Buffalo Emerging Opportunities Fund
Quarterly Commentary as of 12/31/16

Average Annualized Performance (as of 12/31/16) Expense Ratio: 1.48%	**1 year**	**3 years**	**5 years**	**10 years**	**Since Inception** (5/21/04)
Buffalo Emerging Opportunities Fund	11.05%	-2.33%	13.37%	5.66%	7.16%
Russell 2000 Growth Index	11.32%	5.05%	13.74%	7.76%	8.81%

Data represented reflects past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Current performance may be lower or higher than the performance quoted. Performance current to the most recent month end and quarter end may be obtained by visiting the Funds' website at www.buffalofunds.com.

Capital Market Review

Capital markets got off to a volatile start in 2016 with the Russell 3000 Index dropping over 11% and West Texas Intermediate (WTI) Crude Oil down almost 30% by mid-February. Concerns about soft Chinese economic growth contributed to equity market weakness early in the year, and the energy complex was struggling to resolve its oversupplied condition. Meanwhile, perceived "safe-haven" assets performed strongly as U.S. 10-year Treasury notes advanced and gold appreciated over 15% during the same time frame. Economic concerns and a falling stock market led the Federal Reserve to adopt a less aggressive stance toward interest rate increases, and falling crude production eventually calmed fears of oversupply. These drivers led to a rebound in prices of both equities and crude oil and began a period of steadily rising prices and declining volatility that would continue from mid-February through the end of the year with only minor interruption. Interestingly, perceived "safe-haven" assets continued to perform strongly as gold and U.S. Treasuries rallied alongside equities into the summer and largely held those gains into the fall. The fourth quarter of 2016 began with this uneasy disequilibrium still largely intact, but sentiment changed dramatically with Donald Trump's surprise election victory on November 8th. The election outcome created expectations of pro-growth policies and deregulation that drove accelerating gains in stock prices, higher interest rates and associated declines in the prices of both Treasury bonds and gold, all of which generally persisted through the end of 2016.

The Russell 3000 Index returned 12.74% for the full year. The Russell 3000 Value Index outperformed the Russell 3000 Growth Index by 11.01% during the year, and smaller-capitalization indices such as the Russell Microcap Index, the Russell 2000 Index and the Russell Midcap Index outperformed the large-capitalization Russell 1000 Index by 8.31%, 9.25% and 1.74%, respectively. Much of the outperformance of value stocks can be attributed to the strong performance of the energy sector. Outperformance of small-capitalization stocks was reflective of investor aversion to greater international exposure of larger companies in the face of a rising dollar, as well as increasingly optimistic expectations for the domestic economy and for a lower U.S. corporate tax rate following the election. For the year, Energy and Materials were the best performing sectors in the Russell 3000 Index as expectations for infrastructure investment and increasing investor risk appetite following the election contributed to the reversal of prior-year underperformance that was already underway. Health Care was the worst performing sector for the year, as concerns about political backlash against rising drug prices contributed to declines in Pharmaceutical & Biotech stocks.

For the fourth quarter, the Russell 3000 Index returned 4.21%. The Russell 3000 Value Index outperformed the Russell 3000 Growth Index by 6.04% during the quarter while smaller-capitalization indices such as the Russell Microcap Index and the Russell 2000 Index outperformed the large-capitalization Russell 1000 Index by 6.22% and 5.00%, respectively. The Russell Midcap Index of mid-sized companies underperformed the Russell 1000 Index by 0.62% in the fourth quarter and was the lone exception to the trend of small outperforming large. Outperformance of more cyclically sensitive value stocks and small-capitalization stocks reflected some of the same drivers that were in place earlier in the year, as well as increasingly optimistic expectations for economic growth, higher interest rates and expectations of a lower corporate tax rate in the U.S. following the election. Financial Services was the best performing sector in the fourth quarter, benefiting from higher interest rates and expectations for a less adversarial regulatory regime under the new Republican administration. The flip-side of greater risk appetite was less demand for stable, "bond-like" equities which was reflected in the lower-risk Consumer Staples sector performing poorly during the quarter. Political risk continued to put pressure on the Health Care sector, as uncertainty regarding potential for drug price regulation and repeal of the Affordable Care Act contributed to Health Care being the worst performing sector during the quarter.

Performance Commentary

The Buffalo Emerging Opportunities Fund posted a return of 1.06% in the fourth quarter, which trailed the Russell 2000 Growth Index return of 3.57% for the same period. The post-election bounce in the Index was led by gains in Financials, Materials, and Industrials on the above mentioned expectations of higher interest rates and the potential for increased infrastructure spending under the Trump administration. The Fund delivered outperformance versus the Index in these three sectors led by Financials where the Fund's holdings delivered a 19.57% return compared to the Index return of 13.59%. Financial Engines, the leading provider of automated advice for 401(k) participants, was a top contributor in the quarter. Buoyed by market advances in the quarter that boosted assets under management and favorable early reads on the integration of the Mutual Fund Store acquisition led to strong performance to close out the year. Financial Engines, with the benefit of automatic investing of 401(k) plans, has not had a year of negative asset flows since inception and is looking to utilize the advisor base of the Mutual Fund Store to gain wallet share of its 401(k) participants other accounts including IRAs.

In Healthcare, the Fund performed in-line with the Index during the quarter. Our continued underweight of the Biotech industry contributed to our performance while our Healthcare Equipment (medical devices) holdings more than offset this benefit. One of the top contributors overall to the Fund in the quarter was Cross Country Healthcare. After meeting with the company in July 2016, we initiated a position given the direction and discipline of the relatively new management team in place to drive topline growth and margin expansion. The company specializes in providing temporary and travel nurses and has benefitted from demographics with the aging of baby boomers as those over 65 years of age require three times as much nursing care than those younger than 65. This trend along with the aging of the nurse population and more nurses leaving the profession due to retirement and family formation than entering the profession also provides a potential tailwind for Cross Country going forward.

The largest deterrent to performance in the fourth quarter was the Consumer Discretionary sector. MDC Partners along with Nautilus were drags on performance results. MDC, a leading global advertising agency, continued to struggle with business execution with growth targets not hitting expectations. Nautilus, a leading contributor in the prior quarter, gave back those gains in the fourth quarter. The leading provider of fitness equipment suffered from effects of the election cycle. Advertising spend proved less effective in the months of September and October given a distracted and concerned consumer and led to lower than expected sales.

In last quarter's commentary, we highlighted MGP Ingredients as a new addition to the Fund and our argument for its attractiveness as we look out over several years. During the fourth quarter, it was a top contributor to Fund performance. MGP is a leading spirits provider, distilling gin, vodka, and more recently whiskey. Their positioning in the premium whiskey category as a supplier to the hundreds of craft distillers than have come to market is driving growth. Increased disclosure and increased analyst coverage has driven more investor interest to the company. The company is in the early to middle stages of executing their strategy to continue to supply the industry with gin, vodka and whiskey distillate but also build aged whiskey inventory that can be sold at a premium over time and also deliver their own branded product in time. The Fund will look to continue to uncover emerging growth companies like this going forward.

We remain focused on valuations and fundamentals which has caused us to be more active in trimming or selling positions that have appreciated closer to our fair value targets and replacing them with securities that we believe have a better risk/reward profile as we enter the eighth year of this bull market cycle. We ended the quarter with 66 holdings. We continue to look for prudent ways to deploy cash and we remain long-term focused, aiming to be shrewd when the market environment presents opportunity.

Outlook

While the election cycle has passed and the initial steps taken by the new Trump administration will create daily headlines, we look to build a portfolio of companies that could benefit from underlying secular growth trends and over the long term could have thriving business models regardless of the political landscape. The Buffalo Emerging Opportunities Fund is focused primarily on identifying innovation within U.S. companies with North American revenue bases. We believe the biggest uncertainty with the new administration surrounds foreign policy and relations. Our universe is much more U.S. centric than mid and large cap holdings, thus we like the Fund's positioning given this backdrop. In addition, U.S. consumer confidence and small business confidence are near or at all-time highs which could bode well for our smaller, U.S. centric companies. Additionally, we continue to believe the landscape for potential acquisitions could benefit the Fund as larger companies continue to search out areas for growth. More favorable taxation of repatriated profits earned abroad could be a catalyst for acceleration on this front.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it must be obtained by calling 1-800-49-BUFFALO or visiting www.buffalofunds.com. Read it carefully before investing.

As of 9/30/2016 the Buffalo Emerging Opportunities Fund's top ten equity holdings were: Motorcar Parts of America, Inc. 2.93%, Financial Engines, Inc. 2.58%, Nautilus, Inc. 2.35%, MGP Ingredients, Inc. 2.35%, Installed Building Products, Inc. 2.23%, Exa Corporation 2.06%, Virtusa Corp. 2.03%, Restoration Hardware Holdings, Inc. 2.03%, Intersect ENT, Inc. 2.03%, Mimecast Ltd. 1.81%.

Top 10 holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are for the previous quarter.

The opinions expressed are those of the Portfolio Manager(s) and are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

The U.S. 10-year Treasury note is a debt obligation issued by the United States government that matures in 10 years. The Russell 3000 Index measures the performance of the 3,000 largest publically held companies incorporated in the U.S. based on market capitalization. The Russell 3000 Value Index is a market-capitalization weighted equity based on the Russell 3000 Index, which measures how U.S. stocks in the equity value segment perform. The Russell 3000 Growth Index includes companies that display signs of above average growth. The Russell Microcap Index is a capitalization weighted index of 2,000 small cap and micro cap companies. The Russell 2000 Index is a small-cap stock market index of the smallest 2,000 stocks in the Russell 3000 Index based on market capitalization. The Russell Midcap Index measures performance of the 800 smallest companies in the Russell 1000 Index. The Russell 1000 Index is a subset of the Russell 3000 Index, which measures the performance of the 1,000 largest publically-held companies incorporated in the U.S. based on market capitalization. The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values. You cannot invest directly in an index.

Market capitalization is the total value of the shares outstanding of a publically traded company.

Mutual Fund investing involves risk. Principal loss is possible. The Fund invests in small and micro-cap companies, which involves additional risks such as limited liquidity and greater volatility than large-capitalization companies. The Fund may invest in foreign securities which will involve political, economic and currency risks, greater volatility and differences in accounting methods.