



# RiverPark/Next Century Growth Fund

## (RPNIX/RPNCX)

### Fourth Quarter 2024 Performance Summary

In the fourth quarter, the RiverPark/Next Century Growth Fund (the “Fund”) returned 7.67%, compared to the total return of the Russell 2000® Growth Index (the “Index”), which was 1.70%.

#### Performance: Net Returns as of December 31, 2024

	Current Quarter	One Year	Five Year	Since Inception
<b>Institutional Class (RPNIX)</b>	7.67%	17.10%	N/A	7.18%
<b>Retail Class (RPNCX)</b>	7.57%	16.79%	N/A	6.77%
<b>Russell 2000® Growth Total Return Index</b>	1.70%	15.15%	N/A	13.09%
<b>Morningstar Small Growth Category</b>	1.67%	14.30%	N/A	12.33%

*Total returns presented for periods less than one year are cumulative. The inception date of the Fund was June 30, 2023. Performance quoted represents past performance and does not guarantee future results. High short-term performance is unusual, and investors should not expect such performance to be repeated. 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 or visit our website at [www.riverparkfunds.com](http://www.riverparkfunds.com).*

*Expense Ratio: Institutional: 1.45% gross and 1.15% net, Retail: 1.70% gross and 1.40% net as of the most recent prospectus, dated January 26, 2024.*

*The Adviser has agreed to waive fees and reimburse expenses until at least January 31, 2025 to the extent necessary to assure that expenses will not exceed certain pre-agreed limits. The Adviser has the ability, subject to annual approval by the Board of Trustees, to recapture all or a portion of such waivers. The Gross Expense Ratio reflects actual expenses, and the Net Expense Ratio reflects the impact of such waivers or recaptures, if any.*

*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.*



## Market Review

In the fourth quarter of 2024, equity markets were positive and large cap stocks generally outperformed small cap stocks. However, the micro cap space delivered a good quarter and bested large caps. This capped a strong 2024 across the market cap spectrum leading to the second consecutive year of decisively positive returns. Despite some expected volatility around the November 5<sup>th</sup> presidential election, stocks were up in November before giving back some gains in December. With the new administration, the market will be closely watching how campaign promises and post-election rhetoric around various priorities will impact the trajectory of the US economy over the next four years. Investors will be focused on key topics such as tariffs, taxes, immigration policies, regulatory environment, geopolitics, among other things. In our experience, moving past election outcomes allows the market to refocus on the path of the economy and the direction of earnings estimates. Overall economic data continues to be mostly solid, and inflation continues to decline and is now approaching the Fed's target level of 2%, although it has remained stickier than Fed expectations. Following the 50bp rate cut in September, the Fed proceeded with 25bp cuts in November and December but indicated at the December meeting that the pace of 2025 rate cuts would be less than previously anticipated by the market due to recent inflation data, which led to a market pullback at year end. Our philosophy, process and team remain consistent, and we continue to invest in what we believe are the fastest growing and highest quality companies in America.

2024 was another year of large caps significantly outperforming small caps, with the Russell 1000 Index +24.5% and the Russell 2000 Index +11.5%. This was the 4th worst annual relative performance ever for small caps vs large caps in the history of Russell benchmarks (*Source: Jefferies 1/1/2025*). The rolling 10-year relative return by small vs large is in the 1<sup>st</sup> percentile going back to 1926 (zero being the worst relative performance and 100 being the best). *See Exhibit 1.*

Due to a number of positive factors, we believe we could be at an inflection point where small caps start to improve on an absolute basis and outperform large caps on a relative basis. These include:

- US Fed interest rate cuts. Rate cuts began in September 2024 and are expected to continue in 2025. *See Exhibit 2* for historical performance following initial rate cuts.
- Small cap earnings growth inflection. After two consecutive years of earnings declines, small cap stock earnings are expected to increase about 16% in 2025. *See Exhibit 3.*
- Potential business sentiment improvement following US presidential election.



- Attractive valuation. The Russell 2000 Index now trades at a forward P/E discount to the Russell 1000 Index compared to historically trading at a premium, and valuation of the small cap sector relative to large caps is in the 15th percentile historically. *See Exhibit 4.*

As we have highlighted in the past, much of this performance delta over the last decade relates to healthy business fundamentals of large cap companies, which we think will continue. But we believe, starting in 2025, that small cap earnings growth will be much closer to large caps creating an opportunity for stronger small cap relative performance.

### **Portfolio Review**

Our investment philosophy emphasizes direct research and adhering to a strong sell discipline. We strive to own companies that we believe can grow revenue and profits at strong rates in any economic and market environment. We feel we have the opportunity, if we pick the right stocks, to perform better than the index in all market environments. In 4Q24 and for all of 2024, we outperformed in all strategies (net of fees) except large cap.

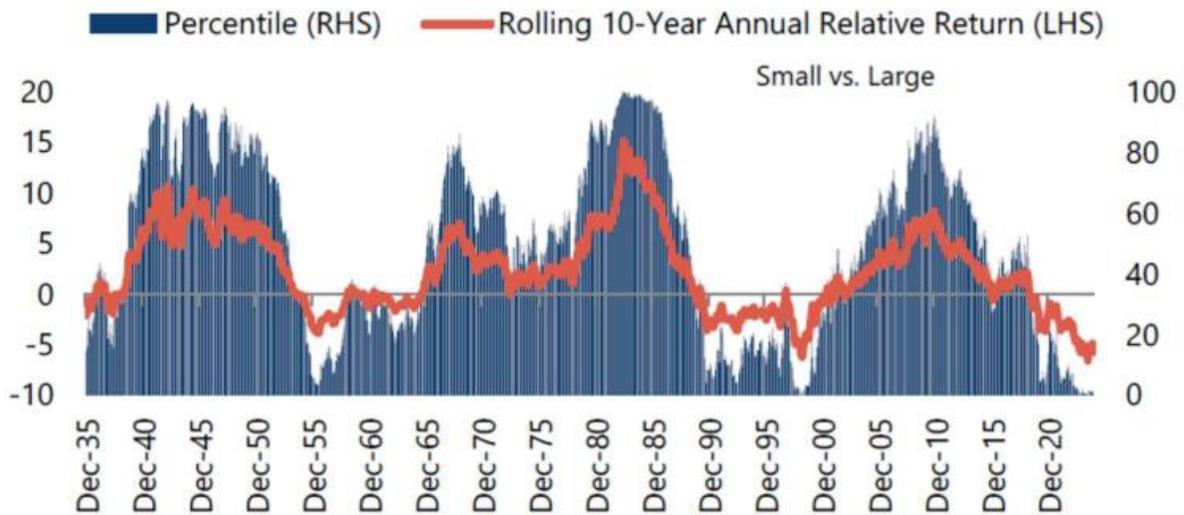
For the quarter, the Fund outperformed and experienced strong performance from our holdings in the technology and consumer discretionary sectors.

### **Market Outlook**

As 2025 gets rolling, NCG is starting its 27<sup>th</sup> year of investing in growth companies. Every year has its own unique set of opportunities and challenges at both the micro and macro level, and 2025 is no different. The Fed has started cutting rates, the US has a new government leadership in place, economic data and the jobs numbers have remained quite solid, there are exciting technological developments in many industries, geopolitical concerns abound, and on and on. Our experienced and stable team has worked through many of these environments over the past 26 years, and we believe we can lean on our experience of bottom-up stock picking to navigate this market as well. We believe the future direction of the market will depend on the path of the economy and the direction of earnings estimates. As of now, investors are expecting strong earnings growth in 2025 for small, mid and large cap companies. *See Exhibit 3.* If this growth materializes, it would be a significant step-up year over year in small and mid cap and a continuation of strong growth in large cap.

As always, we will stay focused on our core investment philosophy. We believe a portfolio of high-quality growth companies, selected using our original research, and combined with a strong sell discipline will lead to compounding of portfolio value and market outperformance over time. We believe our investment results continue to support this approach.

### Exhibit 1. Rolling 10-year Relative Performance of Smal Cap Stocks vs. Large Cap Stocks



Source: Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business; Jefferies 1/1/2025

### Exhibit 2. Performance after first Fed interest rate cut



Note: Used Fed Funds from 1954 until 1963, then used the Discount rate from 1963 until 1994 and Fed Funds rate after that.  
 Source: Federal Reserve Board; Haver Analytics; Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business; Jefferies

*Past performance does not guarantee future results.*



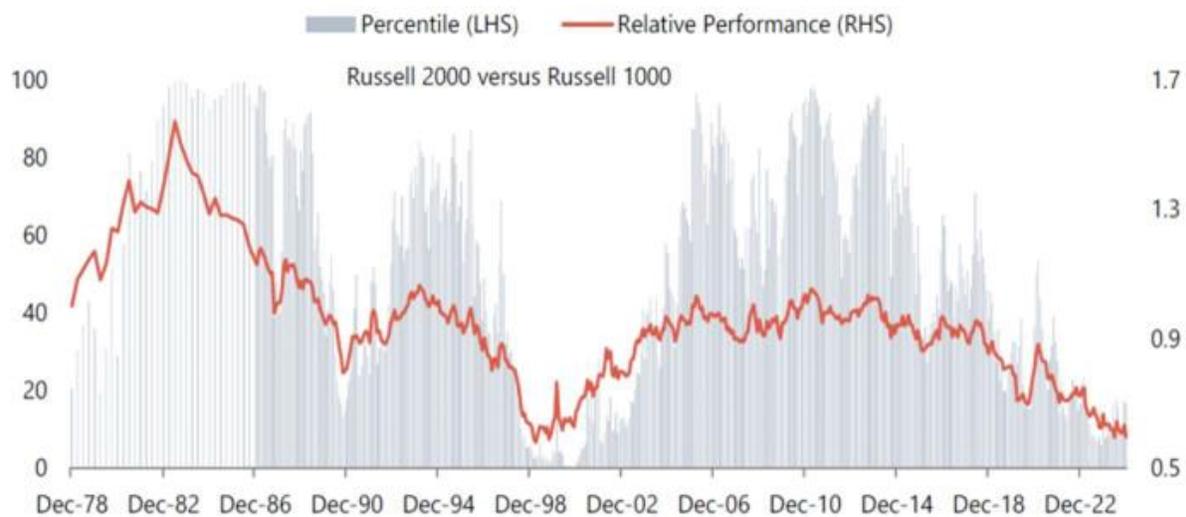
### Exhibit 3. 2024 and 2025 Earnings Growth Estimates (as of 12/28/2024)

Quarter/Year	Earnings Growth (%)								
	Small	Mid	Large	Small Caps*		Mid Caps*		Large Caps*	
				Growth	Value	Growth	Value	Growth	Value
1Q24A	-13.4	-0.9	6.9	-10.3	-15.2	5.4	-2.4	23.6	-3.1
2Q24A	-8.9	2.7	13.5	-3.6	-9.6	15.0	0.9	19.5	8.1
3Q24A	-8.2	1.1	7.7	0.8	-12.7	10.7	-0.7	12.2	3.6
4Q24P	0.2	-1.1	11.7	0.0	-1.7	1.7	-1.7	16.7	5.3
2024P	-3.6	-1.7	8.6	-1.6	-4.9	2.1	-2.7	16.3	2.0
2025P	15.8	12.2	13.5	17.1	13.4	17.2	11.1	16.9	10.4

\*Small Caps represented by Russell 2000, Mid Caps by Russell Midcap, Large Caps by Russell 1000

Source: FactSet; Standard & Poor's; Jefferies

### Exhibit 4. Relative Valuation and Relative Performance of Russell 2000 vs Russell 1000



Source: Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business; Jefferies 1/1/2025

*Past performance does not guarantee future results. The Russell 2000 Index is a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell Index. The Russell 1000 Index is a U.S. stock market index that tracks the highest-ranking 1,000 stocks in the Russell 3000 Index, which represent about 93% of the total market capitalization of that index. The Russell Midcap Index measures performance of the 800 smallest companies in the Russell 1000 Index.*



## Top Contributors

Top Contributors to Performance for the Quarter Ended December 31, 2024	Percent Impact
Paymentus Holdings, Inc.	1.33%
Vertex, Inc.	0.92%
PAR Technology Corp.	0.83%
Global-e Online Ltd.	0.68%
Universal Technical Institute, Inc.	0.64%

## Top Detractors

Top Detractors from Performance for the Quarter Ended December 31, 2024	Percent Impact
TransMedics Group, Inc.	-1.67%
Tandem Diabetes Care, Inc.	-0.73%
Astronics Corp.	-0.58%
Verra Mobility Corp.	-0.54%
RxSight, Inc.	-0.32%

*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.*

## 4Q Portfolio Activity

- We are overweight the technology sector with our holdings diversified across software, semiconductors, and services companies, each with strong growth prospects and trading at what we believe are attractive valuations.
- We are overweight basic materials with our holdings consisting of companies selling into the aerospace and general industrial industries.



- We are slightly overweight in the consumer space, with a continued focus on investing in companies with strong business fundamentals and that we believe can sustain high growth.
- The portfolio is slightly underweight the industrial sector and we continue to use bottom-up research to invest in high-quality companies with company-specific growth drivers.
- The portfolio is underweight the financial sector.
- The portfolio is underweight the health care sector. We are relying on our direct research to invest in companies with strong growth prospects trading at attractive valuations.
- We added 14 new positions in Q4:
  - four in technology: Grid Dynamics Holdings, Inc., Pegasystems Inc., Paycor HCM, Inc., Paylocity Holding Corp.
  - three in industrials: MYR Group Inc., Xometry, Inc., StandardAero, Inc.
  - two in financials: Pinnacle Financial Partners, Inc., Baldwin Insurance Group, Inc.
  - two in health care: GeneDx Holdings Corp., Alignment Healthcare, Inc.
  - one each in real estate (Cushman & Wakefield Plc), basic materials (Carpenter Technology Corporation), and consumer (Wingstop, Inc.)
- We sold 12 positions to zero in Q4:
  - three in technology: Monday.com Ltd., SPS Commerce, Inc., AppFolio Inc
  - three in health care: SI-BONE, Inc., Lantheus Holdings Inc, TransMedics Group, Inc.
  - three in industrials: AeroVironment, Inc., NAPCO Security Technologies, Inc., Verra Mobility Corp.
  - one each in basic materials (Universal Stainless & Alloy Products), consumer (CAVA Group, Inc.), and financials (Baldwin Insurance Group, Inc.)



## Sector Weights

The below chart shows the Industry Classification Benchmark (ICB) sector weightings of the Fund and the Index as of the end of the quarter.

Sectors	RiverPark/Next Century Growth Fund	Russell 2000® Growth Index
Technology	34%	19%
Industrials	24%	25%
Consumer Discretionary	14%	11%
Health Care	13%	23%
Basic Materials	6%	4%
Financials	5%	7%
Consumer Staples	2%	3%
Real Estate	1%	1%
Cash	0%	0%
Energy	0%	4%
Telecommunications	0%	1%
Utilities	0%	1%

*Sectors weightings are subject to change. Current and future holdings are subject to risk.*



## Top Ten Holdings

The below chart shows the top 10 holdings as of the end of the quarter.

Holdings	Percent of Net Assets
Saia, Inc.	3.2%
RBC Bearings Inc.	2.7%
Global-E Online Ltd.	2.7%
Paymentus Holdings, Inc.	2.7%
Macom Technology Solutions Hldg, Inc.	2.6%
ExlService Holdings, Inc.	2.6%
Sterling Infrastructure, Inc.	2.5%
Par Technology Corp.	2.5%
Ollie's Bargain Outlet Holdings, Inc.	2.5%
AAON, Inc.	2.4%
	<b>26.4%</b>

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

## Conclusion

Thank you for your interest in the Fund. The opportunity for small cap stocks to outperform is growing, due to attractive valuations and the continuing underperformance of the sector vs large cap stocks. We do not, however, believe in trying to time the market or the Fed's movements and instead stay committed to our core investment philosophy: investing in a portfolio of high-quality growth companies, combined with a strong sell discipline. We believe our long-term investment results continue to support this approach.

Sincerely,

The Next Century Growth Team



**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 2000® Growth Total Return Index measures the performance of the small-cap growth segment of the US equity universe and includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Total Return Index measures the performance of the large-cap growth segment of the US equity universe and includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap® Index measures the performance of the mid-cap segment of the US equity market and includes approximately 800 of the smallest securities in the Russell 1000® Index. Morningstar Small Growth portfolios focus on faster-growing companies whose shares are at the lower end of the market-capitalization range. 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 Next Century Growth Investors, LLC, RiverPark Advisors, LLC or their affiliates.*