Buffalo Emerging Opportunities Fund

Quarterly Commentary as of 3/31/17

Average Annualized Performance (as of 3/31/17) Expense Ratio: 1.48%	**1 year**	**3 years**	**5 years**	**10 years**	**Since Inception** (5/21/04)
Buffalo Emerging Opportunities Fund	22.99%	1.06%	11.28%	6.16%	7.59%
Russell 2000 Growth Index	23.03%	6.72%	12.10%	8.06%	9.08%

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 Emerging Opportunities Fund posted a return of 7.13% in the quarter and outperformed the Russell 2000 Growth Index return of 5.35%. The index returns this quarter were led by strong gains in the Healthcare and Information Technology sectors of 13.63% and 6.33%, respectively. This was in stark contrast to the previous quarter after the presidential election where these two sectors were two of the worst performing sectors as investors favored Financials and Industrials given the expectations for pro-growth policies and the anticipated impact on inflation/interest rates and infrastructure spending.

The fund's outperformance during the period was led by the Industrials sector where the Fund's holdings delivered an average of 10.37% return compared to the index return of 1.42%. Leading the way for the fund in Industrials were Kornit Digital and Installed Building Products. Kornit is the leading provider of digital direct to garment and roll-to-roll printing, allowing for high throughput of custom apparel and other use cases based on demand. With Kornit hardware and proprietary ink, online apparel designers can produce short runs of custom pieces based solely on demand. Kornit has been a prime beneficiary in the shift in consumer's increasing desire to purchase apparel online and a desire to have more unique pieces of clothing. In January, Amazon selected Kornit to deliver a large number of its Avalanche 1000 printers in support of Amazon's growing Merch program. In conjunction with this agreement, Kornit granted Amazon warrants that do not vest until Amazon purchases significant amounts of equipment and supplies from Kornit. Installed Building Products (IBP) posted strong returns in the quarter as the housing market continues to perform well in an era of solid job market, historically low interest rates, and a demographic boost from millennials entering the housing market. IBP is the second largest new residential insulation installer in the U.S. with over 100 locations. IBP has benefitted from the scale of their operation, which provides them purchasing power with vendors and labor capacity to meet demand. We believe that demographics will continue to push new single family housing starts closer to historical levels as household formation trends could potentially benefit from millennials entering prime home buying ages.

The fund's Technology sector holdings also contributed to the outperformance in the quarter, returning 11.63% on average compared to the Index's return of 6.33% for the sector. Instructure was one of many contributors to the outperformance in the sector. The fund has owned Instructure, a provider of learning management systems for education institutions globally (online lessons, syllabi, grades, projects, etc.), since its initial public offering (IPO) in November 2015. The company has been a disruptor in the industry, delivering a cloud-based solution with an enhanced user interface, improved mobile usability, and less downtime and upkeep for its schools and universities compared to legacy providers such as BlackBoard and Moodle. The fund looks for disruptors of industries that can execute on their strategy and Instructure has fit the bill by continuing to take market share from the legacy providers, putting up revenue growth above 20%, and gross margins above 70% that point to the potential for an attractive bottom line margin profile as the company matures.

The Healthcare sector represented a modest drag to benchmark-relative performance results given our underweight in a quarter in which the sector was the strongest performer, delivering a 13.63% return for the index. Regarding stock selection in the sector, the fund's return of 16.03% bested the index return and was led by Omnicell. Omnicell is a leading provider of medication dispensing cabinets and management systems for acute care hospitals and has been a multi-year holding in the fund. Their solutions provide hospitals with more effective control of medications from the time they hit the loading dock until they are given at the patient's bedside. Much like Instructure in the previous paragraph, Omnicell has been a disruptor, taking share in a ratio of 50:1 in terms of win:loss ratio versus the legacy player and market leader that is now a subsidiary of Becton Dickinson. Omnicell is in the middle of a new medical cabinet hardware release in which the upgrade cycle should last five to seven years and could provide them with a revenue opportunity of $1.8 billion. While hospital spending could be a concern given the changing healthcare reimbursement landscape, we believe Omnicell's multi-year technology lead over their peer and the upgrade cycle has the Fund positioned in the best disruptor in the industry.

We remain focused on valuations and fundamentals and continue to monitor the risk/reward profile of our holdings. We will make changes based on market moves intra quarter that could provide either an opportunity to trim or add to a position based on potential inefficiencies in the smaller end of the market cap spectrum. We ended the quarter with 59 holdings and continue to look for prudent ways to deploy cash as we remain long-term focused, aiming to be shrewd when the market environment presents opportunity.

Outlook

As the daily political headlines pass, geopolitical tensions heat up, and the realization that getting legislation passed in Washington is never easy, we aim to stay consistent to our strategy of building a portfolio of securities that should benefit from underlying secular growth trends that could have thriving business models over the long term regardless of the political climate. The Buffalo Emerging Opportunities Fund is focused primarily on identifying innovation within U.S. companies with North American revenue bases. Therefore the universe of companies we review for inclusion in the fund is typically much more U.S. centric than most mid and large cap companies. We like this positioning given the dollar appreciation and foreign policy uncertainty. In addition, U.S. consumer and small business confidence are near or at all-time highs which should also 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 as we enter year nine of the current bull market.

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 12/31/2016 the Buffalo Emerging Opportunities Fund's top ten equity holdings were: Motorcar Parts of America, Inc. 3.20%, MGP Ingredients, Inc. 3.10%, Cross Country Healthcare, Inc. 2.54%, Installed Building Products, Inc. 2.41%, Nautilus, Inc. 2.37%, US Concrete, Inc. 2.22%, Exa Corporation 2.16%, At Home Group, Inc. 2.05%, Commercehub, Inc. 1.90%, Instructure, Inc. 1.82%.

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 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. This risk is greater in emerging markets.

The Buffalo Funds are distributed by Quasar Distributors, LLC.