

Capital Market Overview

Equity markets continued to move higher in the 1st quarter of 2021, with the S&P 500 Index returning 6.17%. The period was marked by outperformance of value stocks as the market rotation that began in the last quarter of 2020 became even more pronounced. The vaccination rollout, combined with prospects for more fiscal stimulus, bolstered optimism towards companies that could benefit from the economy reopening. Additionally, an 80+ basis point move higher in the 10-Year U.S. Treasury yield during the quarter left sentiment towards growth stocks relatively more subdued.

The broad market Russell 3000 Index advanced 6.35% in the quarter. Value outperformed growth for the second straight quarter, with the Russell 3000 Value Index up 11.89% compared to the Russell 3000 Growth Index returning 1.19%. Relative performance was inversely-correlated with market cap size in the quarter, with the Russell Micro Cap Index up 23.89%, the small cap Russell 2000 Index up 12.70%, the Russell Midcap Index up 8.14%, and the large cap Russell 1000 Index returning 5.91%. The more cyclically-sensitive Energy, Financial, and Industrial sectors performed best in the quarter. Consumer Staples, Information Technology, and Utilities were the bottom three performing sectors. All sectors produced positive returns.

Performance Commentary

The Buffalo Dividend Focus Fund (BUFDX) posted a return of 5.36% in the quarter, underperforming the Morningstar U.S. Large-Mid Cap Index return of 5.56% and the S&P 500 Index return of 6.17%. With the exception of the portfolio's Information Technology, Real Estate, and Utilities holdings, all sectors in the Fund and the benchmark Morningstar U.S. Large-Mid Cap Index posted positive returns. Portfolio sectors with the highest weightings (Information Technology, Health Care, and Financials) had mixed performance relative to the Index. Health Care and Financials had favorable performance, while Information Technology produced negative relative performance. The portfolio's Communication Services, Consumer Discretionary, Consumer Staples, Energy, Industrials, and Materials sectors delivered constructive performance relative to the benchmark. The Fund's Real Estate and Utilities holdings detracted from relative performance.

Average Annualized Performance (%)

As of 3/31/21	1 YR	3 YR	5 YR	Since Inception
Investor Class - <i>BUFDX</i>	54.29	14.99	14.32	13.91
Institutional Class - <i>BUIDX</i> ¹	54.52	15.16	14.49	14.08
Morningstar U.S. Large-Mid Cap Index	59.31	17.33	16.64	15.73
S&P 500 Index	56.35	16.78	16.29	15.57

¹For performance prior to 7/1/19 (Inception Date of Institutional Class), performance of the Investor Class shares is used and includes expenses not applicable and lower than those of Institutional Class shares. Data represented reflects past performance and is no guarantee of future results. 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 may be obtained by visiting the Funds' website at buffalofunds.com. Each Morningstar category average represents a universe of funds with similar objectives.

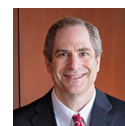
Fund Facts

	Investor	Institutional
Ticker:	BUFDX	BUIDX
Inception Date:	12/3/12	7/1/19
Expense Ratio:	0.96%	0.81%
Fund Assets:	\$101.00 Million	
Category:	Large Cap Blend	
Benchmark:	Morningstar U.S. Large-Mid Cap Index	

Management Team



Paul Dlugosch, CFA
Co-Manager since 2013
B.S. – University of Iowa



Jeff Sitzmann, CFA
Co-Manager since 2018
M.B.A. – Univ. of Chicago
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Jeff Deardorff, CFA
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↑ Top Contributors

Investments that contributed most positively to performance were **Viper Energy Partners LP** (VNOM), **Horizon Therapeutics** (HZNP), and **Bank of America** (BAC). Viper (oil and gas mineral interests) rose as energy prices moved higher on more balanced supply/demand and prospects for an economic rebound. Horizon (biopharmaceuticals) advanced on U.S. Food and Drug Administration (FDA) approval for increased manufacturing capacity for Tepezza (a thyroid eye disease drug), strong quarterly earnings, and acquisition of Viela Bio (VIE). Bank of America (financial services) climbed on rising interest rates, strong underwriting and trading revenues and prospects for an economic recovery.

↓ Top Detractors

Apple (AAPL), **Qualcomm** (QCOM), and **Viatis** (VTRS) detracted from the Fund's performance. After more than doubling in the past year, shares of Apple declined modestly on a cautious guidance, sector rotation, and concerns regarding increased regulation for big technology. Shares of Qualcomm (semiconductors and telecommunications equipment) fell after missing quarterly estimates hurt by near term supply constraints. Viatis (pharmaceutical) dropped after issuing guidance that was below Wall Street expectations.

Outlook

The S&P 500 Index achieved a record high during the period and ended just below the intra-quarter peak. The rise can be attributed to the expectation that the economy can recover from the COVID-19 pandemic. New COVID-19 infections, hospitalizations, and deaths have declined in the U.S. as vaccines have been approved and injected into arms. The market favorably reacted to the new administration, passage of additional fiscal stimulus, and the central banks' continued accommodative policies. Although the Federal Reserve continues to indicate that interest rates increases are on hold for the near future, the longer end of the treasury market sold off on concerns that inflation will increase. The rise in bond yields resulted in some market rotation as investors shifted from growth to value sectors. As the year continues to unfold, investors will be focused on the administration's recently announced infrastructure proposal, vaccine rollouts, COVID-19 related reopening, and the length of accommodative monetary policy.

Despite the uncertainty created by the pandemic, we remain focused on wide moat, large capitalization companies trading at reasonable valuations, in our view. As always, the Fund will continue to emphasize competitively advantaged companies that can be purchased at a fair value, in our opinion. As stock market volatility spikes, we will look for opportunities to find companies that fit our investment criteria, as we continue to follow our process of finding new investment ideas and to be ready when market declines provide better entry points. ▀

Interested in more info?

For questions or to speak with a relationship manager about adding any of the 10 Buffalo Funds to your portfolio, contact:

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The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The summary and statutory prospectuses contain this and other important information about the investment company and can be obtained by calling (800) 49-BUFFALO or visiting buffalofunds.com. Read carefully before investing.

As of 12/31/20 the Buffalo Dividend Focus Fund top 10 equity holdings were Apple 5.13%, Microsoft 5.21%, Visa 3.10%, UnitedHealth Group 2.15%, Edison Intl 2.10%, Horizon Therapeutics 1.98%, Amazon 1.96%, Viper Energy Partners 1.91%, S&P Global 1.85%, Cerence 1.85%. Top 10 holdings for the quarter are not disclosed until 60 days after quarter end.

Earnings growth is not representative of the Fund's future performance.

The opinions expressed are those of the Portfolio Managers 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 S&P 500 Index is a capitalization weighted index of 500 large capitalization stocks which is designed to measure broad domestic securities markets. The Russell 3000 Index measures the performance of the 3,000 largest publicly held companies incorporated in the U.S. based on market capitalization. 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 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 Micro Cap Index measures the performance of 2,000 small cap and micro cap companies. The Russell 2000 Index is an unmanaged index that consists of the smallest 2,000 securities in the Russell 3000 Index, representing approximately 10% of the Russell 3000 total 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 and measures the performance of the 1,000 largest publicly-held companies incorporated in the U.S. based on market capitalization. The Morningstar U.S. Large-Mid Cap Index measures the performance of the U.S. equity market targeting the top 90% of stocks by market capitalization. One cannot invest directly in an index. A basis point (bps) is one hundredth of a percentage point (0.01%).

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.

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