Dividend Focus Fund

June 30, 2017

BUFFALO FUNDS

Average Annualized Performance

(As of 6/30/17) *Expense Ratio: 0.98%*	1 YR	3 YR	Since Inception (12/3/12)
Buffalo Dividend Focus Fund	16.87%	9.27%	13.94%
S&P 500 Index	17.90%	9.61%	14.99%

Data represented reflects past performance and is no guarantee of future results. The invest-ment 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 www.buffalofunds.com.

CAPITAL MARKET OVERVIEW

Equity markets continued their strong start to the year during the second quarter, primarily driven by strong corporate earnings growth. The S&P 500 Index advanced 3.09% in the second quarter. As reported during the June 30 period, earnings from S&P 500 Index companies were up 14% year-over-year in the first quarter, the strongest growth reading since 2011.

Broadly speaking, growth stocks continued their outperformance relative to value stocks, while cyclical stocks that rallied to end 2016 underperformed as investors continue to discount the likelihood of government infrastructure spending and comprehensive tax reform.

PORTFOLIO MANAGEMENT TEAM

Scott Moore, CFA
Co-Manager since Inception
M.B.A. – Univ. of MO - Kansas City
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Paul Dlugosch, CFA
Co-Manager since 2013
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The yield on the U.S. 10-year Treasury ended the June 30 period at 2.298%, a decline from its recent high of 2.609% in March due in large part to weaker inflation readings. In contrast, the outlook for growth and interest rate expectations improved in much of the rest of the world, which has driven the trade weighted U.S. dollar down 5.6% year to date. Oil entered bear market territory, with crude prices declining 9% during the quarter in response to stronger than expected inventory levels and rising U.S. production.

As mentioned above investors continued to favor growth over value, and the S&P 500 Growth Index climbed 4.42% during the period compared to the more modest gain of 1.51% for the S&P 500 Value Index. By size, large caps were the best performers followed by the S&P 400 MidCap Index and the S&P 600 SmallCap Index which advanced 1.97% and 1.71% respectively. Within the S&P 500 Index, Health Care was the best performing sector as the chances for legislation to repeal or reform the Affordable Care Act appeared to diminish, and investors reacted by bidding up health care stocks. The Technology sector was also a strong performer as the market continued to reward the strong earnings growth produced in this area. Conversely, Telecom was the worst performing sector due to a highly competitive pricing environment and Energy was the second worst performing sector driven by the decline in oil prices mentioned above.

PERFORMANCE COMMENTARY

The Buffalo Dividend Focus Fund posted a return of 1.33% for the quarter, which underperformed the S&P 500 Index return of 3.09%. Much of the benchmark's gain was led by growth-oriented companies that pay little or no dividend which created a significant style headwind for our equity-income mandate during the period. For the quarter the Fund's relative underperformance was primarily driven by the following sectors, Consumer Discretionary, Health Care and Information Technology.

The top contributors on an individual security basis were **Activision Blizzard**, **Anthem** and **UnitedHealth Group** while **Foot Locker**, **AMC Entertainment** and **CoreCivic** were the top detractors. The funds cash position, which was somewhat higher than our typical average, was also a slight drag on performance.

Within the Consumer Discretionary sector, the Fund's relative underperformance was primarily driven by security selection as Foot Locker declined by nearly 36% and AMC Entertainment declined by almost 18%. The pullback in Foot Locker was driven by weaker than expected earnings and comparable sales as well as fears about competition from Amazon and more direct selling by some of their leading branded partners Nike and Adidas. The decline in AMC reflects investor concerns surrounding premium video on demand (PVOD) and its potential impact on the theater industry revenues.

The Fund's underperformance in Information Technology was driven mostly by security selection and to a lesser extent sector weighting. Security selection was negatively impacted by several high growth, high valuation securities within the S&P 500 Index that the Fund did not own such as Nvidia as well as several non-dividend payers in the benchmark including Alphabet, Facebook and Paypal.

The underperformance within the Health Care sector was due to both security selection and an underweight position relative to the index as Health Care generated the highest sector returns in the Index during the quarter. The two biggest detractors in the Fund were **Shire** and **Cardinal Health**. The weakness in Shire during the quarter reflected the markets fears around a competitor's new product in the hemophilia market and a patent loss negatively affecting its Lialda drug.

OUTLOOK

We believe the market could experience more volatility in the coming quarters as the Federal Reserve continues with its desire to normalize interest rates along with a focus on the likelihood 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, possible headwinds include potential strengthening of the U.S. dollar, further increases in interest rates, and stock price 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 more 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.

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 prospectus contains this and other important information about the investment company, and can be obtained by calling (800) 49-BUFFALO or visiting www.buffalofunds.com. Read it carefully before investing.

As of 3/31/17 the Buffalo Dividend Focus Fund's top ten holdings were: Apple Inc. 3.79%, Microsoft Corp. 2.78%, JP Morgan Chase & Co. 2.07%, American Electric Power Inc. 2.03%, Visa Inc. 1.93%, Bank of America Corp. 1.90%, CoreCivic Inc. 1.75%, BB&T Corporation 1.62%, Berkshire Hathaway Inc. 1.57%, & Broadcom Ltd. 1.52%.

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.

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

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. The 10-year Treasury Note is a debt obligation issued by the United States government that matures in 10 years. Yield is the income return on an investment. This refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value. The S&P 500 Value Index consists of those equities within the S&P 500 Index exhibiting strong value characteristics. The S&P 500 Growth Index consists of those stocks within the S&P 500 Index which display strong growth characteristics. The S&P MidCap 400 Index measures the performance of mid-sized companies. The S&P SmallCap 600 Index measures the small-cap segment of the U.S. equity market. 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.

The Buffalo Funds are distributed by Quasar Distributors, LLC.