

Capital Market Overview

Equity markets extended their rally in the 4th quarter, with the S&P 500 Index returning 12.15%. This capped the end to a historic year in which the S&P advanced 18.40% despite the world suffering through a global pandemic. The biggest news in the quarter was the U.S. Food and Drug Administration's (FDA) approval of two separate vaccines, following very encouraging clinical results. This helped investors look beyond worsening COVID-19 trends and provided hope that an end to the pandemic could be in sight.

The Russell 3000 Index increased 14.68% in the quarter. Value stocks led the advance, as the Russell 3000 Value Index advanced 17.21% compared to the Russell 3000 Growth Index return of 12.41% during the period. Relative performance was inversely correlated by market cap in the quarter (i.e., small caps outperformed big caps). The Russell 1000 Index delivered a return of 13.69% compared to the Russell Mid Cap Index return of 19.91%. Smaller market cap indexes surged even more as the Russell 2000 Index returned 31.37% and the Russell Micro Cap Index returned 31.39%. Cyclically-sensitive sectors such as Energy, Financials, Industrials, and Materials performed best in the quarter. The more defensive areas like Telecom Services, Consumer Staples, Utilities, and Healthcare lagged. All sectors produced positive absolute results.

Performance Commentary

The Buffalo Dividend Focus Fund (BUFDX) posted a return of 14.61% in the quarter, outperforming the Morningstar U.S. Large-Mid Cap Index return of 13.12% and the S&P 500 Index return of 12.15%. With the exception of Real Estate and Telecommunication Services, all sectors in the Fund and benchmark index posted positive returns. The Fund's sectors with the highest weightings (Information Technology, Health Care, and Financials) had favorable performance relative to the index. Additionally, the portfolio's Energy, Industrials, Materials, and Utilities sectors delivered constructive performance relative to the benchmark. Consumer Discretionary, Consumer Staples, Real Estate, and Telecommunication Services detracted from the Fund's relative performance.

Average Annualized Performance (%)

As of 12/31/20	1 YR	3 YR	5 YR	Since Inception
Investor Class - BUFDX	16.64	12.23	13.33	13.63
Institutional Class - BUIDX ¹	16.83	12.41	13.51	13.80
Morningstar U.S. Large-Mid Cap Index	21.11	15.02	15.63	15.47
S&P 500 Index	18.40	14.18	15.22	15.23

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.

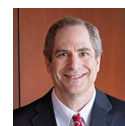
Fund Facts

	Investor	Institutional
Ticker:	BUFDX	BUIDX
Inception Date:	12/3/12	7/1/19
Expense Ratio:	0.96%	0.81%
Fund Assets:	\$90.79 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
B.B.A. – Univ. of Toledo



Jeff Deardorff, CFA
Co-Manager since 2018
B.S. – Kansas State Univ.

↑ Top Contributors

Specific securities that contributed most positively to performance included **Cerence** (CRNC), **Apple Inc.** (AAPL), and **Walt Disney Company** (DIS). CRNC (automotive voice software) rose on higher quarterly earnings and an upbeat guidance outlook. AAPL (consumer electronics and services) advanced on new product introductions and anticipated growth from 5G iPhone sales. DIS (media and entertainment) climbed on its investor presentation highlighting strong subscriber growth for its Disney+ streaming services.

↓ Top Detractors

S&P Global (SPGI), **Amgen** (AMGN), and **Horizon Therapeutics** (HZNP) were the largest detractors from Fund performance. SPGI, a financial information services company, declined on its agreement to acquire IHS Markit (INFO), another information services company, for \$39 billion of stock. AMGN, a leading biotechnology company, dropped as a late stage study showed a heart drug (omecamtiv mecabil) did not meet a secondary endpoint. HZNP, a leading biopharmaceutical company, fell after saying it expects a short-term disruption for Tepezza due to capacity constraints at its contract manufacturer, which is prioritizing production of a COVID-19 vaccine.

Outlook

The stock market ended the quarter at a record high on the expectations that the economy can recover from the COVID-19 pandemic. The double-digit stock market gain came despite rising cases and deaths due to COVID-19. The market favorably reacted to continued central banks' accommodative policies, the conclusion of the U.S. presidential election, approval of COVID-19 vaccines, passage of another fiscal stimulus package, and an agreement on Great Britain's exit from the European Union. As the new year begins the market will be focused on the change in the administration, potential for additional fiscal stimulus, vaccine rollouts, lockdowns to bend the COVID-19 curve, and how long monetary policy will remain accommodative.

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 on 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 9/30/20 the Buffalo Dividend Focus Fund top 10 equity holdings were Microsoft 5.21%, Apple 5.12%, Visa 3.24%, S&P Global 2.33%, UnitedHealth Group 2.19%, Amazon 2.17%, Horizon Therapeutics 1.95%, Edison Intl 1.95%, Cerence 1.79%, Mastercard 1.70%. 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 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 Russell Midcap Index measures performance of the 800 smallest companies in the Russell 1000 Index. 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 Micro Cap Index measures the performance of 2,000 small cap and micro cap companies. 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. Cash flow is a measure of the cash produced by the firm in a given period on behalf of equity holders. The true measure of the value of a firm's equity is considered to be the present value of all free cash flows.

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.

