RiverPark/Wedgewood Fund

(RWGIX/RWGFX)

Wedgewood. PARTNERS, INC.

Fourth Quarter 2018 Review and Outlook

The Fund fell -15.15% during the fourth quarter of 2018. The benchmark Russell 1000 Growth Index fell -15.89%. The S&P 500 Index fell -13.52% during the quarter. The Fund fell -4.23% during 2018. The benchmark Russell 1000 Growth Index fell -1.51%. The S&P 500 Index fell -4.38% during 2018.

Performance: Net Returns as of December 31, 2018

	Current Quarter	Year-to-Date	One Year	Three Year	Five Year	Since Inception
Institutional Class (RWGIX)	-15.15%	-4.23%	-4.23%	6.28%	4.15%	10.07%
Retail Class (RWGFX)	-15.16%	-4.45%	-4.45%	6.05%	4.01%	9.87%
Russell 1000 Growth Total Return Index	-15.89%	-1.51%	-1.51%	11.15%	10.40%	13.75%
S&P 500 Total Return Index	-13.52%	-4.38%	-4.38%	9.26%	8.49%	12.32%
Morningstar Large Growth Category	-15.41%	-2.18%	-2.18%	8.87%	8.03%	11.57%

Total returns presented for periods less than 1 year are cumulative, returns for periods one year and greater are annualized. The inception date of the fund was September 30, 2010. 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 ratios, as of the most recent prospectus dated 1/25/2018, for Institutional and Retail classes are 0.85% and 1.08%, 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.

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Top fourth quarter performance detractors include Apple, Facebook, Celgene, Qualcomm, and Visa. Top fourth quarter performance contributors include Core Laboratories, PayPal, Fastenal, Ulta Beauty, and C.H. Robinson.

During the quarter we sold Core Labs and Schlumberger. We increased Fastenal, Bookings Holdings, Facebook, Charles Schwab, and Ulta Beauty.

Top Contributors to Performance for the Quarter Ended December 31, 2018	**Average Weight**	**Percent Impact**
Core Laboratories N.V.	0.33%	-0.09%
PayPal Holdings Inc.	4.42%	-0.17%
Fastenal Co.	5.10%	-0.40%
Ulta Beauty Inc.	2.98%	-0.44%
C.H. Robinson Worldwide, Inc.	3.62%	-0.46%

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.

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

Top Detractors to Performance for the Quarter Ended December 31, 2018	**Average Weight**	**Percent Impact**
Apple Inc.	9.07%	-2.99%
Facebook, Inc.	6.65%	-1.39%
Celgene Corp.	3.36%	-1.14%
QUALCOMM Inc.	5.25%	-1.06%
Visa Inc.	7.35%	-0.89%

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

Top 2018 performance detractors include Celgene, Facebook, Schlumberger, Kraft Heinz and Charles Schwab. Top 2018 performance contributors include Edwards Lifesciences, Visa, Tractor Supply, PayPal, and Ross Stores.

Top Contributors to Performance for the Year Ended December 31, 2018	Average Weight	Percent Impact
Edwards Lifesciences Corp.	6.61%	1.71%
Visa Inc.	6.64%	0.70%
Tractor Supply Co.	5.82%	0.61%
PayPal Holdings Inc.	4.18%	0.48%
Ross Stores, Inc.	4.65%	0.40%

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

Top Detractors to Performance for the Year Ended December 31, 2018	Average Weight	Percent Impact
Celgene Corp.	4.02%	-1.76%
Facebook, Inc.	5.68%	-1.63%
Schlumberger N.V.	4.37%	-1.09%
Kraft Heinz Co.	2.52%	-0.94%
Charles Schwab Corp.	3.87%	-0.82%

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Hotel California

Welcome to the Hotel California. Such a lovely place. Such a lovely face. They livin' it up at the Hotel California. What a nice surprise, bring your alibis.

Mirrors on the ceiling, the pink champagne on ice and she said, "we are all just prisoners here, of our own device."' And in the master's chambers, they gathered for the feast, they stab it with their steely knives, but they just can't kill the beast.

Last thing I remember, I was running for the door I had to find the passage back to the place I was before,
"relax" said the night man, we are programmed to receive.

"You can check out any time you like, but you can never leave!"

Company Commentaries

Apple

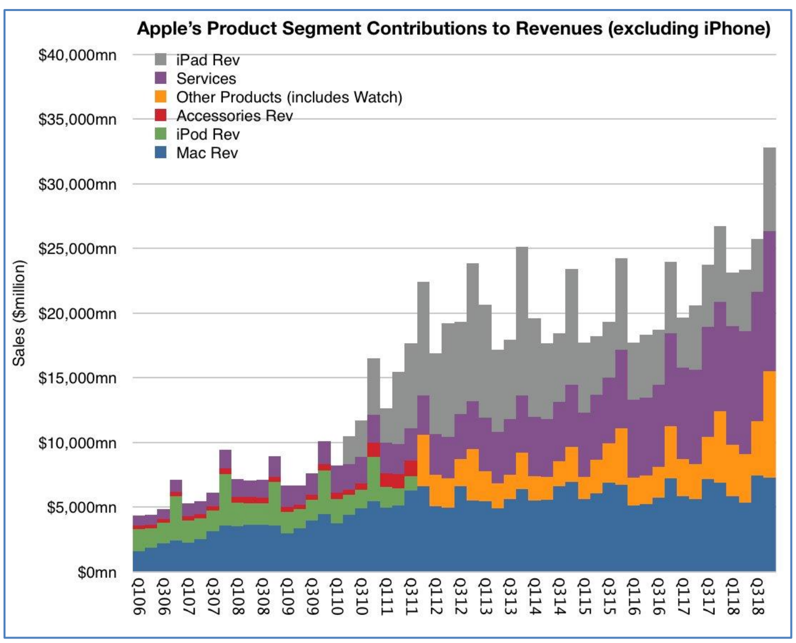
Apple was a leading detractor during the fourth quarter. On the fundamental front, in their most recent earnings report, the Company's reported +20% sales growth, driven by a +30% increase in iPhone revenue and a +20% increase in software and services revenue. Despite this torrid growth, the stock declined precipitously and is currently trading around 12X 2019 earnings expectations of $12.00 per share – well below the market – as guidance for their holiday quarter implied a low-single digit growth in sales. Subsequent to the year-end quarter, management unexpectedly further guided next quarter revenues to be lower, year-over-year, due to a sudden slowdown in demand for the iPhone, iPad, and Mac in the Greater China region, plus a -200 bps international headwind due to the stubbornly high U.S. dollar. That bad news aside, the Company's results in China did include a new record for Services revenue, plus their installed base of devices in Greater China posted positive growth over the last year.

Despite this near-term headwind, we continue to think Apple has a solid strategy for growth over the next several years. First, Apple continues to grow its user base (selling 300 million hardware devices in 2018) and increase the wallet share of its overall product and services ecosystem, beyond just the iPhone. For example, the Company has over 330 million paid subscriptions running through their platforms, up a sterling +50% year-over-year – estimated to generate about $30 per annum, per device. In comparison, market darling Netflix has less than half the number of paid memberships and is growing about half as fast, while burning prodigious amounts of free cash flow. In addition, Apple's installed base of active devices hit a new all-time high – growing by more than 100 million units over the past 12 months to a best-in-class *1.4 billion* global device ecosystem.

Second, we earnestly believe the past few years and the next few years of faster growth in higher margin software services will lead to stickier gross margins at the Company. Apple's financial model contrasts with high-fixed cost hardware technology companies more deserving of lowly 10X-12X earnings multiples. For example, despite the recent iPhone revenue and implied unit shortfall, the Company guided gross margins to roughly 38%, about in-line with gross margins we've seen over the past few years. Of course, Apple's strategy of capturing value beyond just hardware is not new, but we continue to be dismayed that too many investors continue to underappreciate how sustainable this will make Apple's long-term cash flow growth. Again, using Netflix as comparison – which sports a roughly $150 billion enterprise value – if Apple's subscription services are twice as large, growing twice as fast, while being highly free cash flow accretive, relative to Netflix, then we do not think it is too speculative to assume Apple's subscription businesses are worth twice as much as Netflix and, alone, would make up more than half of Apple's current enterprise value.

Relatedly, the Company tacked sharply in a new and significant direction to open up their iTunes platform to non-Apple hardware vendors. We saw such a move back in July 2002 when Apple opened up their pre-iTunes (Musicmatch) software to sync with Microsoft Windows. Apple just announced at CES that the Company is making its iTunes available on Samsung TV sets. This is quite a big deal as heretofore Apple has incentivized customers to buy AppleTVs, so it didn't make iTunes or other Apple software features available on smart TVs. The Company has finally recognized the limitations of the walled AppleTV ecosystem. It now recognizes the notable success of Roku, Amazon, and Google – which dominate the category with their cheaper devices and their respective smart TVs' growing market. Ultimately Apple is building a streaming service with original content to challenge companies like Netflix and Hulu. For that it needs wider distribution. So, beginning with Samsung (other TV manufacturers will surely follow), iTunes Movies and TV Shows app will debut only on Samsung Smart TVs in more than 100 countries in the Spring of 2019. In addition, AirPlay 2 support will be available on Samsung Smart TVs in 190 countries worldwide. Sony, Vizio and LG have teamed up with Apple as well.

Within the Company's recently updated earnings guidance, please note that during the December quarter, Services revenue grew +27% – the second fastest quarterly growth rate and an acceleration from the +17% rate posted during the September quarter. Wearables revenues (Watch, AirPods) grew a sharp +50% during the December quarter.



Source: @asymco

Last, we think it is rare for a Company with Apple's market cap to generate such large absolute and proportionate levels of free cash flow, and that this extraordinary financial strength which has been deployed in share buybacks adds significant and accretive value for shareholders. We think Apple management's track record of share repurchases has been underappreciated – retiring about 25% of the outstanding shares since the initiation of shareholder capital returns back in just 2013. Despite this, we expect them to be aggressive with buybacks at these valuation levels, retiring at least 5% or more of shares outstanding, this year, if the earnings multiple stays depressed.

In sum, over the past several years, we think Apple's methodical, predictable pattern of software and hardware upgrades, along with a focused but prudently expanding price umbrella, has created new avenues for profitable growth that should serve shareholders well for years to come. Backing out a peer-relative valuation multiple for the Company's software services business (against the overall multiple of 10X-12X) renders the Company's hardware line (iPhone, iMac, Mac and Watch) a run-off-mode steel mill-like multiple of just 8X-9X. We continue to hold shares at a relative overweight, given Apple's attractive valuation.

Charles Schwab

Charles Schwab reported +19% net revenue growth, combined with continued disciplined expense management, trailing 12-month overhead expenses as a percent of client assets fell to just 15.9 bps, which helped drive +55% growth in earnings per share in their most recent quarter. The stock performed poorly, however, as global equity markets fell, investors assumed more conservative future growth in revenue from a reduced asset base. We think volatility related to Schwab's core asset management revenues has been somewhat offset by the rapid expansion of its banking subsidiary. Over the past several years, Schwab has done a good job executing low-risk strategies with its bank balance sheet, which have yielded outsized returns and should serve to offset some of the revenue volatility seen in prior periods of market turbulence. Though in the short-term, interest rates appear to have peaked, we think the Company still has some opportunity to expand its net interest margin. Along with continued prudent expense management and excess capital to deploy, we expect Charles Schwab to produce above-market growth, despite trading well below a market multiple.

Celgene

Celgene challenged us for the quarter, and quite frankly, the full year, as management failed to deliver on their promising pipeline of drugs. In review of the year, Celgene came out swinging with their $9 billion acquisition of Juno in January 2018, which brought into the Celgene portfolio of drugs JCAR017 (now liso-cell, for B-cell non-Hodgkin lymphoma) and JCARH125 (BCMA for multiple myeloma). While the deal made sense as it was in Celgene's area of expertise (blood cancer) and would allow for a path to diversify the revenue base away from their blockbuster drug Revlimid, it brings the question if the purchase price was too rich or if any of their assumptions in future revenue and/or time to market for these acquired drugs were too aggressive. Fast forward to management's third quarter 2018 earnings call when we learned the liso-cell approval date was being pushed back from 2019 to mid-2020. Management indicated they were extending the duration of the study in order to provide more differentiation at launch, provide the adequate amount of time for the FDA's minimum expectation of duration, as well as provide some competitive advantages for their drug at launch. While there was no concern from a drug efficacy stand point, it was still a disappointment as investors are eager to see some progress in the pipeline in order to diversify away from Revlimid dependence.

The Company's unforced errors began back in February of 2018 when the Company received a Refusal to File letter (RTF) from the U.S. FDA for their much-anticipated drug Ozanimod in relapsing multiple sclerosis (RMS). This drug had an original expected approval period last first quarter, but this setback was a delay in the MS filing acceptance and anticipated approval, pushing back the approval one full year, to the first quarter of 2019. While this ended up being an issue of needing to provide more data, rather than a clinical or efficacy issue (which would have stopped the drug in its tracks) this confused us as Celgene has submitted these filings many times before…what was missed here? It seemed like sloppy work for a management team that should have been able to breeze through this process.

The Company's recent clinical, regulatory, and operational setbacks proved to be too much as we watched the valuation of the Company's strong pipeline of drugs deteriorate to literally nothing by our estimates. The Company has five late-stage drugs all coming to market by 2020, and any future revenue generation from those drugs was erased, seemingly due to continued concerns of the Revlimid patent cliff and management execution misfires. We did not add to our holding during the year. We maintained our position, which still held an overweight position relative to the benchmark. As we've written over the last year, the compounded annual earnings growth of +20% through 2020 as well as free cash flow generation of $100 billion over the next decade on a stock trading at just a single-digit forward P/E multiple is still a strong growth opportunity for the portfolio.

Fast forward to today, with news released on January 3 that Celgene was being acquired by Bristol-Meyers Squibb for $74 billion. As the companies discussed the deal with news outlets, they emphasized there will be six drugs launching over the next 24 months – five of those drugs are from the Celgene pipeline. It was Celgene's strong pipeline of promising drugs and cancer therapies coupled with a market that had pushed the stock's price to extremely cheap valuations which resulted in Bristol-Meyers Squibb approaching the Company for acquisition at approximately $102 per share in a cash and stock deal. The deal is expected to close during the third quarter later in the year. We will have more to say on the Bristol-Myers Squibb/Celgene combination in these Letters as to whether we will continue to hold the position in Bristol-Myers Squibb.

Facebook

2018 was *annus horribilis* for Facebook. After seemingly surviving the public relations nightmare of the Cambridge Analytica scandal this past spring, the Company's reputation and stock have been shredded since the summer. It's hard to recall a greater circular firing squad fusillade aimed squarely at Facebook's C-suite, board of directors and business model from consumer outrage over security and privacy breaches, government regulatory threats, and media exposés, plus spiking expense growth, lowered operating guidance, and hard-to-measure platform transitions. Yet, the Company's monopoly-like business model remains remarkably intact.

Facebook's scale across its platforms, including Instagram and WhatsApp, continues to drive a "virtuous cycle" of user engagement and therefore incredibly low-cost content creation. Some recent monthly active user (MAU) stats include 2.27 billion users on Facebook, as well as 1.50 billion daily active users (DAUs), as of September 30, 2018. Additionally, there are 1.5 billion users on WhatsApp as of January 2018, and Instagram MAUs cross the billion-user mark as well. Watch (the Company's new video offering) has already grown to 75 million DAUs and 400 million MAUs. In addition, Facebook continues to report stable user engagement (as measured by DAU and MAU) at 71%.

Facebook continues to exhibit vastly superior profitability metrics relative to its peers in the media and advertising industry. Facebook's value proposition remains unique and defensible relative to peers, which we expect will enable the Company to generate industry leading returns on invested assets for years to come. This value proposition is focused on providing advertising customers with highly attractive, triple-digit returns on advertising spend (ROI). While many of Facebook's peers offer a value proposition that entails better ROI, it is often via an inflexible, expensive, or monolithic solution. In contrast, the Company's low-cost value chain, especially its multibillion user social platforms, and an arsenal of ad measurement tools, both acquired and internally developed over the past several years, provide advertisers with multiple avenues to drive successful ROI.

Facebook's social platforms serve as very low-cost forms of user traffic and content. Many of Facebook's competitors pay a substantial portion of their ad revenues in the form of traffic acquisition (sometimes referred to as "customer acquisition") and/or content costs. For example, television advertising platforms are dominated by telecommunication and multiservice-offering conglomerates. The advertising businesses of these platforms are often carved out from subscriber economics, with the cost of content typically being the largest expense, by far, in running the ad platform. Even digital competitors such as Microsoft Bing, do not spend quite as much on content, but spend a substantial portion of revenue on traffic acquisition.

The Company vows to make further changes, which include conducting audits, improving its privacy policy, and banning third-party data services from its ad targeting platform. These actions continue to increase Company expenses (CAPEX/revenues 16%-21%), however we do not believe there will be any significant impact to the Company's revenue growth as we believe there are few channels available that can match Facebook's return on ad spend. We believe strong advertiser demand and healthy ROI, along with Facebook's ability to increase pricing on their ads, leaves the Company with plenty of room for growth in the years ahead.

That said, we do have concerns that we are watching closely. Specifically, in 2017, Facebook created Stories as a Snapchat-like offering. Facebook Stories is another kind of News Feed, but it is visual rather than written media. Stories posts, similar to Snapchat, only remain viewable for 24 hours, plus Stories posts don't appear in the News Feed or Timeline by default. The challenge is to successfully embed advertising into an impermanent medium of personal experiences. Stories ads, particularly video ads, take advertisers more time to create. In addition, the transition from News Feed ads to Stories looks to be a significantly different transition as compared to desktop ads to mobile ads. The Company has acknowledged the challenge to monetize Stories at a level and pace of News feed. All told, Facebook has approximately 150 million Facebook Stories daily users, 70 million in Messenger Stories, 400 million in Instagram Stories and 450 million in WhatsApp Stories (called Status).

The stock is currently valued at just 16X consensus 2020 earnings. The stock is cheaper still when you consider the $41 billion in cash the Company has on its no-debt balance sheet. The Company recently increased its stock buyback by 60% to $15 billion.

Qualcomm

To say the least, 2018 was an eventful year for Qualcomm. Setting aside the actual financial results of the business, 2018 saw the bid from Broadcom to acquire Qualcomm shut down by a U.S. presidential order in the interests of national security, the bid by Qualcomm to acquire NXP Semiconductor collapse due to the Chinese government's refusal to review the bid for antitrust concerns, the Chinese government coming back months later – after the NXP deal had collapsed and Qualcomm had spent a significant amount of the cash that had been intended to acquire NXP originally on a big share buyback – and saying they now would approve the deal. Additionally, 2018 saw ongoing litigation with Apple, including several rounds of peripheral legal and political skirmishes, some of which have been almost farcical. Perhaps the most ridiculous moments in the legal struggle so far have been both Qualcomm and the Federal Trade Commission wanting to settle an antitrust case which the FTC brought under prior leadership but no longer wants to pursue, but the judge assigned to the case refusing to let them settle and insisting that they battle it out in her court, anyway; or, after Qualcomm failed to get anyone in the U.S. to uphold their intellectual property rights – even after the U.S.'s International Trade Commission found that Apple was infringing upon Qualcomm's patents – Qualcomm finally had to resort to China, not generally known as a bastion of intellectual property protection, to finally get someone to take an actual concrete step to protect their intellectual property rights.

Performance-wise, the stock was all over the place, as you would expect, considering that so many extenuating factors were involved. Occasionally, it was one of our best performers, and occasionally, as in the fourth quarter, it was one of our worst, but the stock ended the year in the middle of the pack for us.

Turning to our outlook for Qualcomm, as always, we continue to evaluate the fundamental qualities of the business and attempt to determine the fair value of the stock. With the Company deploying a significant amount of its cash balance to accretive share repurchases, we do not see another large proposed acquisition on the horizon. Likewise, although the Company does own extraordinary valuable IP, which may make it interesting to other potential acquirers – just as it was interesting to Broadcom – we do not factor another potential bid into our analysis. On the Apple front, we do expect a settlement at some point; admittedly, we are fairly shocked that this legal and political sitcom has gone on as long as it has. While we could argue endlessly about what this settlement will look like, and while we definitely are not lawyers, we are fairly confident that Apple will not be able to use the Company's technology for free into perpetuity. With Qualcomm's current earnings and estimates, including nothing from the Apple relationship, we view any potential settlement as pure upside to future fundamental numbers.

Looking at business fundamentals, recent earnings warnings from Apple and Samsung Electronics indicate weakness in smartphone unit growth, although higher-priced phones still allow some opportunity for growth in Qualcomm's licensing business, which is generally paid as a percentage of a phone's manufacturing costs. Importantly, Qualcomm has enjoyed significant growth outside of smartphones; for example, their auto-related backlog nearly doubled in their 2018 fiscal year, and we expect revenues in "adjacent," or non-mobile-device applications, to represent perhaps +30-40% of revenues in Qualcomm's Technology division in the current fiscal year. We also expect the next generation of wireless connectivity, or "5G," to be a catalyst for growth in coming years, with both consumer and commercial applications expected to drive demand. As in other generations of wireless, Qualcomm provides critical technology in the foundations of 5G. The first consumer 5G networks are expected to launch this year, with contributions from 5G reaching more meaningful levels in 2020. Beyond this, we will see significant value delivered by $1 billion in cost savings, continuing share repurchases, and eventual Apple settlement.

In conclusion, we believe that a return to evaluating the fundamental value of the business—something that will be easier for the market to do once the Apple situation is resolved one way or another, especially—will result in a win for shareholders. Even before we see meaningful growth from the next round of mobile innovation in 5G, or any payment of any kind from Apple, the stock is trading at a very depressed valuation, and we see plenty of upside in estimates and the stock price as developments play out over the next 12-24 months.

Schlumberger / Core Labs

During the quarter we sold our remaining oil services exposure. While these final sales were made largely before the plunge in crude oil later in the quarter, it is of little solace as our investment in both stocks would ultimately prove to be a poor investment – and worse still against the backdrop of a largely rising market. During our +4-year holding period each stock had occasion to be among some of our better performers, but such periods were few and short-lived.

Our primary investment thesis was based on our expectation that the global energy sector recovery, post-2014 industry depression level spending levels, would cycle into a classic multiyear upcycle in spending on oil well and rig maintenance, plus increases in spending on both exploration and development. In addition, the best of breed oilfield service companies traditionally possesses the better balance sheets and by far the highest full cycle profitability profiles.

While oil service spending has seen a significant recovery in the U.S. market, since bottoming in 2016, international upstream spending has been tepid, with budgets vastly below their 2013 and 2014 cycle peak levels. Furthermore, there have been few signs to-date of a broad-based pickup internationally despite conditions which would seem to be conducive to spending. In the end, our thesis predicated on historically longer, multi-year capex cycles was wrong. While our thesis proved right in terms of the booming renewal in U.S.-based capex spending, the inherent nature of the shorter-cycle, unconventional shale capex cycles proved too swift and too sizable as a force to reignite the much longer, and significantly more profitable international capex spending cycle.

Specifically, with the international benchmark Brent Crude oil reaching highs at $85 as recently as early October – roughly tripling versus early 2016 lows – and with stubbornly low capital budgets over the last few years, we had expected to finally see significantly more interest in spending for new projects and for deferred maintenance, but this has not yet materialized in any meaningful way. Furthermore, if Brent over $85 wasn't enough to get some renewed momentum in international spending, even if it persisted for only a brief time, it wouldn't bring the timing of the recovery in spending any closer. Adding insult to injury, while our investment thesis was not predicated on an attempt to forecast the price of oil (oil beta), as Brent oil prices eclipsed $80 per barrel during the past quarter – a multifold increase from 2015 lows – our energy stocks literally didn't respond in kind. Again, while we were certainly aware that all energy-related equity prices tend to have a meaningful correlation with oil prices, our long-held view had been that this relationship is less fundamentally important to Schlumberger and Core Labs.

So, while we still believe both Schlumberger and Core Labs will benefit from an eventual recovery in international spending, we sold these stocks from the portfolio to fund faster-growing alternatives in other industries. The recent market correction has presented us with other opportunities that are trading at more attractive valuations than they were previously.

Don’t Fight the Fed

You will never see another financial crisis in your lifetime…I do worry that we could have another financial crisis.

Janet Yellen, former Fed Chair

I don’t see how we can exit Quantitative Easing without a “Significant Economic Event.”

Alan Greenspan, former Fed Chair

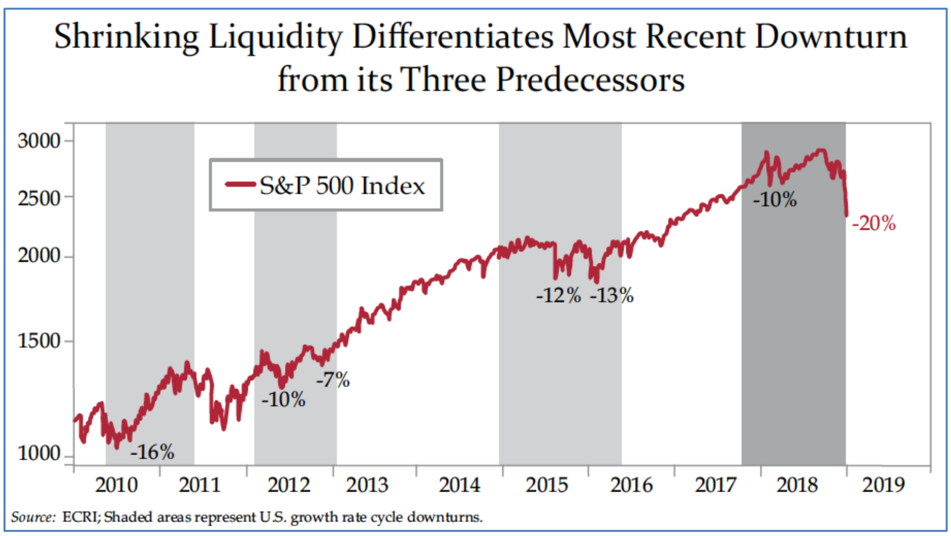
I think we are actually at a point of encouraging risk-taking, and that should give us pause. Investors really do understand now that we will be there to prevent serious losses . . . we look like we are blowing a fixed-income duration bubble right across the credit spectrum that will result in big losses when rates come up down the road. You can almost say that that is our strategy. I think there is a pretty good chance that you could have quite a dynamic response in the market…The US is on an unsustainable fiscal path; there’s no hiding from it…When it is time for us to sell [Fed assets], or even to stop buying, the response could be quite strong.

Jerome Powell, Fed Chair

“Don’t fight the Fed” and “Buy low, Sell high” have got to be the two most immortal maxims in the lexicon of investing. If both the lay and professional investor fail at either of these rules, then, well, their respective investing careers may not be so long-lived. Sounds pretty straightforward. Best laid plans aside, over the fullness of time a lot of emotion and noise gets in the way of investing success, particularly on the behavioral front. The pink champagne elixir of zero interest rates, plus over *$15 trillion* injected into global economies and markets courtesy of the largest central banks, has been profound in the historic inflation (and lack of downside volatility) in nearly every asset class, from stocks to real estate and art to vintage Ferraris.

As we have written (endlessly, we admit) in these Letters, the Fed kept rates far too low for far too long. The ECB even went so far as to buy *more* sovereign and corporate debt faster than it was being issued. The slow-motion monetary policy change began in December 2015. By the end of 2016, investor allocations to cash fell to their lowest levels on record, while equity valuations became stretched, reaching the 90th percentile on record (J.P. Morgan). Monetary policy finally began to accelerate modestly in 2017 and more still over the course of 2018 with four increases in the Federal Funds Rate., plus two more recently announced in 2019. Fed Chair Powell's *modus operandi* – and this cannot be overstated – seems to be the retirement of the "Fed Put" played masterfully by all three of his predecessors (Greenspan, Bernanke and Yellen).

Over the course of 2018, higher interest rates, plus Quantitative Tightening (QT) have started to bite throughout both the economy and financial markets. Higher cost of debt capital and higher market discount rates have served to significantly shrink the market's mother's-milk of liquidity. Such "reverse" FAANG's have no doubt begun to show their respective teeth. We may soon find out if Powell will channel his inner William McChesney Martin hawkishness or tack 180 degrees and launch his own "Powell Put."



Source: Danielle DiMartino Booth

2018 started out where 2017 left off. The +5.7% gain in the S&P 500 Index was the best January since 1997 and the second-best January since 1987. Across the landscape of the financial press, January's gain was proof positive that 2018 would be a bang-up year. That forecast was correct in word, but wrong in result. The stock market would limp from the end of January, slowly climbing to a gain of +5% by the market top in late September. 2018 ended with a bang in December. Indeed, across all major asset classes, cash was the best performing asset class and the only asset class to generate positive returns in 2018, after nothing but across-the board green returns in both 2016 and 2017.

ETF Total Returns (2008 - 2018, as of 12/31/18) @CharlieBilello

ETF	Asset Class	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008-18 Cumulative	2008-18 Annualized
SPY	US Large Caps	-36.9%	26.4%	15.1%	1.9%	16.0%	32.2%	13.5%	1.2%	12.0%	21.7%	-4.5%	114.4%	7.2%
IWM	US Small Caps	-34.2%	28.5%	26.9%	-4.4%	16.7%	38.7%	5.0%	-4.5%	21.6%	14.6%	-11.1%	106.4%	6.8%
EEM	EM Stocks	-48.9%	69.0%	16.5%	-18.8%	19.1%	-3.7%	-3.9%	-16.2%	10.9%	37.3%	-15.3%	-2.6%	-0.2%
EFA	EAFE Stocks	-41.0%	27.0%	8.2%	-12.2%	18.8%	21.4%	-6.2%	-1.0%	1.4%	25.1%	-13.8%	4.1%	0.4%
PFF	Preferred Stocks	-23.9%	37.6%	13.8%	-2.0%	17.8%	-1.0%	14.1%	4.3%	1.3%	8.1%	-4.7%	69.0%	4.9%
HYG	High Yield Bonds	-17.5%	27.4%	11.9%	6.8%	11.7%	5.8%	1.9%	-5.0%	13.4%	6.1%	-2.0%	69.2%	4.9%
LQD	Investment Grade Bonds	2.5%	7.9%	9.3%	9.7%	10.6%	-2.0%	8.2%	-1.3%	6.2%	7.1%	-3.8%	68.0%	4.8%
TLT	Long Duration Treasuries	34.0%	-22.1%	9.0%	34.0%	2.6%	-13.4%	27.3%	-1.8%	1.2%	9.2%	-1.6%	84.2%	5.7%
TIP	TIPS	-0.5%	7.5%	6.1%	13.3%	6.4%	-8.5%	3.6%	-1.8%	4.7%	2.9%	-1.4%	35.3%	2.8%
BND	US Total Bond Market	5.2%	2.9%	5.3%	7.7%	3.9%	-2.1%	5.8%	0.6%	2.5%	3.6%	-0.1%	40.9%	3.2%
BIL	US Cash	1.5%	0.3%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.1%	0.7%	1.7%	3.9%	0.3%
EMB	EM Bonds (USD)	-2.1%	15.4%	10.8%	7.7%	16.9%	-7.8%	6.1%	1.0%	9.3%	10.3%	-5.5%	77.4%	5.3%
VNQ	REITs	-39.4%	28.0%	28.4%	8.6%	17.6%	2.3%	30.4%	2.4%	8.6%	4.9%	-6.0%	86.1%	5.8%
GLD	Gold	4.9%	24.0%	29.3%	9.6%	6.6%	-28.3%	-2.2%	-10.7%	8.0%	12.8%	-1.9%	47.0%	3.6%
DBC	Commodities	-31.8%	16.3%	11.9%	-2.6%	3.5%	-7.6%	-28.1%	-27.6%	18.6%	4.9%	-11.6%	-52.7%	-6.6%
Highest Return		TLT	EEM	GLD	TLT	EEM	IWM	VNQ	PFF	IWM	EEM	BIL	SPY	SPY
Lowest Return		EEM	TLT	TIP	EEM	TLT	GLD	DBC	DBC	TLT	TIP	EEM	DBC	DBC
% of Asset Classes Positive		33%	93%	93%	60%	93%	33%	67%	33%	100%	100%	7%	87%	87%

In the end, the +22% gain in the S&P 500 Index in 2017 did a classic job in discounting the record "good news" to come during 2018 – including, record low 3.7% unemployment, record stock buybacks, record consumer confidence, 3% GDP growth, huge tax cuts, 25% earnings growth and 3% wage growth. By the fall (no pun intended) of 2018, the stock market's -14% decline began to discount a different tale (including 11 +2% single-day moves in the S&P 500 during the fourth quarter, as many as the previous 10 quarters combined). Is the market beginning to discount the new playbook of the last gasp of Quantitative Easing (QE), while passing the baton to QT; beginning, perhaps, to discount both peaking economic and corporate earnings growth?

Asset prices tend to peak before growth/profits

US equity market peak	Next 12 month S&P 500 return	Months until economic data peak	Next 12 month earnings growth
Jan-1966	-7%	10	4%
Nov-1968	-13%	9	2%
Dec-1972	-19%	11	27%
Nov-1980	-13%	9	4%
Aug-1987	-18%	19	41%
Sep-2018	*-15%*	*??*	*??*
Aug-2000	-25%	1	-16%
Oct-2007	-25%	4	-23%

Source: Bloomberg, JPMAM, Shiller. December 28, 2018. Economic cycle peak defined by combination of unemployment and capacity utilization.

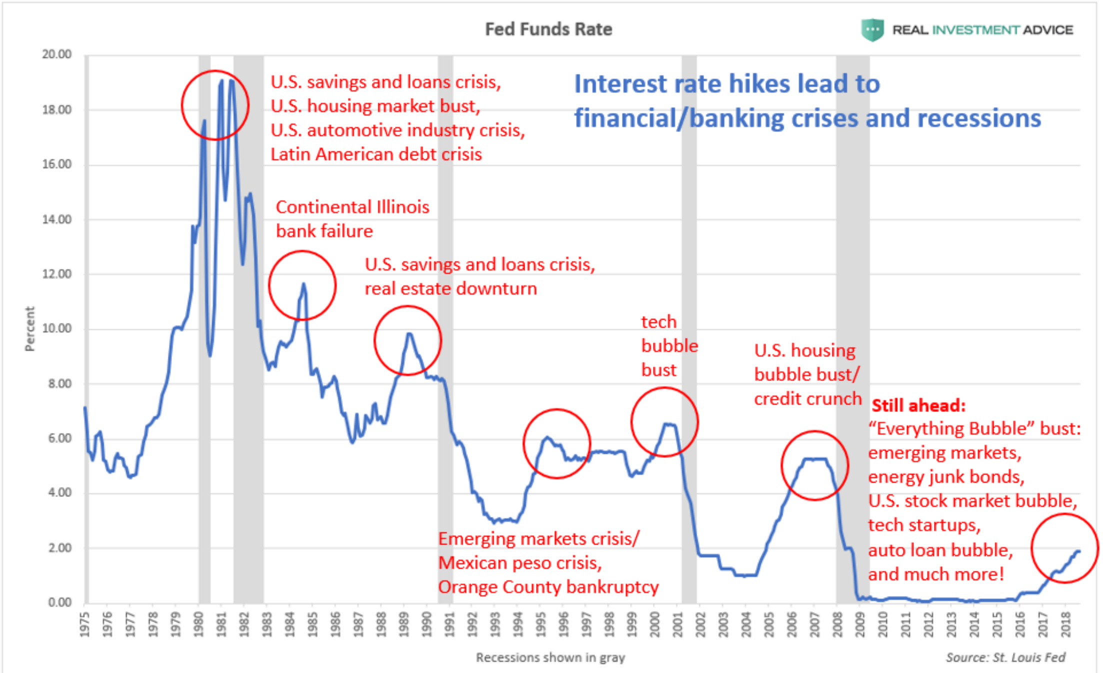
As this Letter is being written, the Fed is dominating headlines, chronicling its determination to normalize monetary policy. After a decade of profligate monetary ease, the QT "normalization" includes both the traditional increase in the short-term Federal Funds Rate, eight increases since December 2016, and the more significant (witness the stock market's meltdown over the past month), October 2017 initiation of QT – which is reduction in the Fed's +$3 trillion balance sheet. Such a reduction is currently set at an autopilot pace of -$50 billion per month. If such a pace continues, $600 billion per year could be considered an extra 2-3 rate increases.

If history is any guide, changes in the Federal Reserve's monetary policy tend to be too loose for too long, as well as too tight for too long. Such missteps and mistakes are in fact "policy errors." Such errors are profound when economic activity and asset prices are hooked on easy money. Here are some of the Federal Reserve's past tightening of monetary policy. See if they align with the graphic below: March 1974-September 1974, February 1977-May 1980, August 1980-July 1981, January 1982-March 1982, February 1987-November 1987, April 1988-April 1989, July 1999-July 2000, June 2004-August 2006.

CHART 1: PEAKS IN BUSINESS CYCLE ALWAYS FOLLOWS PEAK IN THE STOCK MARKET

United States
(index)

Y-axis changed to logarithmic scale
Shaded regions represent periods of U.S. recession
Source: Haver Analytics, Gluskin Sheff

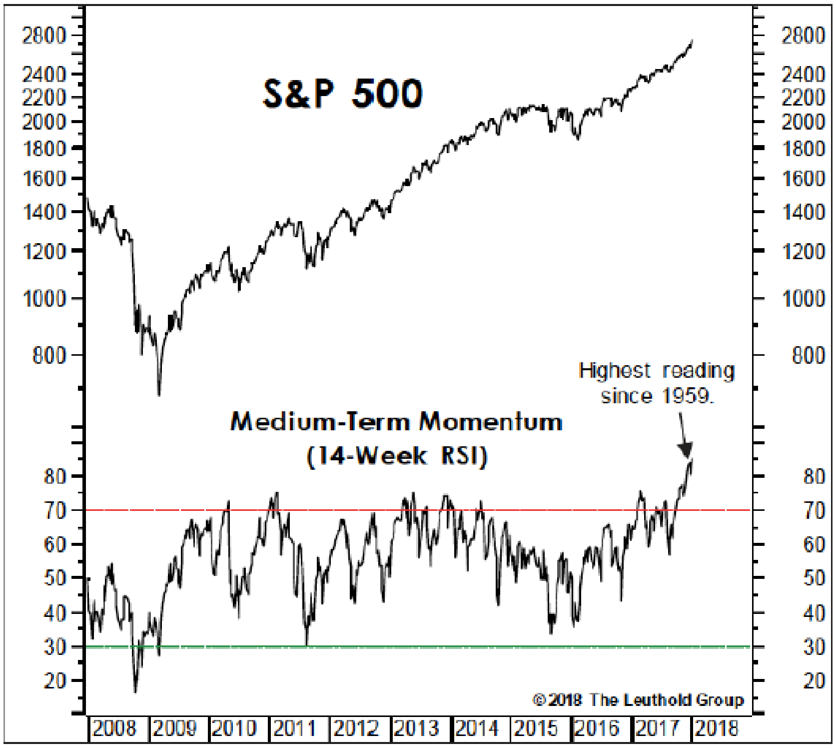


As we exit 2018, Fed Chair Powell & Co. find themselves embattled on a multi-front fight. His fight includes a witches-brew against a considerably-softening economy since last fall (particularly housing and manufacturing), roiling financial markets (December's stock market plunge was the worst December since 1931 and 2-year TIPs yields positive for the first time in a decade) and a jaw-boning president who desperately needs a strong economy and a strong stock market as the requisite tailwind-poker chips to deal and rewrite decades-old tariff agreements with China and Europe. Fed Chair Powell has our sympathies. The stock market, prisoners of the Fed's QE-device, won't be so compliant in what we suspect could be a multiyear stint in QT rehab. Considering the profound withdrawal headache across a number of economic and stock market sectors already after seemingly modest changes QT tightening, the economy and the stock market's QE addiction to the "free" capital of zero-interest rate policy is hard to exaggerate.

It is instructive to recall where the stock market was at the moment QT marked the peak of the stock market's euphoria back in late 2017 and to consider what the QE to QT pendulum portends for investors in 2019 (and beyond).

This is what we wrote last January:

How good is the stock market right now?? Freeze time. This is as good as it gets for the stock market!



- The gain from the March lows of 2009 is +310% which equals the incredible bull market gain of the 1990's – but so many more stocks and sectors have soared relative to the tech/telecom 1990's bull market.

- Up 20 out past 21 quarters.

- Up past 14 months in a row.

- 2017 – the 8th year, mind you, of this Great Bull Market – was up +20% and up EVERY month during the year!

- The current momentum is literally off the charts. The Dow Jones Industrial Average's Relative Strength Index is at 90! That's the highest since 1959! The S&P 500 Index's RSI is almost 97! That's the highest since 1929!!

This moment in time is Wayne Gretsky scoring 92 goals in a single season. This is Joe DiMaggio hitting safely in 72 out of 73 games; Wilt Chamberlain scoring 100 points in a single game for the old Philadelphia Warriors. This is Ted Williams batting .406. This is Secretariat at the Belmont. Good grief, this is Spinal Tap going to 11!

Incredibly, the Great Bull Market of 2009-2017 momentum actually increased during the fourth quarter. Downside volatility in the stock market simply appears to be a thing of the past (though we are dubious). 2017 set numerous records for historically low volatility in both the stock and bond markets. The fourth quarter represented the 20th positive quarter over the past 21.

The last negative quarter was two years ago when the stock market "suffered" a -6.6% "collapse" during the third quarter of 2015. In fact, if the current bull advances without at least a -5% correction by the third week in January, it will be the longest such streak since 1928. Further, the stock market has not suffered even a -3% drawdown in over 13 months, by far the longest in history.

In 2017 alone, the stock market was up every month (a calendar year record) and has now been up 14 months in a row (a record). 95% of the trading days during 2017 had an intraday swing of less than 1% – another historic record. The Dow Jones Industrial Average set 71 new highs in 2017 – the most since 1910. The second most new-highs figure (65) was recorded back in 1925. The last notable double-digit "correction" was six years ago, way back in 2011. The stock market has recorded positive gains 9 consecutive years and in 14 out of the past 15 years. Even volatility highs during 2017 were the lowest on record.

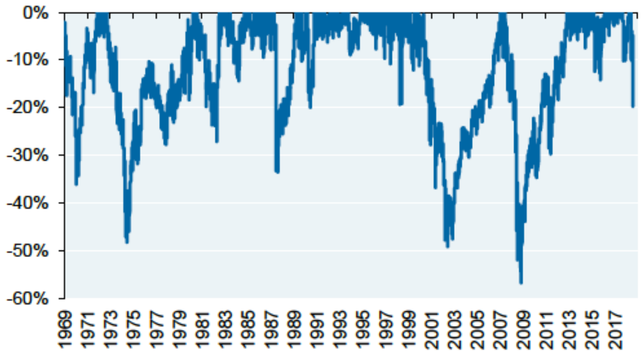
We need to repeat what we wrote in our last Letter; volatility is a dear friend of the active, patient, value-sensitive investor. We miss it terribly.

In summary, we believe the sharp downside volatility witnessed in December is a precursor of the risk (and concomitant opportunity) that QT will serve up to investors in 2019. QT is a brand-new playbook for stock investors. As we have discussed in recent Letters our conservative investing nature was ill suited to the turbocharged nature of QE – and our relative performance suffered. However, since the inception of QT last October, and while it is just a 14-month period since the end of October 2017, our Composite (net) has outperformed the Russell 1000 Growth Index by 106 bps and the S&P 500 Index by 330 bps, through the end of 2018.

Consider the risk and opportunity as QT unwinds, the extremes and excesses of valuation, volatility, consumer confidence, unemployment, unprecedented debt refinancing over the next +5-years, zero-interest rate debt, plus housing depicted in the following charts and graphics.

The first graphic is the most optimistic, if the economy can avoid a recession. If so, the damage done in the stock market since the all-time highs last September may have largely-discounted the poor economic and earnings news to come as we enter 2019. Lastly, while we, at Wedgewood, don't practice the voodoo of economic soothsaying, we do earnestly respect the business cycle, particularly Fed-driven policy mistakes and their attendant cause and effect on the business cycle. In terms of the risk of a Fed-induced recession, consider that since 1950 the Fed has engineered thirteen Fed tightening cycles. Of those thirteen, ten recessions would follow, and some whereby the requisite yield curve inversion wasn't present, plus zero hikes (out of 99) since 1970 when the stock market had fallen at least double digits (Rosenberg and Brown). So, if the Fed turbo-charges QT, then all of the other charts and graphics speak for themselves – and speak to a less optimistic 2019.

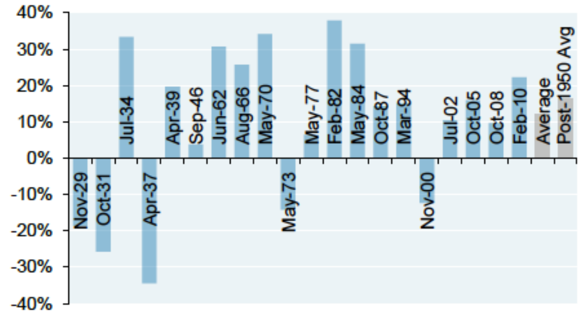
A history of S&P 500 drawdowns since 1969



Source: Bloomberg, JPMAM. December 24, 2018.

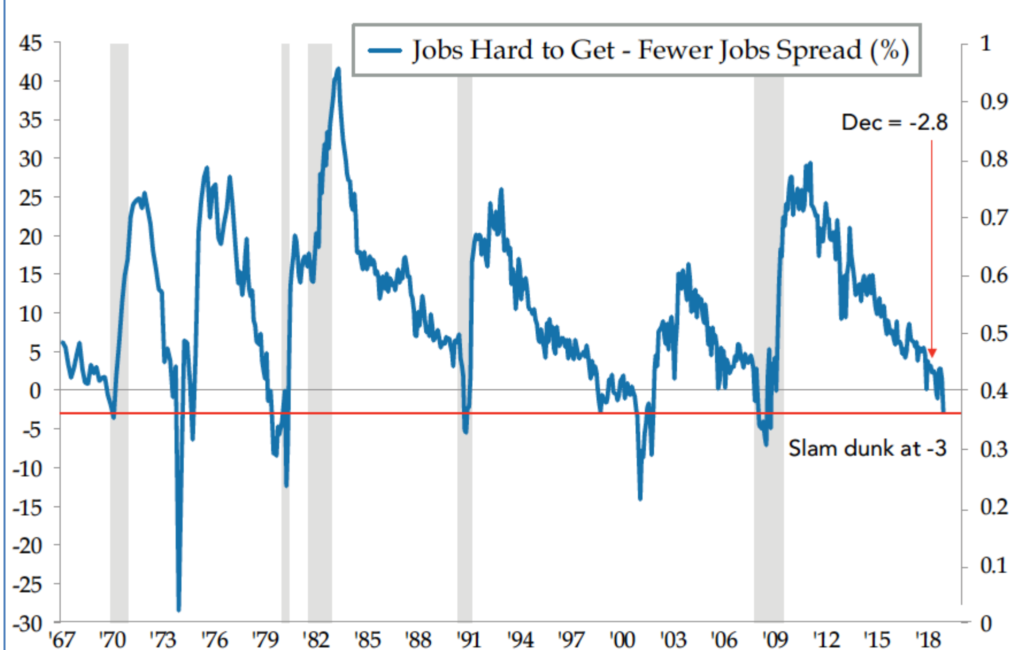
S&P 500 returns after P/E ratio declines of 20%+

Subsequent 12-month return



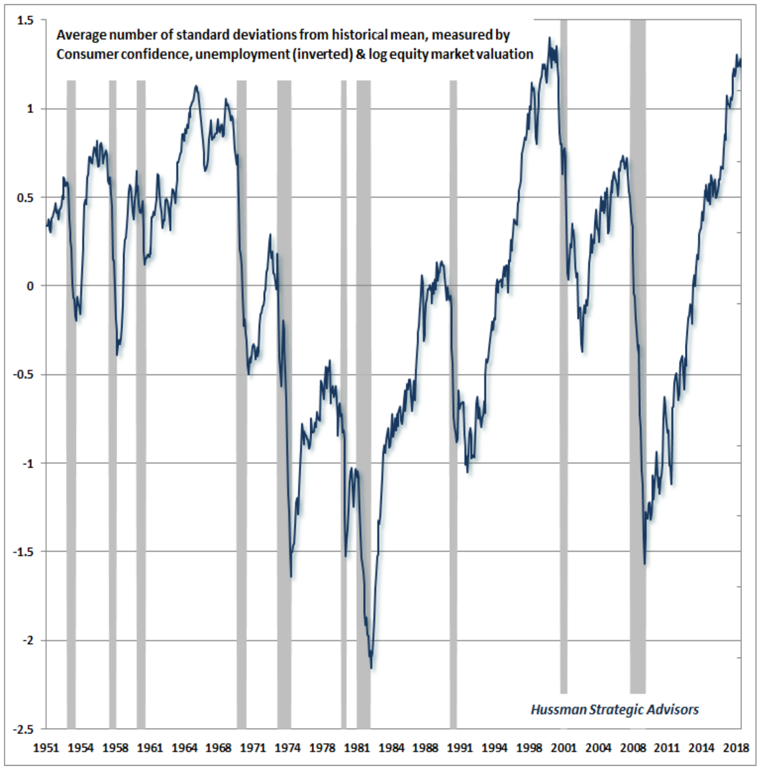
Source: Empirical Research Partners. December 2018.

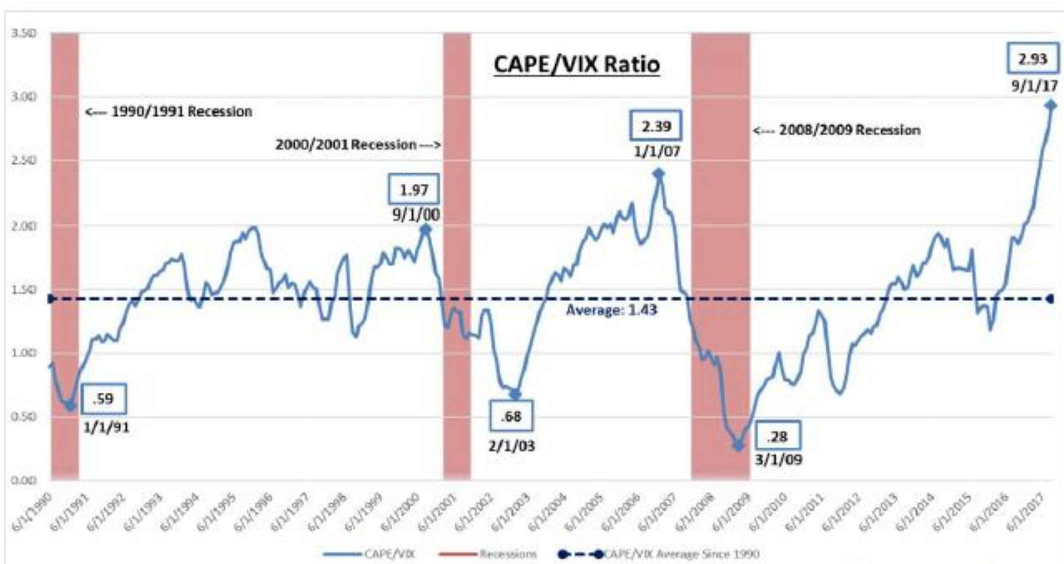
The U.S. Economy at the Precipice of Recession



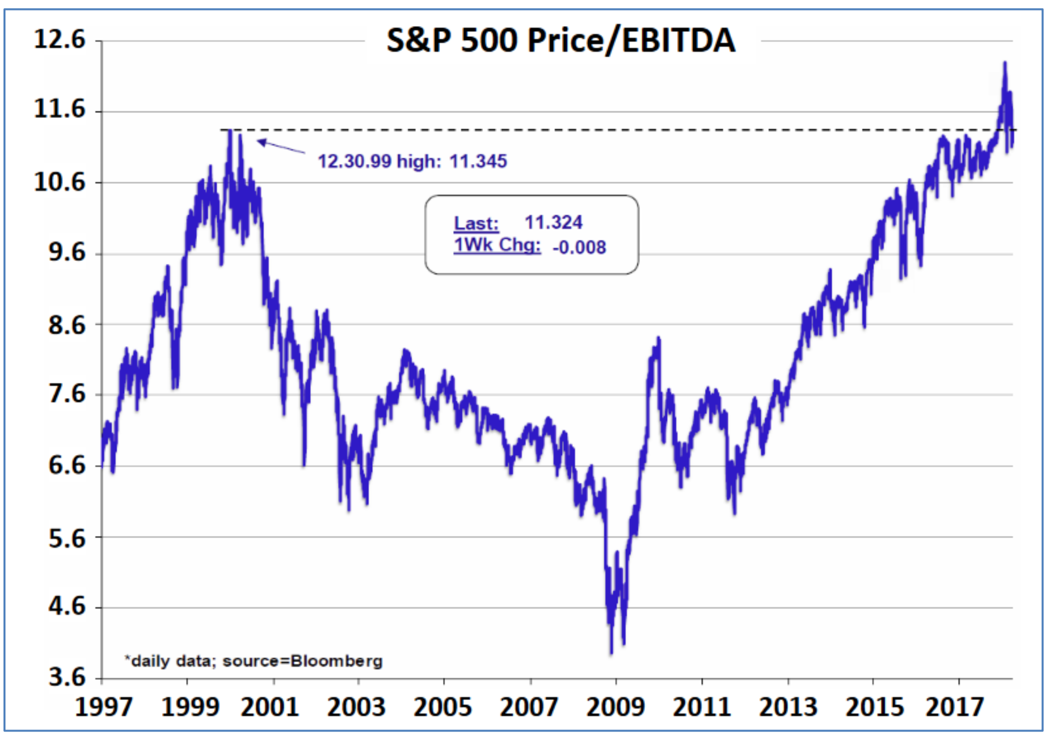
Source: Conference Board. Recessions shaded.

Source: Danielle DiMartino Booth

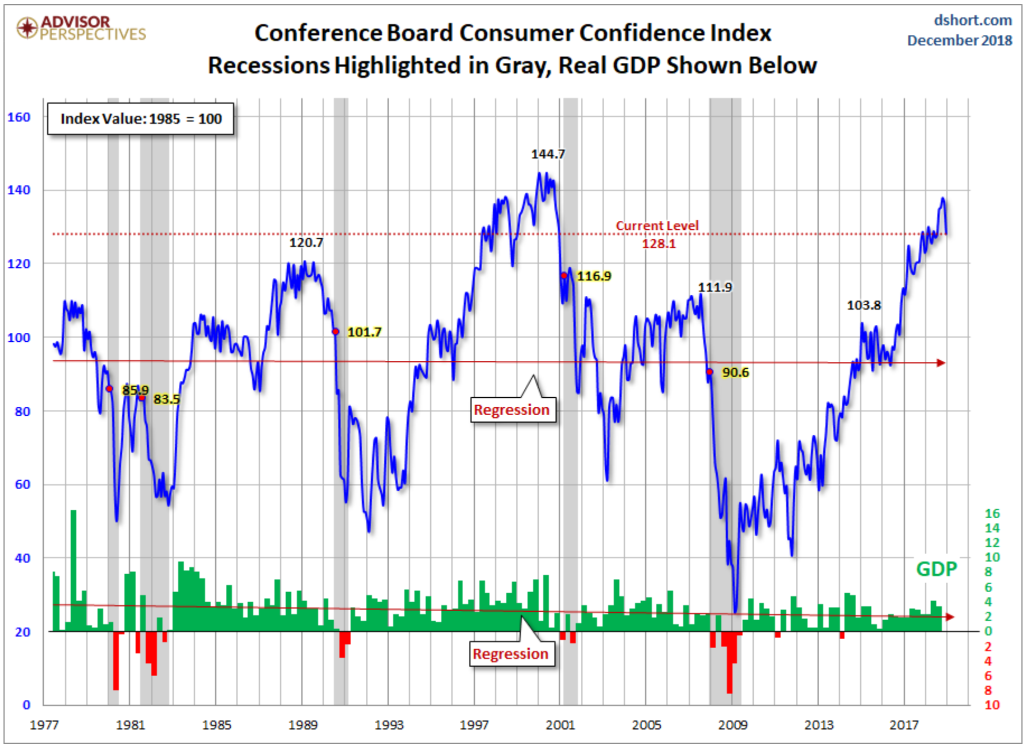




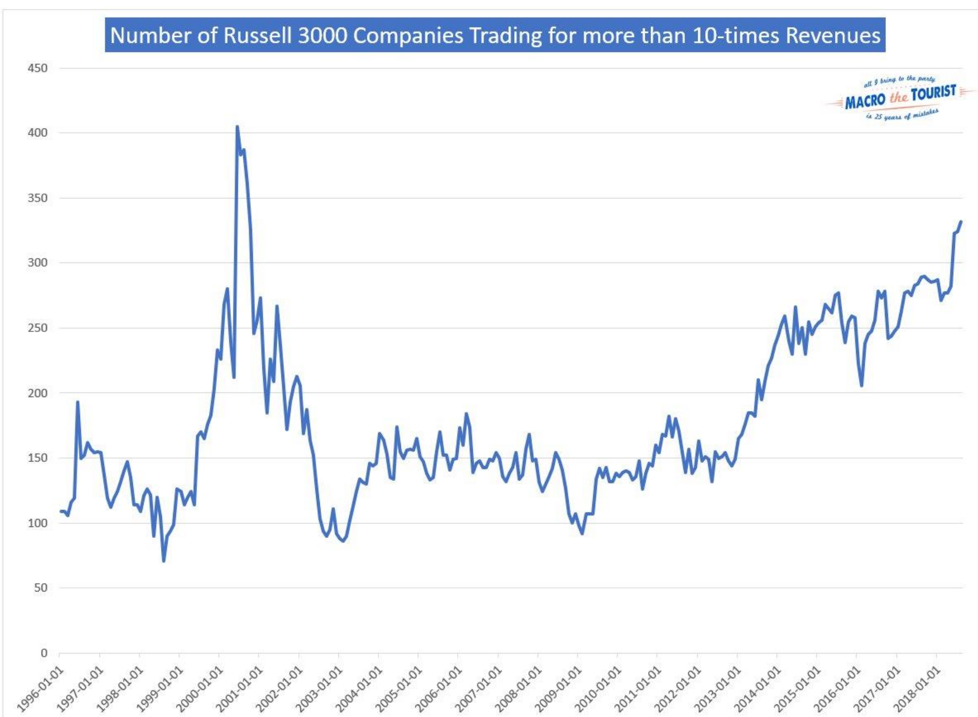
Source: Euro Pacific Capital



Source: Meridian Macro Research



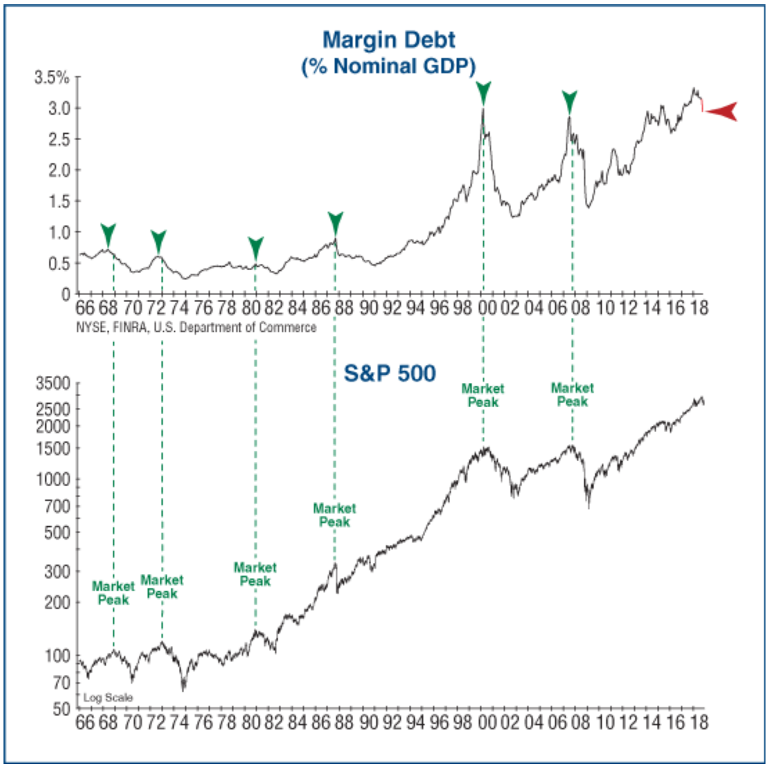
ADVISOR PERSPECTIVES
Conference Board Consumer Confidence Index
Recessions Highlighted in Gray, Real GDP Shown Below
dshort.com
December 2018
Index Value: 1985 = 100
144.7
120.7
Current Level
128.1
116.9
111.9
103.8
101.7
90.6
85.9
83.5
Regression
Regression
GDP

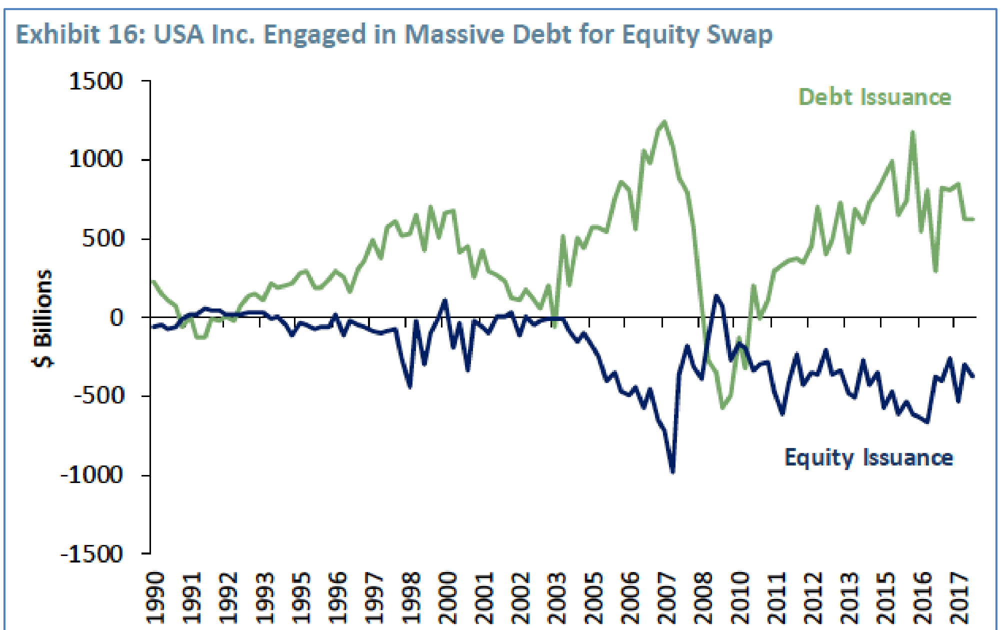


Number of Russell 3000 Companies Trading for more than 10-times Revenues
MACRO the TOURIST

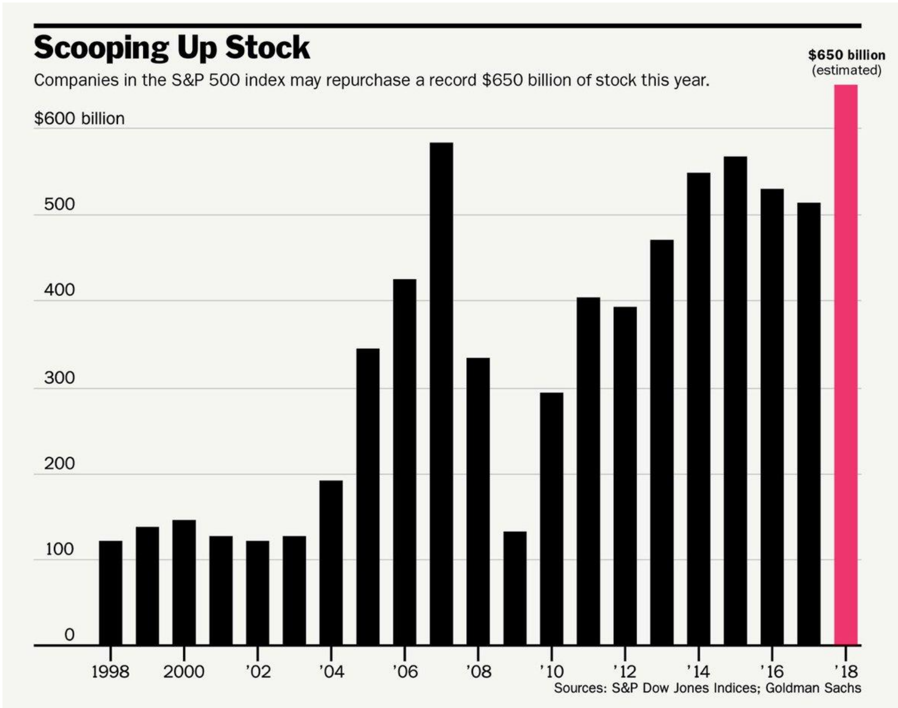
At 10 times revenues, to give you a 10-year payback, I have to pay you 100% of revenues for 10 straight years in dividends. That assumes I can get that by my shareholders. That assumes I have zero cost of goods sold, which is very hard for a computer company. That assumes zero expenses, which is really hard with 39,000 employees. That assumes I pay no taxes, which is very hard. And that assumes you pay no taxes on your dividends, which is kind of illegal. And that assumes with zero R&D for the next 10 years, I can maintain the current revenue run rate. Now, having done that, would any of you like to buy my stock at $64? Do you realize how ridiculous those basic assumptions are? You don't need any transparency. You don't need any footnotes. What were you thinking?

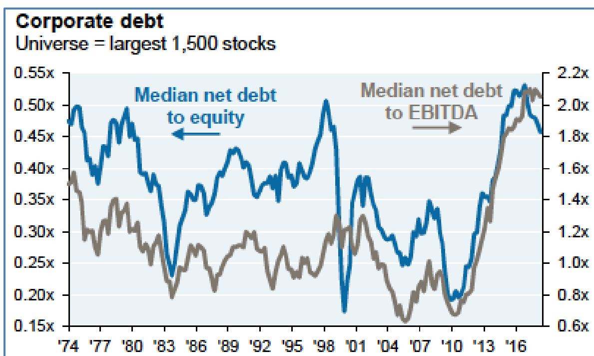
Scott McNealy, CEO of Sun Microsystems, April 2002



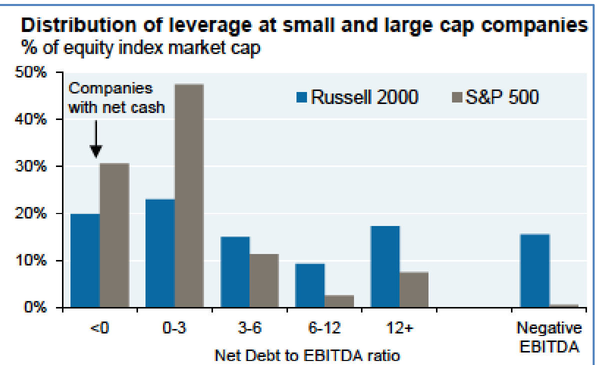


Source: Federal Reserve, GMO

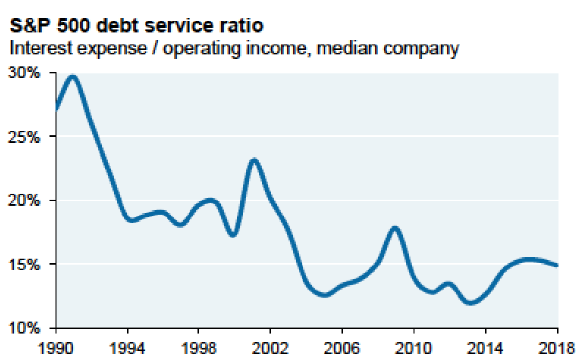




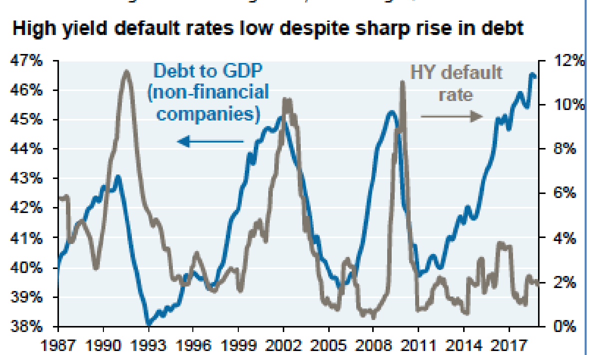
Source: Morgan Stanley. Q3 2018.



Source: J.P. Morgan Asset Management, Bloomberg. Q3 2018.



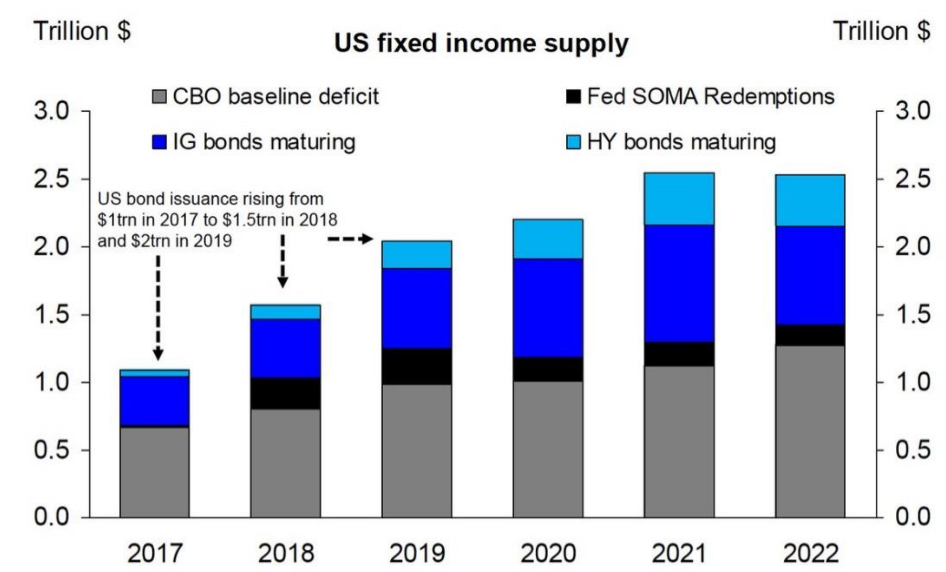
Source: JPMAM, Bloomberg. December 2018.



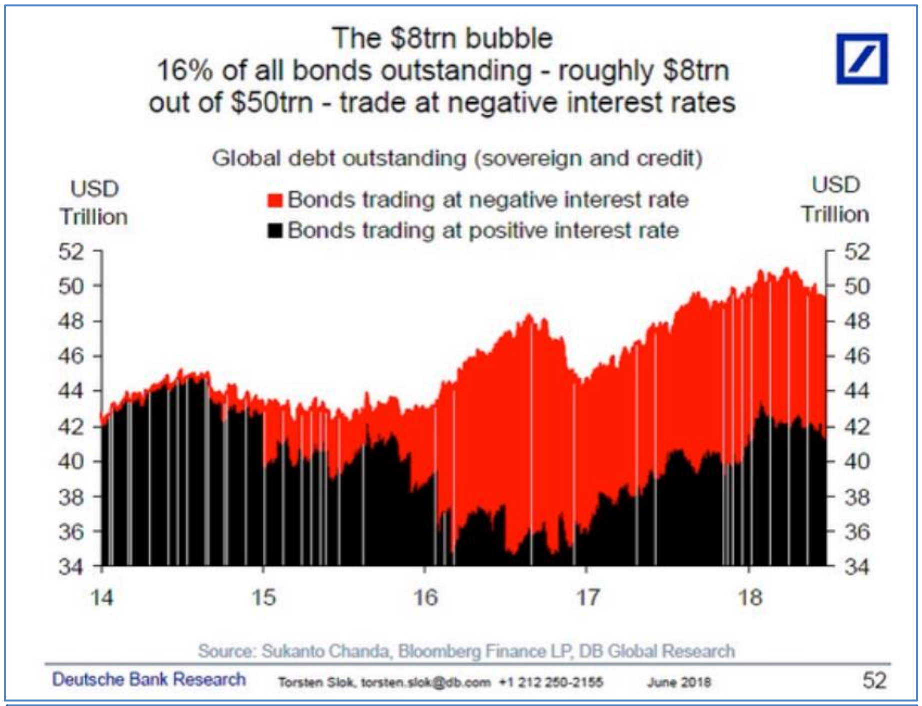
Source: Federal Reserve, Moody's, J.P. Morgan Credit Research. Nov 2018.

Exhibit 11: Over $1.3 tn (20%) and $3 tn (47%) of total debt outstanding is set to mature through 2020 and 2023, respectively

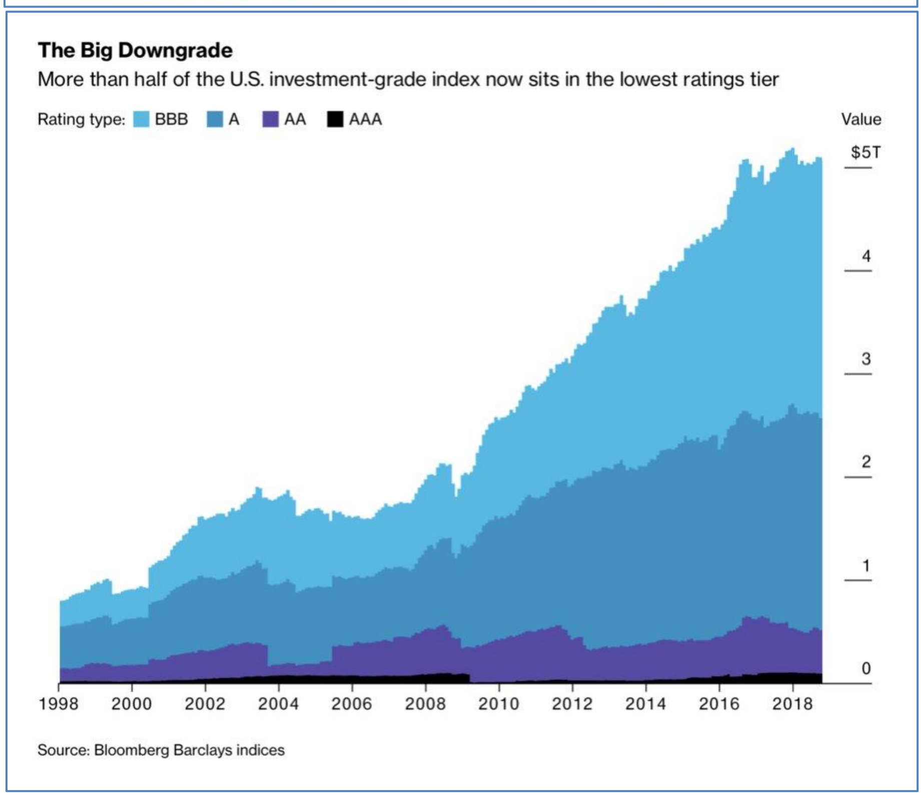
Face Value of US Non-Financial Corp. Debt by Year of Maturity ($, bn)



Source: Steven Zeng, Michal Jezek, Standard & Poor's Financial Services LLC, DB Global Research



The $8trn bubble
16% of all bonds outstanding - roughly $8trn out of $50trn - trade at negative interest rates
Global debt outstanding (sovereign and credit)
USD Trillion
Bonds trading at negative interest rate
Bonds trading at positive interest rate
52
50
48
46
44
42
40
38
36
34
14
15
16
17
18
Source: Sukanto Chanda, Bloomberg Finance LP, DB Global Research
Deutsche Bank Research
Torsten Slok, torsten.slok@db.com +1 212 250-2155
June 2018
52

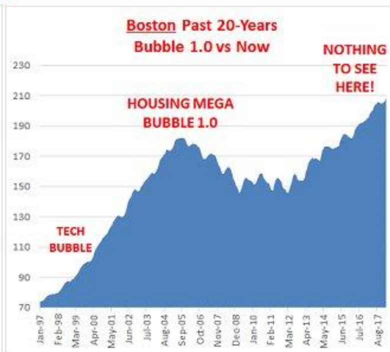


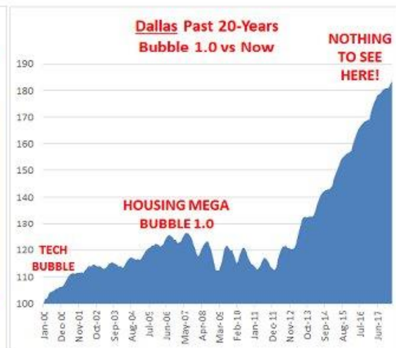
The Big Downgrade
More than half of the U.S. investment-grade index now sits in the lowest ratings tier
Rating type: BBB A AA AAA
Value
$5T
4
3
2
1
0
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
Source: Bloomberg Barclays indices

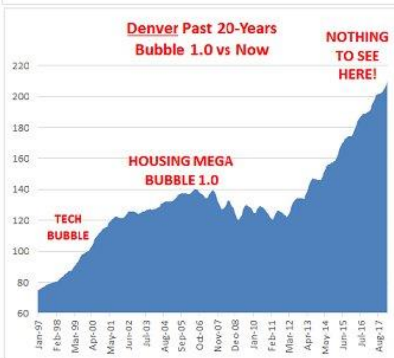
CASE SHILLER HOUSE PRICES:

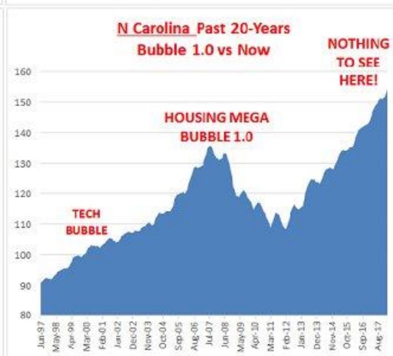
BUBBLE 2.0, OR NOT, IT'S TIME TO LEVER-UP THE SECTOR...AGAIN

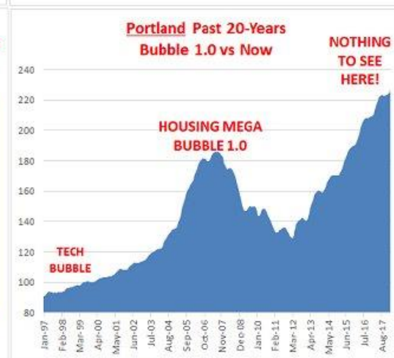
(GET READY FOR NEXT-GEN, NON-FICO DRIVEN RISK UNDERWRITING;NON-AGGREGATED PRICING; & "HELOC-MANIA")

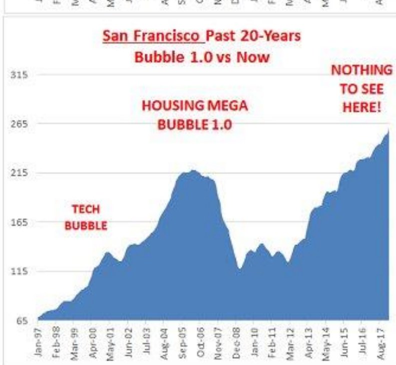












DATA NOTES: Case-Shiller NSA data presented here thru March 2018 -- released May 29, 2018 -- captures closed sales from Jan to Mar 2018, or purchase & pricing "decisions" from Oct 2017 to Feb 2018, leading into the Spring / Summer purchase season.

As prices increase and "affordability" decreases, sales volume will slow. As volume always proceeds price, unless something is done to increase "affordability" for first-timers and move-up buyers, house prices will become volatile.

This is why we think the next phase in this housing cycle involves introducing increased "leverage-in-finance", but not the same way as in 2003. Rather, by using data & analytics to drive better, non-FICO driven risk underwriting & segmentation and non-aggregated pricing.

Also, get ready for "HELOC-MANIA".

May 29, 2018

www.MHanson.com

We wish to once again thank those clients who have been steadfast in support of Wedgewood Partners.

January 2019

David A. Rolfe, CFA
Chief Investment Officer

Michael X. Quigley, CFA
Senior Portfolio Manager

Morgan L. Koenig, CFA
Portfolio Manager

Christopher T. Jersan, CFA
Research Analyst

Top Ten Holdings

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

Holdings	Percent of Net Assets
Berkshire Hathaway Inc.	10.0%
Edwards Lifesciences Corp.	8.4%
Apple Inc.	8.1%
Visa Inc.	8.0%
Facebook Inc.	6.8%
Booking Holdings Inc.	6.5%
Tractor Supply Co.	6.4%
Alphabet Inc.	5.9%
Fastenal Co.	5.4%
QUALCOMM Inc.	5.3%
Total	**70.8%**

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

The information and statistical data contained herein have been obtained from sources, which we believe to be reliable, but in no way are warranted by us to accuracy or completeness. We do not undertake to advise you as to any change in figures or our views. This is not a solicitation of any order to buy or sell. We, our affiliates and any officer, director or stockholder or any member of their families, may have a position in and may from time to time purchase or sell any of the above mentioned or related securities. Past results are no guarantee of future results.

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.

Mutual fund investing involves risk including possible loss of principal. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from social, economic or political instability in other nations. Narrowly focused investments typically exhibit higher volatility. There can be no assurance that the Fund will achieve its stated objectives. The Fund is not diversified.

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Wedgewood Partners is committed to communicating with our investment partners as candidly as possible because we believe our investors benefit from understanding our investment philosophy, investment process, stock selection methodology and investor temperament. Our views and opinions include "forward-looking statements" which may or may not be accurate over the long term. Forward-looking statements can be identified by words like "believe," "think," "expect," "anticipate," or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate.

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