RiverPark/Wedgewood Fund

(RWGIX / RWGFX)

Third Quarter 2015 Review and Outlook

During the third quarter the RiverPark/Wedgewood Fund (net-of-fees) declined -7.64%. The Russell 1000 Growth Index and the S&P 500 Index declined -5.29% and -6.44%, respectively.

TABLE I
Net Fund Returns for Quarter ended September 30, 2015

	INSTITUTIONAL SHARES (RWGIX)	RETAIL SHARES (RWGFX)	RUSSELL 1000 GROWTH INDEX	S&P 500 TOTAL RETURN INDEX	MORNINGSTAR LARGE GROWTH CATEGORY[1]
THIRD QUARTER 2015	-7.64%	-7.72%	-5.29%	-6.44%	-6.70%
YEAR-TO-DATE	-8.34%	-8.53%	-1.54%	-5.29%	-2.98%
ONE YEAR	-3.52%	-3.83%	3.17%	-0.61%	1.29%
THREE YEAR - ANNUALIZED	9.15%	8.88%	13.61%	12.40%	12.42%
FIVE YEAR - ANNUALIZED	12.57%	12.30%	14.47%	13.34%	12.37%
SINCE INCEPTION – ANNUALIZED (SEPTEMBER 30, 2010)	12.57%	12.30%	14.47%	13.34%	12.37%

Total returns presented for periods less than 1 year are cumulative, returns for periods one year and greater are annualized. The performance quoted herein represents past performance. Past performance does not guarantee future results. High short-term performance of the fund 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.***

Gross expense ratio for Retail and Institutional classes are 1.05% and 0.88%, respectively.

[1] Source: Morningstar Principia

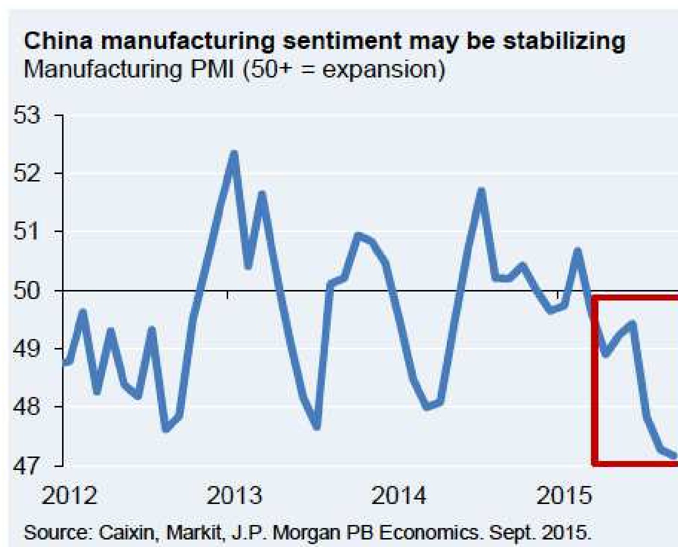
The Guns of August

Review and Outlook

Be careful what you wish. In our more recent Letters we have bemoaned the lack of downside volatility and the concomittant opportunity to put our outsized cash to work as the stock market marched on to higher highs over too many consecutive quarters to count. That all changed in August. And our cash is now fully invested.

Horace Greeley surely popularized the phrase "*Go West, young man, go West*" in the 1860's, but the stock market's Manifest Destiny is surely looking to the East to all things China. China's economic health, or lack thereof, is very much front and center on the minds of the chieftans at the Federal Reserve. The Master's of the Bond Universe have received the memo too.

The market began fretting over China by mid-August. It has been said that when China catches a cold, the world sneezes. While there is certainly truth to such thinking, China's weakness is more likely a symptom, not a cause, of global recessionary trends. Worries of China may in fact be old, fully discounted news.



The S&P 500 Index first reached the 2,000 level back in early September 2014. As the market crawled along this year a new high was set on July 20 at 2,135. Worries over China began percolating in mid-August when the S&P 500 Index was still around the 2,100 level. That level didn't last long when on August 24 the stock market's fears culminated in a market rout of -588 points in the Dow Jones, after plunging -1,000 points at the opening. Fears dissipated quickly as the stock market bottomed the next day and the S&P 500 Index has rallied (as of this writing) about 9%. All told, the S&P 500 Index declined a swift -13% in just six trading days.

Our portfolio not only did not escape the recent volatility, but it was actually buffetted more. Our best performers were both classes of **Google, Priceline, Visa** and **Cognizant Technology**.

Table II
Top Contributors to Performance for the Quarter Ended September 30, 2015

	Average Weight	Percent Impact
Google Inc. Class A	3.71%	0.47%
Google Inc. Class C	0.78%	0.18%
The Priceline Group Inc.	4.20%	0.27%
Visa Inc.	3.56%	0.10%
Cognizant Technology Solutions	5.66%	0.09%

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.

Table III
Top Detractors From Performance for the Quarter Ended September 30, 2015

	Average Weight	Percent Impact
Schlumberger NV	4.84%	-1.09%
QUALCOMM Incorporated	7.53%	-1.03%
National Oilwell Varco, Inc	4.11%	-0.89%
Apple, Inc.	7.28%	-0.78%
Mead Johnson Nutrition Company	3.26%	-0.75%

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Google was a top contributor during the quarter after posting 18% revenue growth in constant currency, which led to 13% year-over-year growth in earnings per share. Google's top-line continues to outpace its bottom-line, not necessarily because of weakness in their core ad-based business, but rather because management is aggressively investing in non-core businesses that do not have the same attractive economics as advertising. The Company (now called Alphabet) also announced a reorganization to separate the core Google business segment from some of their emerging, likely less profitable segments. Internally, we continue to debate the long-term merits of Google's non-core investments, so we welcome any increased transparency on this front.

Priceline was also a top contributor during the quarter and we had an opportunity to add to our existing position, which we discuss further below. Visa and Cognizant round out our top contributors. Both companies continue to put up solid growth numbers despite significant foreign currency exposure in the midst of an ever appreciating U.S. Dollar. We think Visa is on the cusp of acquiring the privately held Visa Europe and believe it could produce double-digit accretion, but only at the right price. Visa remains a top conviction idea as we see the conversion of cash to plastic and e-commerce as secular growth drivers.

Cognizant was volatile, but contributed to performance. Most of the volatility was related to a large client that was taken private and would not need Cognizant's services going forward. The stock's negative performance was reversed later in the quarter after they released record second quarter results with year-over-year revenue growth of over 22% and nearly 20% earnings growth. And to further shrug off investor's fear that the Company was losing a large client relationship, management raised full year revenue and earnings guidance.

Our worst performing stocks on a performance contribution basis were Qualcomm, Schlumberger, National Oilwell Varco, Apple and Mead Johnson.

Our energy holdings continued to meaningfully detract from relative performance during the quarter, particularly Schlumberger and National Oilwell Varco. We have owned both companies since 2011. Along with our current investment in Core Labs, National Oilwell Varco and Schlumberger are the only energy companies we have owned in the past 15 years. Far from being traders of the underlying commodity, we are convinced that all three businesses are superior in adding value for customers and capturing it for shareholders, over a full boom-bust cycle, but concede their stock prices will follow oil's volatile moves in the shorter-term. In that vein, oil entered its ***third*** -20% bear market over the past 15 months. With our company's stocks following closely in-tow, we continue to be patient and expect significant pent-up revenue and earnings power to emerge over the next few years as we earnestly believe that the world-wide oil

production base has never been more neglected. On that score, during the quarter, we added to shares of Schlumberger.

We've been asking Mr. Market for more downside volatility. He delivered. And we have been quite busy of late with this bounty. Our portfolio activity did an about-face during the third quarter as equity market volatility re-emerged, bringing with it a slew of investment opportunities for the Fund not seen in several quarters.

All told, during the 3rd quarter we sold a stock (**EMC**), bought two new stocks (**Kraft Heinz** and **PayPal**) and added to six existing positions (Apple, Berkshire Hathaway, Mead Johnson, Priceline, Qualcomm and Schlumberger). More company comentaries at the end of this Letter…

While our portfolio possesses the usual premium of both unlevered profitability and earnings growth versus the S&P 500 and Russell 1000 Growth, more importantly still, in our view, today the portfolio's valuation on a 12-month forward P/E basis (utilizing I.B.E.S) of 15.5X is a significant discount of -26% versus the benchmark's valuation of 21.2X.

In addition, when one peels back valuations on a sector basis, the incredible rise in valuations in sectors in which we have a long history of investing (namely, healthcare, software and consumer stocks) have been truly historic, rendering many of our favored stocks in such industries uninvestable.

NAME	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Current	Current multiple divided by 2008 multiple
Pharmaceuticals Biotechnology & Life Sciences	10.7	12.7	14.8	14.9	11.5	13.5	14.3	12.6	16.1	24.3	29.8	34.2	2.98
Software & Services	17.1	15.5	14.3	16.5	9.1	14.4	14.9	13.2	18.4	27.0	26.6	29.3	3.22
Consumer Services	10.9	16.5	14.2	21.4	11.4	8.0	10.1	9.3	9.7	13.3	19.7	20.5	1.80
Consumer Durables & Apparel	13.7	18.9	14.8	12.9	6.6	10.6	13.7	29.7	15.9	21.8	19.0	20.3	3.09
Food Beverage & Tobacco	13.7	11.7	12.4	14.2	15.1	15.3	11.0	12.1	13.2	15.5	17.6	18.9	1.25
Retailing	16.5	17.1	16.3	15.1	9.1	11.4	13.4	12.3	15.3	19.5	20.4	18.4	2.03
Household & Personal Products	12.7	13.2	14.9	14.6	10.5	10.9	11.4	14.7	13.9	16.2	17.3	17.7	1.69
Commercial & Professional Services	10.5	11.8	10.7	10.5	7.3	9.3	11.7	13.6	12.2	15.8	16.1	17.3	2.39
Semiconductors & Semiconductor Equipment	21.3	20.7	18.5	13.4	6.7	22.1	12.5	9.6	10.1	14.3	15.4	17.0	2.53
Real Estate	11.3	14.2	17.2	12.9	8.8	11.8	14.6	19.6	16.9	17.4	17.4	16.8	1.91
Health Care Equipment & Services	16.5	17.9	18.4	15.9	9.4	11.6	11.8	10.0	10.6	16.5	15.3	16.7	1.77
Capital Goods	14.6	13.6	15.5	14.4	8.3	9.4	13.4	12.7	16.1	15.6	15.5	16.2	1.94
Banks	14.3	9.9	15.5	7.2	10.8	9.3	7.3	8.1	7.2	6.8	15.6	16.0	1.48
Technology Hardware & Equipment	20.7	14.7	15.6	16.9	8.5	11.8	13.4	11.7	12.0	12.0	15.6	15.4	1.82
Diversified Financials	15.6	14.9	16.9	13.6	9.9	9.4	12.7	10.1	10.1	10.8	14.3	15.0	1.51
Materials	9.8	12.5	12.0	13.0	6.7	9.0	11.9	11.1	11.4	12.7	13.2	14.9	2.22
Food & Staples Retailing	15.1	15.5	13.4	12.4	7.8	8.3	9.8	9.6	10.3	12.6	14.0	13.4	1.71
Media	11.9	6.1	10.7	5.9	3.1	6.5	6.8	6.1	7.9	11.6	12.7	13.0	4.18
Transportation	10.0	9.4	8.9	13.4	5.6	10.1	11.5	8.3	9.1	11.9	13.0	12.1	2.17
Automobiles & Components	4.5	5.1	6.0	10.5	1.4	8.9	7.2	6.9	7.3	16.4	10.5	11.6	8.14
Insurance	5.3	9.0	9.8	6.4	9.3	7.7	8.5	8.8	7.2	9.8	9.6	10.1	1.09
Telecommunication Services	8.2	6.4	12.3	8.9	3.6	5.3	6.4	5.8	6.4	9.2	8.6	9.2	2.53
Utilities	6.2	12.1	8.5	11.5	6.0	5.3	5.7	6.0	6.3	7.0	8.1	7.8	1.29
Energy	7.8	10.0	7.4	9.4	4.1	7.7	9.8	9.8	9.3	9.1	7.2	7.0	1.72

Source: GaveKal Capital July 2015

INDUSTRY GROUP	P/E	P/CF	P/S	P/B
Pharmaceuticals Biotechnology & Life Sciences	42.8	34.2	15.2	12.1
Software & Services	38.8	29.3	8.2	9.3
Consumer Services	30.7	20.5	2.6	9.5
Consumer Durables & Apparel	26.4	20.3	2.0	4.8
Health Care Equipment & Services	33.6	18.9	2.5	5.3
Retailing	27.7	18.4	2.0	9.7
Household & Personal Products	24.9	17.7	2.8	30.9
Food Beverage & Tobacco	26.6	17.3	2.6	7.1
Semiconductors & Semiconductor Equipment	28.8	17.0	4.4	5.5
Commercial & Professional Services	27.5	16.8	2.7	7.4
Real Estate	47.6	16.7	7.6	2.8
Capital Goods	22.3	16.2	2.0	7.7
Banks	16.7	16.0	3.5	1.3
Diversified Financials	19.4	15.4	3.6	5.7
Technology Hardware & Equipment	16.1	15.0	2.9	4.6
Materials	28.5	14.9	1.9	5.6
Food & Staples Retailing	22.8	13.4	0.6	16.1
Media	21.8	13.0	2.3	11.2
Automobiles & Components	16.2	12.1	1.9	6.7
Transportation	20.4	11.6	1.8	6.7
Insurance	16.9	10.1	1.4	1.6
Telecommunication Services	44.5	9.2	2.7	4.8
Energy	22.3	7.8	3.6	2.0
Utilities	19.0	7.0	1.6	1.6
Region Average	27.5	16.9	3.9	6.3

Source: GaveKal Capital July 2015

Company Commentaries

Apple

Apple reported blockbuster year-over-year earnings growth of over 40%, driven by a healthy iPhone business, which reported unit share take in all geographic segments. However, shares sold off as the market began its virtually seasonal questioning of Apple's long-term growth abilities. We continue to think Apple is capable of mid-to-high single digit revenue growth over the next several years, mostly attributed to the Company's massive (we estimate well over 500 million), upgradable installed unit base. Combined with increasing cost benefits due to their increasing scale, along with outsized cash balances and reduced share count, we believe Apple is capable of generating a double-digit rate of earnings per share growth over the next several years. We think Apple's highly repeatable upgrade base is a byproduct of their constant innovation across not just products, but also services and distribution, where Apple's efforts have been particularly disruptive given their scale.

For example, during the quarter Apple announced a new iPhone purchase program allowing users to upgrade their iPhones every twelve months. The program will be run by Apple, and financed by a third party financial institution. Importantly, telecommunications providers have little to no presence in this new buying process. Now, nearly from the day telco iPhone subsidies were introduced, we have seen the market fret over telco providers' supposed negotiating leverage over Apple. Yet over the past few quarters, most of the major U.S. telecom providers announced the phasing out of such subsidy programs. Not for a lack of demand or efficacy, we believe this phasing-out had more to do with customers demanding the "latest and greatest" devices, particularly from Apple, along with the telcos' inability to service this demand financially, as a wave of price competition has pressured subscription plan revenues. We think Apple's novel new distribution program meaningfully reduces the Company's reliance on telecom providers and shortens the "upgrade cycle" which should bode well for future iPhone sales. Not least, we think Apple has further proven that the future cash flows of its iPhone franchise are more recurring than they are one-off transactions. As Apple continues to reinforce its competitive positioning, we estimate the Company now controls around 90% of worldwide smartphone profits - a very rare occurrence in any industry, much less the highly competitive consumer electronics segment. Given the share price pullback, we estimate Apple is trading at a single-digit price to earnings multiple (adjusted for balance sheet cash), which is substantially lower than the market and peers despite Apple's superior competitive positioning and long tail of double-digit growth, so we added to our position.

Berkshire Hathaway

More often than not, we are asked, "Is Berkshire Hathaway a growth company?" We point to the trailing book-value per-share (BVPS) compounded growth of the Business, below:

Berkshire Hathaway BVPS CAGR[2]

10 Year	5 Year	3 Years
10.3%	10.7%	11.7%

On an absolute basis, we are very happy with these results, not only because they meet our long-term threshold for growth, but also because we tend to view Berkshire's GAAP (Generally Accepted Accounting Principles) book value to be meaningfully understated to intrinsic value. Relative to the Russell 1000® Growth Index, Berkshire has lagged on a 3-year and 5-year basis. However, the Company's BVPS has outstripped the Russell 1000® Growth Index on a 10-year

[2] Through the period ending 6-30-2015

basis. We find the 10-year number to be more informative, not because it is more convenient to our investment case, but because the 10-year number includes a bear market (which began in October 2007 and concluded in early 2009).
Buoying Berkshire's BVPS growth is the underappreciated, in our view, growth in the Company's non-insurance conglomeration of wholly owned subsidiaries ranging from chocolate to choo-choo trains. Way back in 1998 when we first invested in Berkshire, the Company's pre-tax operating income per-share was approximately $2,100 per A share. At the economic peak in 2007 that measure had more than quadrupled to $9,246 per share. During the 2008-2009 recession it fell rather sharply to $7,253 per share. Recall that Buffett scored a coup in buying Burlington Northern Santa Fe in November 2009. That acquisition moved this needle. In 2010, such profits rose to $10,479 per share. At year-end 2014, pre-tax operating income per-share nearly reached $15,000 per-share. Now, with Buffett's most recent purchase of Precision Castparts for $37 billion and adding Precision's pre-tax operating run-rate profits of $2.6 billion, Berkshire's PTOI/Share could well exceed $18,000 per share by year-end 2016.

The key to this terrific growth is four-fold: (1) Berkshire's businesses generate billions in free cash flow, (2) Buffett doesn't pay a dividend, allowing cash to grow, (3) Buffett doesn't overpay for businesses, and (4) Buffett rarely uses Berkshire shares as acquisition currency. This is why Buffett is constantly talking about "per-share" intrinsic value growth.

Similar to our philosophy and process, Berkshire is managed to be a full-cycle business: aggressively taking advantage of markets when they overshoot, both on the upside and downside. As we have seen through the past few market cycles, towards the latter stages of protracted “one-way” markets, Berkshire’s results tend to look deceivingly mundane or even sub-par. That said, we think interim opportunities for Berkshire to add long-term value are still served up every now and again. For example, more on Berkshire's announced $37 billion deal to acquire Precision Castparts (PCP) - Berkshire's largest acquisition to date. Candidly, PCP has long been on our “short-list” of stocks we would like to own, at the right price. While PCP did not quite stack up to our process requirements, we still believe PCP represents a good long-term investment from a Berkshire shareholder perspective, as the Berkshire operating umbrella offers unique access to a deep pool of very low cost of capital – an often overlooked “synergy” that we think is the engine of Berkshire's impressive, long-term track record of double-digit compounding. As we’ve said in the past, a good business becomes a great business under the Berkshire umbrella.

In 2012, Berkshire Hathaway’s Board of Directors approved an open-ended buyback program that goes into effect if the stock trades down to the level of 1.2X BVPS, which equates to around $120-130 per share based on our 2015 estimates. Since the buyback program was initiated,

relatively little capital has been deployed because the stock has rarely traded as low as the stated buyback levels. With the stock trading near these levels during the quarter, along with ever-increasing earnings power at Berkshire's non-insurance operating subsidiaries, we added to our position.

EMC

Over the past several years, EMC has done an excellent job reinvesting earnings to keep pace with the constantly evolving IT landscape. Publicly traded EMC subsidiary, VMware, is a good example. With a commanding lead in compute virtualization, we saw VMware's profits plowed back into R&D and acquisitions, leading to compelling product offerings for storage virtualization and network virtualization, both necessary elements for converting on-premises IT investments into so called "software defined" data centers. As for EMC's traditional, "core" storage business, again management has done a very good job sustaining profit share in an IT environment characterized by stagnating budgets and lengthening decision cycles. Over the past few product cycles, we've seen plenty of product cannibalization of EMC's existing product portfolio, which we think is a quite positive, albeit rare, trait for such a large, established IT shop - launching highly successful product lines (from a revenue standpoint) including: all-flash arrays; vendor agnostic cloud-based storage; and hyper-converged architectures and solutions, to name a few.

However, management has noted that these products have meaningfully lower return profiles compared to previous cycles. We surmise that this shrinking profitability pie is related to the proliferation of pure cloud-based solutions, often used as a substitute to traditional on-prem solutions. While this is not a new trend, we are of the strong opinion the market significantly overestimates the available profits for these cloud-based players and we question the long-term viability of them as substitutes, especially should a more difficult funding environment emerge. That said, we have no edge in predicting the timing of such a macro-oriented event, and in the meantime, EMC's highly profitable business must continue to compete with "not-for-profit" substitutes. Combined with several new investment opportunities that emerged during the quarter, and enforcing our self-imposed cap of 22 stocks, we decided to sell EMC to fund more attractive ideas.

Kraft Heinz Company

During the quarter we purchased shares of the Kraft Heinz Company (KHC). Earlier this year, privately-held H.J. Heinz Company acquired publicly traded Kraft Foods in exchange for stock in the combined company and a one-time special dividend. Key to this transaction were the private equity shop 3G Capital, as well as another portfolio holding, Berkshire Hathaway. Prior to the Heinz-Kraft transaction, H.J. Heinz Company's ownership was held exclusively by 3G Capital and Berkshire Hathaway, after a 2013 deal that took Heinz private. The newly combined Kraft Heinz Company began trading in July, with Berkshire Hathaway and 3G Capital combining to own just over half of the shares of the new Company.

We think Kraft Heinz's new leadership and culture, as brought to bear by 3G Capital's rigorous, time-tested methods of recruiting and installing exceptional managerial talent, will be the Company's primary competitive advantage and means for generating sustainably superior profitability.

While the concept of a private-equity led management team executing a high productivity strategy is hardly revolutionary, we think Kraft Heinz's approach will be differentiated. First, we expect Kraft Heinz leadership will execute a strategy more consistent with the long-term value-creating goals of a business owner, as opposed to the short-termism seen when owners are motivated by an "exit strategy." We surmise that a business-owner culture and mentality will be pervasive as KHC is majority owned by 3G Capital and Berkshire Hathaway. For example, Berkshire Hathaway's Chairman and CEO has explicitly stated "we will be in the stock forever...it's a permanent holding, on our part…the one thing I can promise you, is that you will not see Berkshire reduce its interest."[3] Further, while Kraft Heinz ownership is yet to be disclosed, 3G Capital's founding members exhibit similar long-term conviction, consistent with a business owner's mentality. For example, the three founding partners of 3G Capital (two of which are on the KHC board) hold a controlling interest in Anheuser-Busch InBev (ABI), stemming from investments that were made more than a decade ago during the creation of Ambev, now a subsidiary of ABI.[4][5] Post-3G Capital's involvement, ABI now sports the highest margins in the beer industry, while continuing to grow volume at above-industry rates. Far from cutting "muscle and bone," ABI's strategy focuses on instilling a culture that blurs the line between employees and business owners. It is this culture of obsessive accountability that we believe, will quickly emerge at Kraft Heinz and lead to superior profits.

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[3] CNBC Transcript: Billionaire Investor Warren Buffet on CNBC's "Squawk Box" March 25, 2015
[4] Ambev SEC Form 20-F, December 31, 2014
[5] Anheuser-Busch InBev SEC Form 20-F, December 31, 2014

Second, we expect the culture shift at the Company will start and be maintained by leadership, particularly the board of directors. Under the new ownership structure, Kraft Heinz's Board of Directors now consists of: Warren Buffett (CEO of Berkshire Hathaway); Greg Abel (Chairman of Berkshire Hathaway Energy); Tracy Britt Cool (CEO of Pampered Chef, a subsidiary of Berkshire Hathaway); Jorge Paulo Lemann (founding member of 3G Capital); Marcel Hermann Telles (founding member of 3G Capital); Alexandre Behring (managing partner from 3G Capital); as well as five board members from the previous Kraft Foods Company. Further, of Kraft Heinz's announced executive team of 11 senior employees, 9 are from the 3G Capital and Berkshire controlled HJ Heinz.[6]

So, to reiterate, we think the culture of business ownership is less about cost cutting and more about maintaining a rigorously competitive, meritocratic organization, with hungry employees - not unlike that of a start-up. Of course, on the face of it, an organization such as Kraft Heinz is about as far from "start-up" as one can imagine, but that is why we think this Company will have a unique advantage, relative to peers.

We expect to see rapid profitability growth over the next few years as 3G Capital instills its highly disciplined culture of minimizing cost and expanding margins at the under-earning Kraft Foods Corp (along with further optimization at Heinz). Once KHC margins have been maximized, we expect KHC to plow that capital back into more M&A and repeat this process with other branded staples that exhibit bloated cost structures. We expect this exceptional compounding of profits will drive exceptional performance at KHC for several years.

Mead Johnson Nutrition

Mead Johnson was another stock we incrementally added to during the quarter. We think news of increased price competition in the Chinese infant formula market is related to short-term distribution channel shifts, while the market perceives it as a threat to MJN's long-term earnings power. Importantly, we think very little of Mead Johnson's long-term value-added stems from manipulating channel economics. Instead, we think MJN's roughly century-old track record of producing safe and scientifically differentiated infant formula continues to offer exceptional value relative to unproven, albeit cheaper, competing products - particularly in markets with less developed food supplies.

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[6] New Senior Leadership Team Announced for The Kraft Heinz Company, Company press release June 29, 2015

We estimate that up to about a third of Mead Johnson's revenues are derived from Chinese mainland demand, with the Company supplying this market through four distribution channels. While that strikes us as being a particularly inefficient way to serve a market, we have thus far concluded it to be a necessary evil, more reflective of consumer culture and preference, and less indicative of any sort of supply-driven logic. Regardless, Mead Johnson continues to invest in its Chinese distribution efforts, especially given recent changes related to the easing of China's notorious family planning (e.g. "one child") policies, which could well likely open the door to an expanding addressable market. With shares trading near historically attractive levels relative to MJN's earnings prospects, we added to our position.

PayPal Holdings

During the quarter, we initiated a position in PayPal Holdings, a leading provider of digital payment acceptance and merchant payment solutions. Recently spun out from long-time parent, eBay Inc., PayPal operates in over 200 markets with over 50% of net revenues derived from non-US markets.

A pioneering force in online payment acceptance, PayPal traces its roots back to the late 1990's most notably with the founding of PayPal. At the time, emerging online marketplaces, such as eBay, while growing rapidly, were in need of a digital payment solution to parallel that growth. PayPal fulfilled that demand and was particularly successful, in part, due to its simplicity and novel approach of aggregating small and mid-sized merchants onto its platform, allowing many emerging online merchants to bypass the prevailing and expensive process of using a merchant bank.

Despite rapid growth of non-eBay merchants, PayPal's business quickly became disproportionately concentrated with eBay merchants, so PayPal shareholders sold the business to eBay in 2002. eBay aggressively reinvested in the PayPal platform, expanding its reach to more non-eBay merchants, adding services beyond acceptance, including mobile, and broadening its geographical presence, increasing the platform's relevance in the lucrative cross-border exchange market. All told, prior to eBay's purchase, PayPal was handling just over $2 billion in total payment volume (TPV). Over the last 12 months through June 2015, PayPal cleared over $250 billion in TPV.

Not to be understated, we believe eBay's online marketplace expansion was a crucial element that fostered PayPal's tremendous scaling in the small and mid-sized merchant payment market. While there are several merchant aggregating start-ups and competitive offerings by players in

adjacent markets, we believe they all lack the low/no cost marketing exposure that PayPal possessed when it was naturally offered along-side eBay's multi-decade, marketplace expansion. So while the internet certainly makes it easier to compete, at least compared to the early years of payment aggregation, we believe competitors still face substantially higher costs to generate awareness and adoption, given a dearth of natural, globally expanding merchant partners.

PayPal gained significant scale in the underserved small and mid-sized merchant payment markets, helping the Company carve out exceptional operating margins relative to other merchant payment service providers. However, we expect much of the Company's future developed market growth will come by serving larger merchants that might pay lower acceptance rates, but more than offset those lower rates with disproportionately higher volume. Ironically, we think it is the separation of PayPal Holdings from eBay that should allow for an acceleration in PayPal's growth, particularly with those larger merchants (e.g. Amazon) that previously shunned PayPal, given its position as a subsidiary to a competitor.

However, PayPal's global scale continues to serve small and mid-sized merchants as well, particularly when it comes to opening up new geographical markets. For instance, earlier this year PayPal established its China Connect service with China's largest bank card issuer, UnionPay. Prior to the launch of this service, it was difficult for non-Chinese merchants to accept UnionPay cards. PayPal Connect now allows any of PayPal's 10 million merchants to accept payment from one of the several billion UnionPay cards in force.[7] PayPal captures this value by levying cross-border and foreign exchange fees in addition to typical acceptance fees. While cross border transactions represent about one quarter of PayPal's transactions, we estimate that they represent a larger percentage of profitability and will continue to grow disproportionately to domestic TPV.

In addition, we expect PayPal will continue to leverage its leadership in mobile payments. Mobile TPV increased 18-fold from 2010 to 2012,[8] in 2014 totaled over $45 billion and now represents 30% of PayPal's TPV through June 2015. The Company's marquee mobile assets are its PayPal and recently acquired Venmo apps for iOS and Android, as well as Xoom for P2P wire transfer, and Braintree, which provides more robust merchant services, beyond just payment acceptance. While PayPal's presence "in-store" (i.e. at the physical point of sale) is very limited, we expect the Company's raft of investments in mobile will serve to blur the distinction between online and in-store payment experiences and help the Company take share from less innovative in-store payment incumbents.

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[7] Global UnionPay card issuance exceeds 5 billion, Company press release, June 10, 2015

[8] PayPal global internal figures, 2010-2012. 2010: $750 million, 2012: $14 billion.

A key element of our process involves diversifying our holdings based on their business models. While we recognize that PayPal Holdings and Visa (another portfolio holding) compete in the payments industry, we think their value propositions are substantially different. Consider, the payments industry is vast - approximately $200-$250 trillion of payments move through the global payments system, annually.[9] Usually, on one side of payments are merchants, and on the other side are card issuing banks and their customers. Visa is a key negotiator and enabler of payment interchange – authorizing, clearing and settling payments between card issuing banks and merchant banks. Visa captures value by charging network fees for each stop a payment makes through this payment system. In contrast, a core value proposition for PayPal is to provide payment aggregation for merchants, where PayPal essentially takes the place of a merchant bank, but without the complex and expensive underwriting process. PayPal captures value by taking the difference between what it charges the merchant for acceptance (and other ancillary fees), and the cost of interchange. So, while both Visa and PayPal operate in the payments industry, we think their value propositions are substantially different, and therefore offer an acceptable level of diversification between their respective profitability profiles.

PayPal is a cash machine. Having long overcome the fixed costs necessary to run its business, we expect capital expenditure requirements should grow at a slower rate than operating cash flows. In addition, the Company's balance sheet sports around $6 billion in net cash on a market cap of about $40 billion. Given the various reinvestment initiatives undertaken over the past few quarters, we think FCF can eclipse $2 billion over the next 12 to 18 months (which compares to management's 2015 guidance of $1.7 billion) and can compound at 15 to 20% over the next several years. Relative to PayPal's current enterprise value (EV) of about $35 billion, this EV/FCF ratio represents an excellent opportunity as we think there are few companies capable of posting levels of high-quality growth.

Priceline

During the quarter, Priceline's prolific growth continued unabated as total bookings grew 26% year-over-year, on a constant currency basis. We continue to think Priceline is doing an excellent job getting returns on shareholder funds, reinvesting in travel service demand, particularly through its industry leading, $2.6 billion online marketing budget, which grew slightly less than bookings.[10] While Priceline's business model revolves around connecting travel industry asset owners (e.g. hotels, rental cars, restaurants) with travelers, we think the

[9] Sanford C. Bernstein & Co., LLC research
[10] Trailing 12 months ending 6-30-2015 vs 12 months ending 6-30-2014

Company's competitive advantage comes from being a highly-efficient, and therefore low-cost provider focused on serving smaller, more fragmented asset owners that lack the scale and marketing reach of Priceline's global, online properties. In spite of this, the vast majority of Priceline's profits are generated outside of the US, so recent currency headwinds have had a significant, albeit purely translational, effect on the Company's "headline" fundamental results. We do not have much of an edge in predicting currencies, however we believe the effects of these headwinds will annualize themselves out of results in the next few quarters, and investors will re-discover that Priceline's core growth potential and competitive advantage remain intact. Adjusted for net cash on the Priceline balance sheet, we think the Company's earnings multiple is at a reasonable, mid-to-high teen's level, based on 2016 consensus estimates. We think it has been increasingly difficult to find investment opportunities that exhibit such high levels of profitable, organic growth while paying reasonable valuations, so we added to our Priceline weightings during the quarter.

Qualcomm

We incrementally added to our position in Qualcomm at the beginning of the quarter as we believe a slowdown in the Company's chipset franchise ("QCT") is more than discounted by the market. Further, we think QCT is at an earnings trough, as cost-containment efforts as well as restoration of socket share at key customers (e.g. Samsung) should restore the segment to mid-teen margins. We think Qualcomm's licensing business ("QTL") is also being dramatically undervalued. We expect "GDP-plus" revenue growth prospects and monopolistic operating margins well above 80% at QTL, and surmise that the market is assigning this business a single-digit, 2016 EV/EPS multiple, which is particularly attractive relative the "average" S&P 500 business trading in the mid to high teens multiples. We concluded that while the negative fundamental news on Qualcomm has lasted around 12 to 18 months, we think this is more than discounted in the current price and that this Company continues to have secular opportunities to grow earnings in the double-digit range.

Schlumberger

As oil prices entered their third bear market in 15 months, Schlumberger (SLB) shares continued to underperform relative to the broad equity indices. We continue to see SLB as a best-in-class service provider that is aggressively investing in its integrated services offerings. We think SLB's unique advantage, which includes its industry leading army of oil and gas engineers, allows them to perform roles usually more associated with asset managers - not necessarily

growing by quantity of services rendered, but by increasing the performance and output of the assets under management of their clients (in SLB's case, oil and gas wells), then capturing a fee for driving that performance. In-line with this shift, SLB recently announced the acquisition of Cameron International for close to $15 billion in total consideration. We see Cameron's core competency as being focused on "surface" equipment and services. This complements what we think is SLB's market share leadership in "down hole" services, providing SLB with more resources to continue their shift towards more fully managing E&P client assets. As oil service industry consolidation continues apace, we think SLB will emerge from this cycle in an enviable competitive position, relative to talent-starved E&P clients. While the negativity in SLB shares has been palpable and oil price volatility unseen in a generation, we think the long-term, pent-up earnings power of their business is very attractive relative to today's historically depressed valuations, so we added to our weighting in shares.

October 2015

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Portfolio Manager
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Table II
Top Ten Holdings For the Quarter Ending September 30, 2015

	Percent of Net Assets of the Fund
Berkshire Hathaway Inc.	9.0%
Apple Inc.	8.2%
QUALCOMM Incorporated	7.6%
M&T Bank Corp.	6.7%
Express Scripts Holding Co.	6.3%
Cognizant Technology Solutions Corp.	5.8%
Schlumberger Ltd.	5.3%
Coach, Inc.	4.8%
The Priceline Group Inc.	4.4%
Verisk Analytics, Inc.	4.4%
Total	**62.5%**

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

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To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges, and expenses before investing. This and other information may be found in the Fund's summary and full prospectuses, which may be obtained by calling 888.564.4517, or by visiting the website at www.riverparkfunds.com. Please read the prospectus carefully before investing.

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