Buffalo Dividend Focus Fund

Quarterly Commentary as of 3/31/17

Average Annualized Performance (as of 3/31/17) Expense Ratio: 0.98%	1 year	3 year	Since Inception (12/03/12)
Buffalo Dividend Focus Fund	18.35%	11.72%	14.45%
S&P 500 Index	17.17%	10.37%	15.11%

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

Equity markets got off to a strong start in the first quarter of 2017, thanks to an improving economic outlook. In February, small business optimism, as measured by the National Federation of Independent Businesses, was at its highest level in 12 years. In addition, the University of Michigan's March consumer confidence survey showed that consumers were more confident in the economy than they have been at any time since 2000. Against this backdrop, growth stocks outperformed value stocks, led by technology, health care, and consumer discretionary companies. The recent strength in infrastructure companies, banks, and high-tax-rate stocks stalled late in the quarter when, following Congress's failure to agree on a health care reform bill, investors began to question the Trump administration's ability to enact elements of its pro-growth agenda. Within commodities, the price of West Texas Intermediate (WTI) crude oil fell 6% during the quarter in response to better than expected U.S. oil inventories and production.

The Russell 3000 Index advanced 5.74% in the first quarter and larger cap stocks outperformed smaller cap stocks. The Russell 1000 Index returned 6.03%, followed by the Russell Mid Cap Index return of 5.15%, and the Russell 2000 Index result of 2.47%. The Russell Micro Cap Index advanced just 0.38% in the quarter. The Russell 3000 Growth Index outperformed the Russell 3000 Value Index by 5.64%. Technology was the best performing sector during the quarter while the energy sector was the worst performer, driven by the decline in crude oil.

Performance Commentary

The Buffalo Dividend Focus Fund posted a return of 6.56% for the quarter and outperformed the S&P 500 Index return of 6.07%. For the quarter, the Fund's relative outperformance was driven by the Financials, Real Estate and Energy sectors while the top detracting sector was Information Technology. The top contributors on an individual security standpoint were Apple, Inc., Noble Midstream Partners and CoreCivic while Hess Corp., ExxonMobil Corp. and QUALCOMM, Inc. were the top detractors. Within the Financials sector, the Fund's relative outperformance during the quarter was driven by stock selection as S&P Global, Inc. gained 22.13% and Visa, Inc. rose 14.14%. S&P Global's performance was driven by strong fourth quarter earnings as each of its business segments (Ratings, Market Intelligence and Index) reported better than expected revenue results while margins also improved relative to expectations. Visa's performance also reflected strong fourth quarter earnings driven by the continued shift towards electronic payments as well as the consolidation of Visa Europe.

Information Technology was a drag on relative results during the period due to the sector allocation impact. While the Fund's holdings performed slightly better than the Index during the quarter the portfolio was underweight the second best performing benchmark sector which detracted from relative results. Taking a closer look at this area we note that most of the underperformance within the Information Technology sector was specific to the Internet Software & Services subsector, which does not consist of many dividend paying companies that meet our investment criteria.

Outlook

We expect the market to experience continued volatility in the coming quarters as the Federal Reserve continues to normalize interest rates along with a focus on the ability of the Trump administration to enact infrastructure spending, deregulation, and corporate tax reform. Prospective tailwinds for the economy include further job growth, wage increases, lower tax rates, and simply more optimism from both businesses and consumers; all of which could lead to higher Gross Domestic Product (GDP) growth. On the other hand, potential headwinds include potential strengthening of the U.S. dollar, further increases in interest rates, and valuation metrics that are above historical market averages leading us to believe that the stock market may have a hard time achieving further multiple expansion.

Despite the expectation of continued volatility we continue to focus on wide moat, large capitalization companies that are trading at reasonable valuations, in our view. As always, the Fund will continue to focus on competitively advantaged companies that can be purchased at a fair price, in our opinion. As the stock market has continued to climb, it is getting harder to find companies that fit our investment criteria, but we continue follow our process of finding new investment ideas and to be ready when market declines provide better opportunities.

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 12/31/16 the Buffalo Dividend Focus Fund's top ten holdings were: Apple Inc. 3.53%, Microsoft Corp. 3.07%, JP Morgan Chase & Co. 2.37%, Bank of America Corp. 2.08%, BB&T Corporation 2.00%, Visa Inc. 1.82%, Wells Fargo & Co. 1.76%, General Electric Company 1.66%, Johnson & Johnson 1.65%, Royal Dutch Shell Plc 1.62%.

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 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 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 Midcap Index measures performance of the 800 smallest companies in the Russell 1000 Index. 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 Microcap Index is a capitalization weighted index of 2,000 small cap and micro cap companies. The Russell 3000 Growth Index is a market-capitalization weighted index that measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates. The Russell 3000 Value Index is based on the Russell 3000 Index, of companies with lower price-to-book ratios and lower expected growth rates which measures how U.S. stocks in the equity value segment perform. The Russell 1000 Growth Index measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. The S&P 500 Index is a free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States. You cannot invest directly in an index.

Mutual Fund investing involves risk. Principal loss is possible. The Fund invests in U.S. based companies with substantial interests outside of the U.S. which may involve additional risk such as greater volatility and political, economic and/or currency risks. This risk is greater in emerging markets. The Fund may invest in convertible securities which may be influenced by changing interest rates and the credit standing of the company. The Fund invests in smaller companies, which involves additional risks such as limited liquidity and greater volatility than larger companies.

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