

Buffalo Discovery Fund

December 31, 2016



Ticker: BUFTX | Inception Date: 4/16/01 | Total Fund Assets: \$1.2 billion | Expense Ratio: 1.02%

PORTFOLIO MANAGEMENT TEAM



Clay Brethour, CFA
Co-Manager since 2004
B.S., Kansas State University



Dave Carlsen, CFA
Co-Manager since 2004
B.B.A., University of Wisconsin-Madison



Elizabeth Jones, MD, CFA
Co-Manager since 2004
B.S., Georgetown Univ.
M.D. Vanderbilt Univ.
M.B.A., Arizona State Univ.

MORNINGSTAR RATING



The Overall Morningstar™ rating out of 588 Mid-Cap Growth funds as 12/31/16 (derived from a weighted average of the fund's three-, five-, and ten year risk adjusted return measure, if applicable).

INVESTMENT STYLE

	Value	Blend	Growth
Capitalization			
Large			
Mid			■
Small			

The Morningstar Style Box™ reveals a fund's investment strategy by showing its investment style and market capitalization based on the fund's portfolio holdings.

PORTFOLIO CHARACTERISTICS

Number of Holdings	80
Median Market Cap	\$9.52 billion
Weighted Average Market Cap	\$36.12 billion
Three-Year Annualized Turnover Ratio	37.48%
% of Holdings with Free Cash Flow	78.75%
% of Holdings with No Net Debt	31.25%
Active Share	88.85%

THREE-YEAR RISK METRICS

(vs. Russell Midcap Growth Index)	
Upside Capture	88.62
Downside Capture	80.96
Alpha	1.84
Beta	0.86
Sharpe Ratio	0.63

INVESTMENT STRATEGY

Define long-term, measurable secular growth trends that we anticipate should continue for three to five years. Identify premier growth companies which management believes should create value through the commercial application of innovative products, services, or intellectual property.

Focus on companies which demonstrate:

- Strong management teams
- Little or no debt
- Free cash flow
- Scalable business models with a competitive advantage
- A history of high and increasing margins
- Attractive valuations based on our proprietary valuation model

Construct a portfolio of 65-85 positions across various market capitalizations.

PERFORMANCE AS OF 12/31/16

AVERAGE ANNUAL RETURNS AS OF 12/31/16

	3 MO	YTD	1 YR	3 YR	5 YR	10 YR	15 YR	Since Inception 4/16/2001
Buffalo Discovery Fund	-0.42	5.56	5.56	7.27	15.09	9.82	8.72	8.42
Russell Midcap Growth Index	0.46	7.33	7.33	6.23	13.51	7.83	7.96	7.79
Morningstar Mid-Cap Growth Category	0.75	6.03	6.03	4.03	11.79	6.79	6.96	5.70
Rank in Morningstar Category (Mid-Cap Growth)			50	13	5	3		

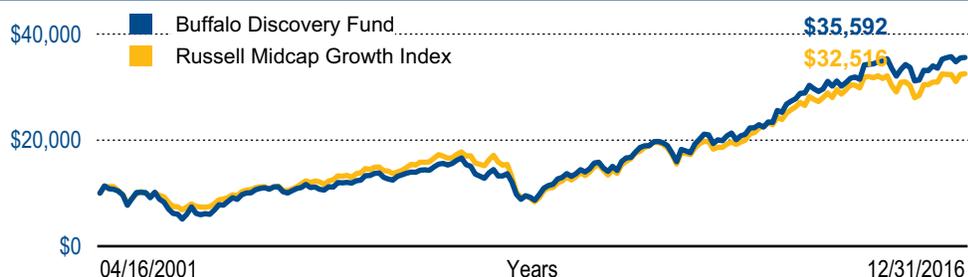
Average annual total return represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate and redemption value may be more or less than original cost. Fund performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by visiting www.buffalofunds.com.

Morningstar ranked the Buffalo Discovery Fund in the top 50%, 13%, 5% and 3% out of 644, 588, 504, and 368 mid-cap growth funds for the one-, three-, five-, and ten-year periods ending 12/31/16, respectively based on total returns.

CALENDAR YEAR RETURNS (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Buffalo Discovery Fund	8.15	-36.87	51.62	22.96	-0.69	19.73	36.61	10.68	5.64	5.56
Russell Midcap Growth Index	11.43	-44.32	46.29	26.38	-1.65	15.81	35.74	11.90	-0.20	7.33
Morningstar Mid-Cap Growth Category	15.09	-43.77	39.11	24.61	-3.96	14.07	34.93	7.00	-0.95	6.03

HYPOTHETICAL GROWTH of \$10,000 (Since Inception - 12/31/16)



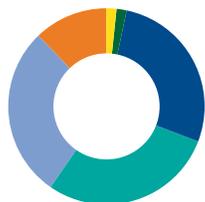
This chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund on the Inception Date. Assumes reinvestment of dividends and capital gains. This Chart does not imply future performance.

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COMPANIES BY MARKET CAPITALIZATION



- 400 – 750 million 1%
- 750m – 1.5 billion 2%
- \$1.5 – 7.5 billion 28%
- \$7.5 – 15 billion 29%
- \$15 – 50 billion 28%
- >50 billion 12%

TOP TEN EQUITY HOLDINGS*

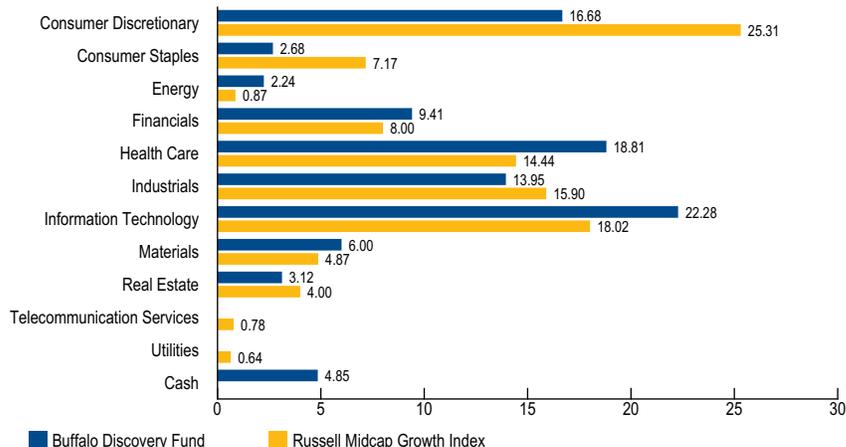
Alphabet Inc.	2.51%
Cepheid	1.93%
IHS Markit Ltd.	1.85%
Cerner Corporation	1.78%
Garmin Ltd.	1.76%
Facebook Inc.	1.74%
Harman International Industries Inc.	1.72%
S&P Global Inc.	1.72%
Align Technology Inc.	1.70%
Republic Services Inc.	1.70%
Top Ten Holdings Total	18.41%

CONTACT US

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Learn more about Buffalo Funds at
www.buffalofunds.com

SECTOR WEIGHTS (%)



ABOUT US

The Buffalo Funds is a family of ten actively-managed mutual funds offering a variety of domestic equity, international equity, and income-generating investment strategies. Located in Mission, Kansas (a suburb of Kansas City), employee-owned Kornitzer Capital Management, Inc. (KCM) has been the exclusive investment advisor to the Funds since inception in 1994. At KCM, we believe that patient investing backed by solid, intelligent research is the best way to achieve potential long-term financial rewards. Disciplined investment decisions are made using a distinct, time-tested investment approach guided by trend analysis, rigorous fundamental company research, and strict security valuation parameters. Our fund family is characterized by a long-term growth investment strategy and a team-based, idea-sharing management style. "Trends and Patience" is our mantra, and our great strength.

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The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Buffalo Discovery Fund received 4 stars among 588 for the three-year, 5 stars among 504 for the five-year, and 5 stars among 368 Mid-Cap Growth funds for the ten-year period ending 12/31/16.

The Morningstar percentile ranking is based on the fund's total-return percentile rank relative to all funds that have the same category for the same time period. The highest (or most favorable) percentile rank is 1%, and the lowest (or least favorable) percentile rank is 100%. Morningstar total return includes both income and capital gains or losses and is not adjusted for sales charges.

Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. Beta measures the volatility of the fund, as compared to that of the overall market. The Market's beta is set at 1.00; a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. Alpha is an annualized return measure of how much better or worse a fund's performance is relative to an index of funds in the same category, after allowing for differences in risk. Market Capture Ratio is a statistical measure of the Fund's overall performance in up-markets (positive return periods) and down-markets (negative return periods). The market capture ratios are used to evaluate how well an investment performed relative to an index during periods when that index has risen or fallen. The Sharpe Ratio is a measure for calculating risk-adjusted return. Free Cash Flow is a measure of how much cash a business generates after accounting for capital expenditures. Active Share is a measure of the percentage of stock holdings in a manager(s) portfolio that differ from the benchmark index. Market Cap is the market price of an entire company, calculated by multiplying the number of shares outstanding by the price per share. Price-to-book is a financial ratio used to compare a company's current market price to its book value. Each Morningstar category average represents a universe of funds with similar objectives. One cannot invest directly in an index.

Sector Allocation may not equal 100% due to rounding.

*Top Ten Holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are for the previous quarter. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any securities.

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 may be obtained by calling 1-800-49-BUFFALO or visiting www.buffalofunds.com. Read it carefully before investing.

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

Kornitzer Capital Management is the advisor to the Buffalo Funds which are distributed by Quasar Distributors, LLC.