, generating more than \$4.3 billion over the trailing twelve months, with over 50% EBITDA margins. This cash flow has been used for episodic acquisitions as well as to return cash to shareholders (the company's board recently authorized a new \$2 billion stock repurchase program that may well be enhanced given the now more favorable treatment of overseas cash in the new tax code). Future growth opportunities also remain exciting as the company's flagship Bookings.com inventory now represents a total of approximately 25 million bookable hotel rooms, including nearly 8 million rooms in homes, apartments, villas and other alternative locations. Given its impressive history of growth and consistency, we continue to find the company's forward earnings valuation of 19x 2018 earnings to be attractive.



**Southwestern Energy:** SWN was the next top detractor for the quarter following a decline in natural gas prices (which have buffeted the company's shares for the past several years following its levered acquisition of Appalachian acreage from Chesapeake in 2014). Southwestern Energy had been the smallest position in the portfolio for some time and has also generated our largest loss since inception. While we continue to believe that there is substantial long-term value in the company's resource base, we decided during the quarter to exit our SWN position and replace it with Cabot Oil and Gas (which we owned previously and have been following for years). We note that SWN has languished for some time with a below \$5 billion market capitalization and, while the company has made great strides in de-levering its balance sheet and pushing out its debt maturities, it still has a complex capital structure that limits its flexibility. In the meantime, we have been extremely impressed with the execution at COG over the past several years (which we discuss in greater detail below) and believe that a significant inflection in the company's growth and free cash flow generation potential creates an exciting catalyst for the shares over the next several quarters. Rather than increase our overall energy and natural gas exposure, we used our SWN position as a source of funds for our COG purchase during the quarter.

### **New Positions**

**Cabot Oil & Gas**, which we owned previously and have been following for years, is the premier natural gas producer in the highly prolific Marcellus shale play in the Northeast U.S. The company is the dominant producer in this area with among the lowest finding costs and highest full cycle returns of any shale gas asset in the United States. Despite a highly volatile natural gas pricing environment, Cabot has grown production at a 35% compound annual growth rate since 2010 with over 3,000 locations remaining for future production. The company has grown with a highly disciplined capital allocation philosophy in which all growth and exploration has been funded through internally-generated cash flow, leaving the company with only \$1 billion of net debt as compared with over \$1 billion of EBITDA and over \$12 billion of equity market capitalization.

Cabot has a unique combination of high quality acreage with low production costs and a building portfolio of high quality takeaway capacity (including substantial capacity on the Atlantic Sunrise line that is scheduled to be in service during 2018) that provides the opportunity for accelerating production growth and increasing free cash flow over the next several years. Management's guidance for the next three years projects a 20% compound annual growth rate for production from its Marcellus Shale in N.E. Pennsylvania and a 25% compound annual growth rate for discretionary cash flow, resulting in over \$2.5 billion of cumulative pre-tax free cash flow. Given its already low leverage, the company has the opportunity to return substantial excess cash to shareholders over the next several years, while also increasing its production growth rate – a relative rarity in the capital intensive E&P industry. Despite this projection, its history of success, and proven track record in all natural gas pricing environments, COG's stock price is little changed over the past five years. We believe that the combination of accelerating



production growth with expanding free cash flow generation should lead to a material revaluation higher in COG shares over the next several years - a move that would be greatly enhanced by any recovery in the depressed price of natural gas. As a result, we decided to initiate a small position in COG and would look to use any incremental weakness or gas price volatility to add to our position.

**IQVIA Holdings** was created from the October 2016 merger of Quintiles, a premier contract research organization (CRO) to pharmaceutical and biotechnology companies, and IMS, a best-in-class information and technology service firm to the same customers. While the merger is expected to provide cost synergies across the \$8.5 billion combined company, more importantly, it should enhance the revenue growth rate for its CRO division, as it integrates IMS's data and analytical tools into its offerings. We believe that the market opportunity for pharmaceutical and biotechnology R&D is rapidly growing as the number of drug candidates in the various pipelines is at record levels, driven by a growing and aging global population, flush capital markets, active venture capital and healthcare research funding and improving global economies. This has led to a steadily improving outlook for CROs as clients are increasingly outsourcing their research and development to third parties.

The new company aims to create a “smarter” CRO that can take substantial market share in this growing industry by combining IMS's historical data and analytical tools – IMS' data covers 85% of the world's prescription sales and includes information on more than 500 million patients – with Quintiles leading clinical trials service –the company is the world's largest provider of biopharmaceutical development services. In fact, in just the few months since the merger, the company has already won business based on its next generation approach, which bodes well for accelerating revenue growth for the combined company. IQV is expected to generate mid-to-high single digit revenue growth that we believe will be combined with disciplined expense management and strong operating leverage and should lead to double-digit EPS growth. With 25% EBITDA margins and low capital intensity, the company should also generate strong growth in free cash flow, in excess of \$1 billion per year, providing additional earnings leverage from capital deployment and/or share buybacks.

Although IQV shares have had a strong run since the merger, the stock pulled back after the company's analyst day during the fourth quarter when some investors were disappointed in management's near-term revenue guidance (which we perceived as conservative), giving us the opportunity to initiate a small position in this leading health care services company.

We also established a small position in **UnitedHealth Group** during the quarter. UNH is one of the largest and most successful integrated healthcare services companies in the world and serves its clients and consumer through two distinct platforms: UnitedHealthcare, among the largest for profit healthcare insurance coverage and benefits providers and Optum, a large scale provider of information and technology-enabled health services. The company's core businesses include (a)



a dominant managed care organization (MCO) in commercial, Medicare and Medicaid markets, (b) a large and growing presence in local direct care delivery (OptumHealth's physicians and ambulatory service centers), (c) one of only three at-scale pharmacy benefits managers (OptumRx), and (d) a fast-growing healthcare-information technology, consulting, and revenue cycle management business (OptumInsight).

We believe that this combination of the largest managed care benefits provider with the faster-growing, higher-margin IT services businesses positions the company extremely well to capture an increasing share of the future profit growth in the U.S. healthcare industry. We believe that UNH is uniquely well positioned to help public and private sector payers control healthcare costs with a focus on value-based reimbursement that should drive its penetration in both private insurance as well as Medicare and Medicaid reimbursement over time. We expect the combined company to generate balanced growth from both health insurance and health services, leading to consistent high-single-digit revenue growth. Margin expansion from growth and strong operations management, plus share buybacks and acquisitions funded by its strong cash generating ability (the company generates over \$13 billion per year in excess free cash flow) are expected to generate double-digit earnings growth for the foreseeable future. The company will also be a significant beneficiary of tax reform as UNH pays relatively high tax rates (35%), deducts well less than 30% of EBITDA in interest expense, has low capex needs and should see only a small impact from the repeal of the individual mandate penalties.

Finally, we also established a small position in **Northrop Grumman**, one of the largest aerospace and defense contractors in the U.S. With about 85% of its \$25 billion in revenue from the U.S. government, the company is well positioned to benefit from U.S. defense budget growth, historically 5-6% per year. With about 20% of its revenue coming from aircraft programs, such as the B-21, E-2D, and the F-35, which are growing at more than 20% per year, we believe the company could grow at a significantly higher rate than overall defense budget growth over the next several years. We expect the company's growth will be further enhanced by the recently announced acquisition of Orbital-ATK, a leading niche developer of advanced weapons and space systems. This acquisition improves the combined company's position in the faster growing military aerospace and missile defense industry and fills a gap in Northrop Grumman's offerings in satellites and space systems. Additionally, Northrop Grumman is one of only two large defense companies bidding for the \$100 billion Ground-Based Strategic Deterrent intercontinental ballistic missile weapon system program (GBSD), expected to be awarded in 2019. With Orbital positioned as the bidding subcontractor to both teams (for about 20% of the program), we believe the odds of Northrop Grumman winning the GBSD program have increased.

The street expects mid-to-high single-digit revenue growth for the company, relatively in-line with budget growth. Due to its faster-growing program exposure, plus the potential win of the GBSD program, we believe the company can comfortably exceed that growth rate. Margin



expansion from increased scale can drive double-digit operating income growth; strategic acquisitions, debt pay down and continued share buybacks from \$2 billion per year of free cash flow should lead to even greater EPS growth.

### Top Ten Holdings and Industry Exposure

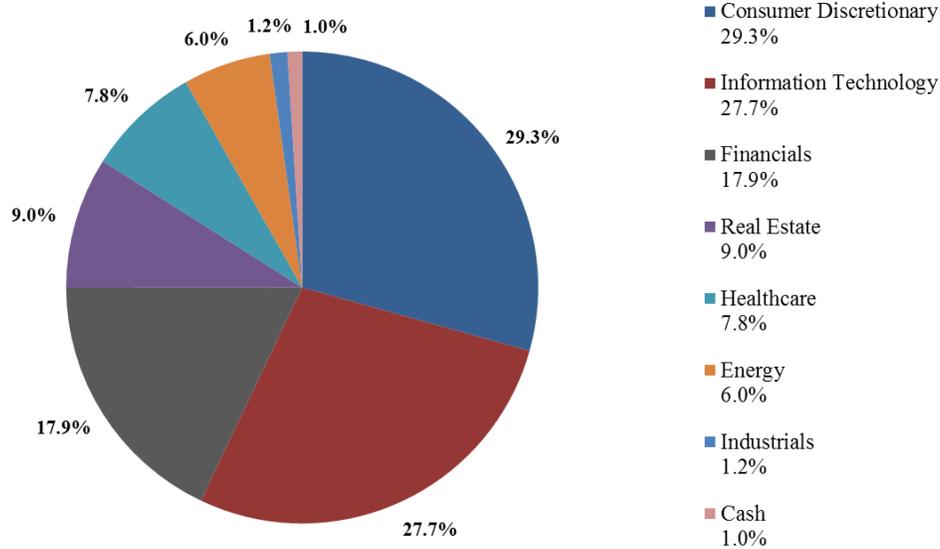
The below charts depict the top 10 holdings and sector exposures as of the end of the quarter.

Holdings	Percent of Net Assets
FACEBOOK, INC.	4.4%
ALPHABET INC.	4.4%
THE BLACKSTONE GROUP L.P.	4.2%
DOLLAR TREE, INC.	4.1%
THE CHARLES SCHWAB CORP.	3.7%
ALLIANCE DATA SYSTEMS CORP.	3.2%
AMAZON.COM, INC.	3.2%
EQUINIX, INC.	3.1%
AMERICAN TOWER CORP.	3.1%
APPLE INC.	3.0%
	<b>36.7%</b>

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



### Sector Exposures as of December 31, 2017



*Allocations are subject to change.*

### Summary

We believe that our portfolio is comprised of an exciting group of companies that are attractively valued, are benefiting from strong secular growth trends and are each poised to generate substantial and growing excess cash flow in the years to come. We believe that this bodes well for our future absolute and relative returns.

We will continue to keep you apprised of our process and portfolio holdings through these quarterly letters and welcome your feedback. Please do not hesitate to contact us if you have any questions or comments about anything we have written or about any of our other funds.

We thank you for your interest in the RiverPark Large Growth Fund.

Sincerely,

Mitch Rubin  
Portfolio Manager and Co-Chief Investment Officer



**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 1-888-564-4517 or by visiting the website at [www.riverparkfunds.com](http://www.riverparkfunds.com). Please read the prospectus carefully before investing.**

*Investing involves risk including possible loss of principal. There can be no assurance that the Fund will achieve its stated objective.*

*This material represents 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 Fund or any security in particular.*

*The Russell 1000 Growth Total Return Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The S&P 500 Total Return Index is an unmanaged capitalization-weighted index generally representative of large companies in the U.S. stock market and based on price changes and reinvested dividends. Morningstar Large Growth portfolios invest primarily in big U.S. companies that are projected to grow faster than other large-cap stocks. Index returns are for illustrative purposes only and do not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged and one cannot invest directly in an Index.*

*The RiverPark funds are distributed by SEI Investments Distribution Co., One Freedom Valley Drive, Oaks, PA 19456, which is not affiliated with RiverPark Advisors, LLC or their affiliates.*