RIVERPARK FUNDS

RiverPark/Wedgewood Fund

(RWGIX / RWGFX)

Wedgewood. PARTNERS, INC.

Third Quarter 2014 Review and Outlook

The RiverPark/Wedgewood Fund was basically flat (+0.38%) during the third quarter of 2014. This rounding-error gain is below both the gain in the Standard & Poor's 500 Index of +1.13% and the gain of +1.49% in the Russell 1000 Growth Index.

TABLE I
Fund Returns for Quarter ended September 30, 2014

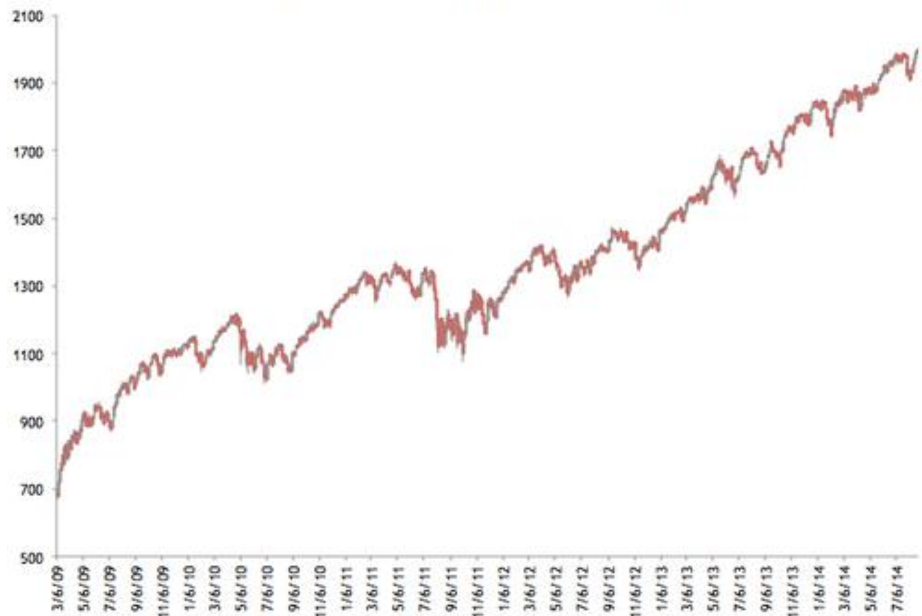
	INSTITUTIOAL SHARES (RWGIX)	RETAIL SHARES (RWGFX)	RUSSELL 1000 GROWTH INDEX	S&P 500 TOTAL RETURN INDEX	MORNINGSTAR LARGE GROWTH CATEGORY[1]
THIRD QUARTER 2014	0.38%	0.33%	1.49%	1.13%	0.68%
YEAR-TO-DATE	4.08%	3.94%	7.89%	8.34%	5.43%
ONE YEAR	15.04%	14.91	19.15%	19.73%	16.29%
THREE YEAR	21.93%	21.66	22.45%	22.99%	21.15%
SINCE INCEPTION – ANNUALIZED (SEPTEMBER 30, 2010)	17.00%	16.73%	17.47%	17.11%	15.32%

[1]*Source: Morningstar Principia*

*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.

The Bull Market at 2000 Days Old



Source: Avondale Asset Management

The Fund's year-to-date gain of +4.1% has substantially lagged the gains in the Standard & Poor's 500 Index and the Russell 1000 Growth Index of +8.3% and +7.9%, respectively. A somber fact: Over the past six months, nearly *two-thirds* of the Fund's current portfolio has underperformed the S&P 500 Index. In the never ending zero-interest rate environment of Quantitative Easing the chase for return *and* yield continues to reward the stocks of poorer quality (i.e. low/no profits), higher debt-leveraged company stocks and reward company stocks that pay out higher percentages of earnings in the form of dividends. Individual stock selection mistakes aside, we believe that our investment focus on higher quality growth companies at reasonable valuations is simply ill-suited in the current ebullient environment. In fact, 2014 may well go down as one of the worst years for active equity managers in the past two decades. According to The Leuthold Group:

Last year provided managers not only with huge gains but also with comparatively favorable odds of beating the S&P 500. In 2013, about 60% of the issues in the 1500 composite topped the +29.6% gain in the S&P 500. That percentage has been cut in half over the last nine months. The latest reading of 30.2% compares to those recorded in the late 1990s' "bifurcated bull" – an excruciating time for active managers that ultimately ended badly for all.

And speaking of the late 1990s, according to Jay R. Ritter, a professor of finance at the University of Florida, already in 2014 72% of IPOs have "negative earnings." The typical level according to Ritter's studies is approximately 40%. In 2013, 64% of all IPOs had negative earnings. The highest levels since 1980 were the tech bubble years of 1999 and 2000 when IPOs then had negative earnings of 76% and 80%, respectively – the garbage-bin crop of IPOs in 2014 isn't far behind. But notably, we have been in such periods of cheap, easy and bubbly cost of debt (2007) and equity (2000) before. Such periods don't tend to end well either.

A word or two in this Letter on the Fed seems in order as well. The relentless growth in the Federal Reserve's balance sheet and the relentless rise in the S&P 500 Index have been nearly in lockstep since 2009. According to Gluskin-Sheff, over half of the U.S. Treasury market sits on the balance sheets of the world central banks. More still, zero-profit motivated global central banks have actually increased their purchases of net new issued U.S. Treasury notes and bonds – net $540 billion over the past year, or 80% of the flow of new U.S. debt. Global central banks now own a staggering $6.4 trillion of U.S. debt. We should all remember that the central bankers guiding our nation's monetary policies have been unusually consistent over the past few decades of either being far "too-easy" for far too long - or either far "too-tight" for far too long. The future exit by Fed Chairman Yellen from our current grand experiment with Quantitative Easing will follow, we believe - and we fear, the Fed's woeful track record on this score. We believe that company-specific investment discipline will always trump Fed-watching theatre.

Our worst performers during the third quarter were **Cummins** (-14.5%), **Schlumberger** (-13.8%) and **Cognizant Technology** (-8.5%). Our best performers during the quarter were **EMC** (+11.1%), **Berkshire Hathaway** (+9.2%) and **Apple** (+8.4%).

During the quarter we trimmed positions in Apple as it approached our maximum position weighting of 10%. We added to existing positions in **Qualcomm**, **LKQ** and **Cognizant Technology** – all on improved prospective risk-reward on respective share-price declines.

The Great Bull Market of 2009-2014 started on March 9, 2009 when the S&P 500 Index stood at 667. The S&P 500's relentless bull market advance over the course of the next 2,000 days would reach a record high index level of 2000 in late August. Relentless indeed, according to Bespoke, the S&P 500 Index has been up seven quarters in a row – the best streak since 1998 and the fourth best since 1950. Furthermore, the S&P 500 has not corrected by at least -10% in +1,130 days – the fifth longest bull streak since 1926. This one-way stretch is the longest since August 1987 and the fifth-longest stretch since 1928. The only bull markets that have lasted longer were in 1974-1980 (2,248 days), 1949-1956 (2,607 days) and 1987-2000 (4,494 days).

From a historical perspective the Great Bull Market of 2009-2014 has been only average in length of time, but exceptional in terms of gains. Rare is the bull market that triples in gain in just six years. The S&P 500 Index officially tripled in price when the S&P closed above 2001 on August 29. Not to be out done by such a middling +200% gain, the S&P 500 Equal-Weighted Index is up +280%. Stock market index bragging rights during this bull market go to the Value Line Arithmetic Index, which is up almost five-fold (+365%).

As the stock market continued its relentless bull charge with nary a correction, our current views on the investing environment and individual stock opportunity set are little changed from our views expressed in our first quarter 2014 and second quarter 2014 Shareholder Letters – at least through mid-September. As you could imagine (and we hope, expect) we have been net sellers of stock year-to-date and our cash position has correspondingly risen to high single digits.

While the major market indices remain relatively close to bull market highs, as of the writing of this Letter there has been considerably more turbulence under the stock market's surface. In fact, we may just be entering a period of long awaited bargain hunting. Even though the S&P 500 is still up only +1% year-to-date, the Dow Jones Industrial Average is now -2% on the year, the NYSE Composite has declined -10% from recent highs and the Russell 2000 Index is down -13% from recent highs and is down nearly -10% on the year. Specifically too, higher quality company stocks (our favored fishing pond) which have not participated much at all in the market's advance over the past few quarters, have corrected as well. Our investment-process pencils are fully sharpened as such emerging opportunities hopefully become fatter pitches.

Per Morningstar, the Fund's portfolio is currently valued at 16X twelve-month forward estimates[2], along with +13% expected long-term earnings growth. This compares favorably to the 20X forward estimates for the Russell 1000 Growth and its nearly 13% expected long-term earnings growth rate. Said another way, our portfolio is valued at just 80% of the benchmark's P/E[3], while we are capturing about 100% of future growth expectations (I.B.E.S. consensus). We like these "risk/reward odds" – particularly in the context of a 6-year bull market.

[2] Forward estimates of long-term earnings are not a guarantee of future results.
[3] Price-Earnings ratio is the current price per share divided by annual earnings per share.

While some of our year-to-date sales look early (**Gilead Sciences**, **Monster Beverage**), we believe historically low cost of capital inputs are driving valuations to levels beyond what we believe are prudent long-term risk/reward propositions. As such, we believe we have positioned the portfolio reasonably well to handle current and likely future stock market turbulence. Along with an accumulated 7% cash position from net holding sales, again, we patiently await for the opportunity to invest in any new best-of-breed businesses at compelling valuations.

Investment Process

Profits represent many things. They are representative of value creation and value capture - both of which are critical elements to any value proposition. We invest as if profits are proof-positive evidence that a value-based investment proposition exists. In other words, if a company has something valuable to offer its customers, and customers are willing to pay a premium for that value, then equity investors are beneficiaries as financiers of that value proposition. As such, a key component of our investment process has revolved around investing exclusively in highly profitable businesses.

In a more or less existential light, profits also represent a form of financing. If a company does not generate profits, then it must finance its long-term operations through the issuance of debt or equity, or face insolvency. Of course, equity represents a claim on after-tax profits, so equity is a financing vehicle driven by the expectation of profits. Debt is not far removed from equity, in that it can be serviced with pre-tax profits and usually has a fixed duration. In both cases, profits and profit expectations are important drivers of the present value of those financing vehicles; of course, they are not the only drivers of present value.

Another important variable is opportunity cost. We often see opportunity cost manifest in the "risk-free" rate of return – e.g. U.S. Treasuries or other "high quality" sovereign debt. For equities, we often see opportunity cost measured using the aforementioned risk free rate, plus a volatility-adjusted "equity risk-premium" (ERP).

All told, we think profits and a discount rate, across time, are compulsory inputs for determining the present value of a common equity investment. We also believe high-quality balance sheets are inextricably linked to that valuation process, and consistently invest accordingly.

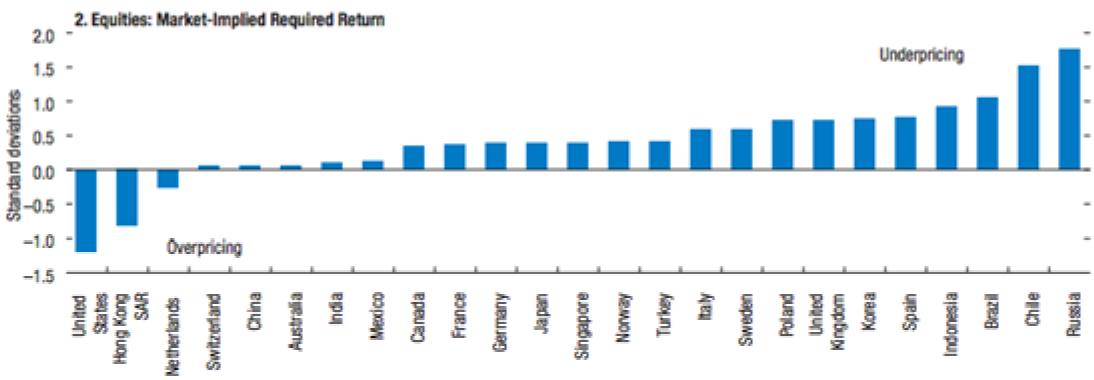
However, out of all these inputs, we do not believe we have an edge in predicting interest rates or volatility (much less any other high-frequency macro-series). As a result, regardless of the prevailing attitude of Mr. Market or the interest environment, we typically keep our discount rates constant. Even if risk free rates rise or fall or the ERP expands and contracts, we will largely ignore them and maintain the same discount rate. As such, our active management value-added must come from analyzing one of the non-discount rate inputs mentioned, particularly a company's value proposition and its ability to defend it.

Of course, interest rates have gone nowhere but down over the past 7 years and while this has had little to no bearing on our process logic, there are a few reasons why "lower for longer" might explain some of our relative underperformance of late.

First, as allocators of equity finance, we must point out that we are far from alone in allocating this supply of capital. From The Capitalist's Dilemma, a study by Clayton Christensen and Derek van Bever published in the June 2014 Harvard Business Review:

> *"We have entered a new environment of "capital superabundance." Bain [& Company, a Global management consulting firm] estimates that total financial assets are today almost 10 times the value of the global output of all goods and services, and that the development of financial sectors in emerging economies will cause global capital to grow another 50% by 2020. We are awash in capital."*

Second, given the aforementioned surfeit of capital, we think it is easy to see why the cost of both debt and equity has plunged to historically low levels. Centrally planned, monetary policy (and fiscal policy) has certainly played a role in generating this supply.



Source: IMF staff calculations.
Note: The implied real equity yield is the cost of capital for equities (or the required return to hold stocks), expressed as the number of standard deviations from the country-specific long-term average. Data start in 1989 (1953 for the United States). See Jones (2014).

Third, as we pointed out, for most market participants the cost of debt and equity are crucial inputs - and perpetual moving targets - when determining the present value of profits.

Now, with those points in mind, if an investor analyzing a stream of future cash flows lowers his or her discount rate to reflect the current, historically low cost of debt and equity, then the present value of $1 of future profits in 2014 would be worth substantially more compared to when the cost of capital was market-based. Of course, no new value propositions or innovative products that make a company's customers want to pay up, have been created. The only difference is 2014 profits have become scarcer, relative to a "superabundance" of financing.

Of course, we're skeptical. In our opinion, more capital floating around in the system has no bearing on the value propositions of most businesses.

But that does not mean we ignore opportunity cost. We are acutely aware of it. However, our process is strictly bottom-up, so we have always maintained the same discount rates and looked to add value by analyzing and investing in durable, unique businesses that trade at attractive valuations.

That said, while "lower for longer" is nearly meaningless to us, it still affects us on a relative basis.

A frustrating example is our sale of Gilead Sciences earlier this year, just prior to a 40 percent run-up in the stock. While we are not happy about the missed rally, we are happy that we had owned the stock for many years prior, and participated in substantial gains after the Company acquired breakthrough therapies for curing Hepatitis C.

When we sold, the stock had a low forward price-to-earnings ratio. But, as with any ratio-based valuation analysis, we recognize that there is the risk of potentially extrapolating peak-earnings, which would then understate the forward valuation multiple[4] and make the stock appear less risky from a valuation perspective. So, we also run an absolute valuation analysis. In the case of Gilead Sciences, we used a discounted cash flow (DCF) model for each of its major drug franchises – particularly HIV and Hepatitis C. When we sold, implied in our DCF was a scenario where the Company needed to generate over a quarter of a trillion in revenues from their Hepatitis C franchise over the subsequent 20 years at an unheard of net margin of over 50%. Margin of safety biotech-bubble market imputed assumptions these were not.

But again, subsequent to our sale, the stock rallied another +40%.

As a "post-mortem," we calculated the assumptions we think are necessary to get to a value that is around the current $160 billion market cap. First, we could assume even higher margins and/or revenues for Gilead's core Hepatitis C franchise. Perhaps half of one trillion dollars in Hepatitis C revenues at over 50 percent net margins. We estimate Gilead will need to sell $15 billion or more of its Hepatitis C cure every year, for 15 (or more) years. For perspective, we look to the all-time best selling on-label drug – Lipitor (Pfizer) – which at its peak, generated $12 billion in annual sales. Lipitor achieved that level only once.

We could also assume that Gilead invests in a pipeline that generates incremental sales outside of the core Hepatitis C and HIV franchises. But to "move the needle" on their $160 billion market capitalization, Gilead would need to find close to a half-dozen blockbuster drugs within the next few years. At an 80-90% fail rate, developing and commercializing one new blockbuster, let alone five or six within the next few years, also seems like a remote chance.

[4] The forward valuation multiple is the ratio of the current price of the company relative to the consensus earnings estimate for the next year.

Last, we could adjust the discount rate lower to reflect current historically low interest rates and historically high equity valuations. While those two inputs have no bearing on the nature of Hepatitis C or the willingness for payers to pay or even the competitive inroads made by other biotech outfits, it is a relatively painless assumption to make - at least until interest rates go up. On that last score, we have no edge, as our process is decidedly bottom-up. So we attempt to "neutralize" macro inputs, like interest rates, simply by leaving them constant, across time.

Could rates continue to go "lower for longer?" Absolutely. And compared to market participants that adjust their discount rates to justify almost any "valuation-based" decision input, we will be regularly selling well before them. Maybe we are selling "too soon" for this interest rate environment. But in the context of our +22 year-old investment process, we think we are being disciplined, prudent and consistent.

Consider, an environment where interest rates rise. (Crazy. We know.) In that environment, given what we outlined above, we think investor discount rates would rise and their resulting calculations for the present value of earnings would fall. So if stocks sold-off, all else equal, we would actually become buyers, as we keep our discount rates constant. This is a key reason why we earnestly believe at Wedgewood we are decidedly both "anti-momentum," and "contrarian."

Given that we have trimmed more stocks than we have added over the past 13 quarters – selling what is dear, and buying what we think is cheap - we expect the portfolio to hold up well in the face of any pull-backs and to "claw back" substantial relative performance. For example, despite the paucity of pullbacks year to date, we have posted most of our outperformance on down days.

That said, we are not happy when we miss out on up-market capture. However, not all up-capture is created equal. We expect earnings growth to drive up-market performance over a multi-year cycle and we are skeptical of multiple expansion-driven up-markets. While our Companies have had their fair share of estimate revisions, in aggregate they are growing in-line to slightly faster than the market while trading at a substantial price to earnings discount.

In summary, we think adjusting process inputs, so as to conform during "one-way" markets - can be a recipe for disaster during the inevitable reversal. While markets may move one-way, seemingly for years at a time, we believe in maintaining an investment process that has a balanced approach of actively mitigating the risk of downside and maximizing the reward of upside.

October 2014

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Table II
Top Ten Holdings For the Quarter Ending September 30, 2014

	Percent of Net Assets of the Fund
Berkshire Hathaway Inc.	8.5%
QUALCOMM, Inc.	7.6%
Apple Inc.	6.7%
Express Scripts Holding Co.	6.5%
Cognizant Technology Solutions	6.2%
EMC Corp.	6.2%
M&T Bank Corp.	4.8%
Coach, Inc.	4.6%
Stericycle, Inc.	4.4%
Perrigo Co.	4.3%
Total	**59.7%**

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

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 full or summary prospectus, 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. The use of leverage by the fund managers may accelerate the velocity of potential losses. Furthermore, the risk of loss from a short sale is unlimited because the Fund must purchase the shorted security at a higher price to complete the transaction and there is no limit for the security price. The use of options, swaps and derivatives by the Fund has the potential to significantly increase the Fund's volatility. There can be no assurance that the Fund will achieve its stated objectives. The Fund is not suitable for all investors.

This material represents the portfolio manager's opinion and is an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding the funds or any security in particular.

The S&P 500 Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation, with each stock's weight in the Index proportionate to its market value. The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-book ratios and higher forecasted growth values.

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