

# Buffalo Flexible Income Fund

December 31, 2016



Ticker: BUFBX | Inception Date: 8/12/94 | Total Fund Assets: \$820.9 million | Expense Ratio: 1.01%

## PORTFOLIO MANAGEMENT TEAM



### Paul Dlugosch, CFA

Co-Manager since 2011  
B.S., University of Iowa



### John Kornitzer

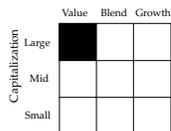
Co-Manager since inception  
B.A., St. Francis University in Pennsylvania

## MORNINGSTAR RATING



The Overall Morningstar™ rating out of 352 Allocation-70% to 85% Equity 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 - EQUITIES

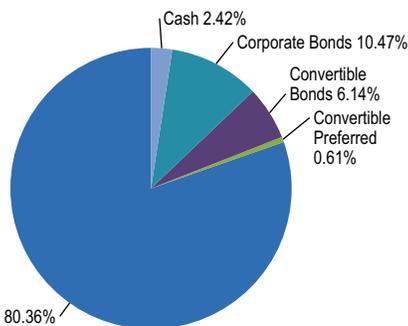


The Morningstar Style Box™ reveals a fund's investment strategy by showing its investment style and market capitalization based on the fund's portfolio holdings.

## PORTFOLIO CHARACTERISTICS

|                                      |                  |
|--------------------------------------|------------------|
| Number of Equity Holdings            | 61               |
| Number of Fixed Holdings             | 23               |
| Median Market Cap                    | \$52.88 billion  |
| Weighted Average Market Cap          | \$133.37 billion |
| Three-Year Annualized Turnover Ratio | 16.89%           |
| Average Duration                     | 1.79 years       |
| Average Maturity                     | 4.15 years       |
| 30-day SEC Yield                     | 0.82%            |

## ASSET ALLOCATION



## INVESTMENT STRATEGY

The Fund seeks to generate yield as the primary goal and capital appreciation second, with emphasis on the goal of generating income from a variety of yield-focused investment strategies. The Fund has the ability to find investment opportunities across asset classes and capital structures. By combining various investment strategies, management seeks to employ a diversified approach to generating income for clients. Investments may include dividend-paying equities, high yield bonds, Master Limited Partnerships, and Real Estate Investment Trusts among others. Over time, management will seek to rebalance the portfolio based on the risk/reward profile of each asset class.

## PERFORMANCE AS OF 12/31/16

### AVERAGE ANNUAL RETURNS AS OF 12/31/16

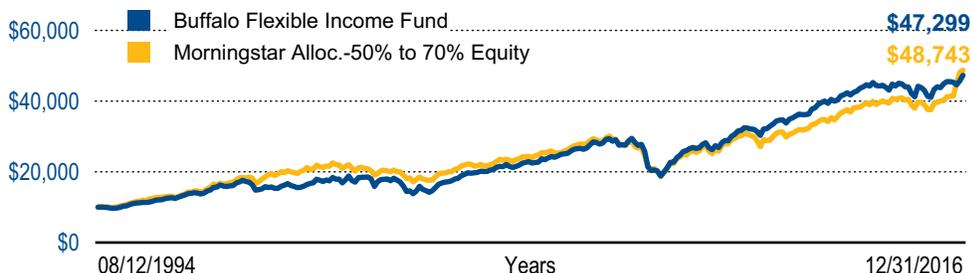
|   | 3 MO | YTD   | 1 YR  | 3 YR | 5 YR  | 10 YR | 15 YR | Since Inception 8/12/1994 |
|---|------|-------|-------|------|-------|-------|-------|---------------------------|
| <b>Buffalo Flexible Income Fund</b>         | 4.33 | 9.90  | 9.90  | 3.73 | 7.51  | 5.95  | 6.70  | 7.19                      |
| <b>S&amp;P 500 Index</b>                    | 3.82 | 11.96 | 11.96 | 8.87 | 14.66 | 6.95  | 6.69  | 9.40                      |
| <b>Morningstar Alloc.-50% to 70% Equity</b> | 0.99 | 7.34  | 7.34  | 3.87 | 8.04  | 4.80  | 5.50  | 6.63                      |

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](http://www.buffalofunds.com).

## CALENDAR YEAR RETURNS (%)

|   | 2007 | 2008   | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  |
|---|------|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Buffalo Flexible Income Fund</b>         | 9.62 | -29.47 | 31.07 | 11.68 | 9.63  | 10.31 | 16.68 | 3.59  | -1.97 | 9.90  |
| <b>S&amp;P 500 Index</b>                    | 5.49 | -37.00 | 26.46 | 15.06 | 2.11  | 16.00 | 32.39 | 13.69 | 1.38  | 11.96 |
| <b>Morningstar Alloc.-50% to 70% Equity</b> | 5.99 | -28.00 | 24.13 | 11.83 | -0.11 | 11.72 | 16.48 | 6.21  | -1.93 | 7.34  |

## 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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## TOP TEN HOLDINGS\*

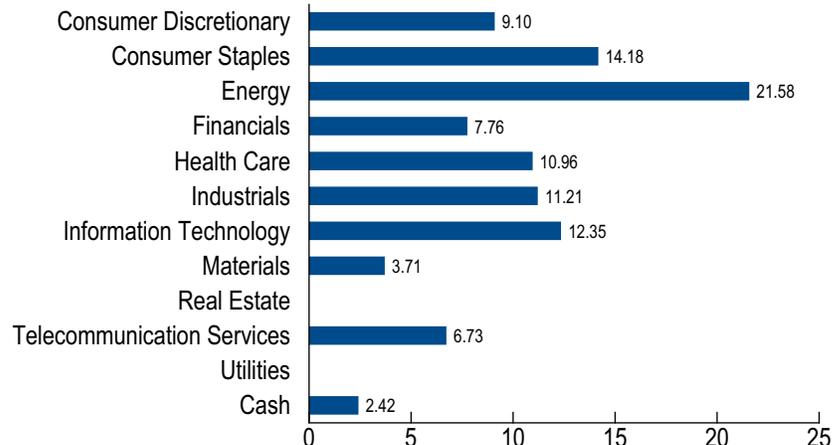
|                               |               |
|-------------------------------|---------------|
| Lions Gate Entertainment Inc. | 3.59%         |
| Procter & Gamble Co.          | 3.03%         |
| General Electric Co.          | 2.88%         |
| AT&T Inc.                     | 2.83%         |
| Microsoft Corporation         | 2.73%         |
| Intel Corporation             | 2.68%         |
| Bankrate Inc.                 | 2.65%         |
| Exxon Mobil Corporation       | 2.59%         |
| GlaxoSmithKline plc           | 2.56%         |
| Verizon Communications Inc.   | 2.43%         |
| <b>Top Ten Holdings Total</b> | <b>27.97%</b> |

## CONTACT US

Please call or email:  
1-800-49-Buffero  
(1-800-492-8332)  
[info@buffalofunds.com](mailto:info@buffalofunds.com)

Learn more about Buffalo Funds at  
[www.buffalofunds.com](http://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 Flexible Income Fund received 3 stars among 352 for the three-year, 2 stars among 293 for the five-year, and 5 stars among 210 Allocation-70% to 85% Equity funds for the ten-year period ending 12/31/16.

The S&P 500 Index is a capitalization weighted index of 500 large capitalization stocks which is designed to measure broad domestic securities markets. Market Cap is the market price of an entire company, calculated by multiplying the number of shares outstanding by the price per share. Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Each Morningstar category average represents a universe of funds with similar objectives. One cannot invest directly in an index.

Asset and 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](http://www.buffalofunds.com). Read it carefully before investing.*

**Mutual Fund investing involves risk. Principal loss is possible. Diversification does not assure a profit, nor does it protect against a loss in a declining market. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in smaller and medium sized companies involve additional risks such as limited liquidity and greater volatility than large-cap companies. MLPs are subject to certain risks inherent in the structure of MLPs, including complex tax structure risks, limited ability for election or removal of management, limited voting rights, potential dependence on parent companies or sponsors for revenues to satisfy obligations, and potential conflicts of interest between partners, members and affiliates. Investors should be aware of the risks involved with investing in REITs and real estate securities, such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments. 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.