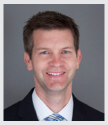
Emerging Opportunities Fund

***PM Commentary** as of June 30, 2018*

CAPITAL MARKET OVERVIEW

PORTFOLIO MANAGEMENT TEAM



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Supportive economic data drove positive domestic equity performance in the 2nd quarter. The unemployment rate declined to 3.8%, the lowest level in 18 years. Wages have continued to rise, with average hourly earnings up 2.7% as of May. Corporate earnings growth continued to be robust. The Federal Reserve increased their target rate by 0.25% and raised their forecast for growth and inflation again in June. Meanwhile, economic growth outside the U.S. slowed, with the divergence driving strength in the U.S. dollar. Increasing trade protectionism along with the dollar's strength, led to the relative outperformance of domestically focused industries and smaller capitalization companies, which generally do less international business than large caps. Crude oil prices continued to rise, despite the strong dollar, driven by lower stockpiles in the U.S. and President Trump's decision to withdraw from the Iran nuclear accord.

The Russell 3000 Index returned 3.89% in the quarter. Growth continued to outpace value, with the Russell 3000 Growth Index 5.87% and the Russell 3000 Value Index up 1.71%. By size, the Russell Microcap Index led the way with a return of 9.97%, followed by the small cap Russell 2000 Index at 7.75%. The large cap Russell 1000 Index was up 3.57%, and the Russell Midcap Index was up 2.82%. Energy was the best performing sector, driven by strength in crude oil prices. The Consumer Discretionary, Information Technology, and Real Estate sectors also had strong quarters. Meanwhile, trade fears and rising input costs caused the underperformance of Industrials, and Financials were weaker as a result of the yield curve flattening.

PERFORMANCE COMMENTARY

The Buffalo Emerging Opportunities Fund produced a return of 9.61% for the 2nd quarter, outperforming the Russell 2000 Growth Index ("the Index") return of 7.23%. The Index, which is a proxy for domestic small capitalization (small cap) growth companies, was once again one of the top performers across all domestic equity categories for both the quarter and year to date.

Average Annualized Performance (%)

As of 6/30/18	1 YR	3 YR	5 YR	10 YR	Since Inception
Buffalo Emerging Opportunities Fund	21.74	11.15	11.55	14.14	9.11
Russell 2000 Growth Index	21.86	10.60	13.65	11.24	10.10

Expense ratio 1.49%. Inception Date 5/21/2004. 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.

The volatility in the market that existed in the 1st quarter seemingly disappeared during the 2nd quarter. The Index picked up where it left off in 2017 by advancing fairly consistently throughout the period.

Small cap outperformance has much to do with the recent volatility in foreign exchange markets and talks of potential trade wars between the U.S. and its trading partners. With small cap companies generally having the vast majority of their revenues generated domestically and in U.S. dollars, investors have shown a preference for small caps in the current political/global trade environment over larger cap companies, which are usually multinational and have significant non-U.S. dollar exposure. Additionally, the U.S. economy and small business sentiment continues to run at healthy levels.

At the end of the quarter, Russell reconstituted the Index, as it does every year. This year was particularly eventful as there were some major changes. Of particular note, Technology decreased from 20.7% of the Index to 15.4%, Consumer Discretionary increased from 16.1% to 17.8%, and Health Care increased from 15.7% to 16.3%. Ultimately, the reconstitution also resulted in a higher valuation (Price-to-NTM-Earnings from 31x to 37x) and lower quality (unprofitable constituents from 37% to 40% of index). While this was meaningful for the Index, it is even more important for the Fund as our management style has typically resulted in a larger technology weight, a smaller healthcare weight (much lower exposure to binary biotech stocks), and what we view as higher quality when compared to the Index. With an active share of 95% at quarter end, the Fund will continue to offer a distinct offering from the Index and peers.

The quarter was a mixed bag in terms of sector performance, though every major sector was positive. Consumer Discretionary (+10.3%) and Health Care (+9.6%) outperformed the index while Technology was close to in-line (+6.9%) and Industrials lagged (+4.5%).

The Fund's return and outperformance versus the Index was primarily driven by stock selection within the Health Care and Technology sectors. Our Health Care holdings returned 28.6% for the quarter, while our Technology holdings returned 13.1%, on average. This outperformance was partially offset by under performance in Consumer Discretionary, which composed 15.8% of Fund assets and returned 4.0%. Cash was also a drag for the Fund in such a strong performing market.

Top Health Care performers for the quarter included **OrthoPediatrics Corp.** and **LHC Group, Inc.**

OrthoPediatrics is a medical device company that supplies anatomically-appropriate implants and devices for children with orthopedic conditions. The larger orthopedic device companies have not focused on the pediatrics market, allowing for an innovative company like OrthoPediatrics to gain significant mindshare with physicians looking for the best outcome for their pediatric patients. The company reported better than expected results driven by strong sales both domestically and internationally, particularly in its scoliosis products.

LHC Group is a provider of post-acute health care services through home nursing, hospice, community-based services, and long-term acute care hospitals. The company completed its merger with Almost Family on April 2, 2018 and reported strong earnings with improving trends. Home healthcare remains a very attractive alternative for patient preference and cost compared to acute care settings, and LHC Group has led the way in terms of quality of care in this setting.

Top Technology performers for the quarter included **Cardlytics, Inc.** and **Everbridge, Inc.**

Cardlytics uses consumer purchase data from over 2,000 financial institutions to help marketers identify likely buyers at scale. Cardlytics engages with financial institutions to show purchase incentives or rebates from advertisers to the financial institutions' customers whenever they log in to their checking or credit card accounts. The company announced that it had signed an agreement for a national launch with JPMorgan Chase on May 15, 2018, resulting in increased investor growth expectations.

Everbridge is a provider of software that automates and accelerates organizations' operational responses to critical events in order to keep people safe and businesses running. The company reported better than expected results and raised its annual guidance as average revenue per customer expanded due to product expansion, with existing customers and new customers signing up for more products than previous customers.

The Fund had another holding taken out during the quarter as Financial Engines will be acquired by Hellman & Freeman for $45 a share. This is the Fund's second holding to be acquired this year and both have been purchased by private equity. That said, we continue to believe that strategic acquirers will look to acquire growth and could lead to an acceleration in mergers and acquisitions. Additionally, we believe corporate tax reform will contribute to the corporate buying spree as lower effective tax rates boost free cash flow and give larger companies increased dry powder with which to pursue potential acquisitions.

We added six new positions in the quarter and sold out of four, ending the quarter with 64 holdings.

OUTLOOK

Our 1st quarter 2018 commentary proved prescient as we speculated that worries over a trade war would have little impact on the vast majority of our holdings and the small cap market broadly. Indeed, we believe the domestic focus of most small cap companies caused them to outperform their larger cap brethren in the quarter. We would certainly not be surprised if this trend continues for the foreseeable future. However, we also believe there is potential for a significant trade war, which could impact economic growth within the U.S. As always, we will be playing close attention to the valuations of our holdings, and we will use market volatility to trim or add to our holdings as risk/reward profiles improve or degrade.

The Buffalo Emerging Opportunities Fund is focused primarily on identifying innovation within U.S. companies with primarily North American revenue bases. We continue to look for prudent ways to deploy cash, and we remain long-term focused, aiming to be shrewd when the market environment presents opportunity and more cautious when it does not.

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

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 buffalofunds.com. Read it carefully before investing.

As of 3/31/18 the Buffalo Emerging Opportunities Fund's top 10 equity holdings were 8x8 2.87%, Community Healthcare Trust 2.72%, Nexeo Solutions 2.49%, Mimecast 2.41%, Virtusa 2.40%, Motorcar Parts of America 2.34%, Foundation Building Materials 2.22%, Financial Engines 2.15%, Kinsale Capital Group 2.12%, Envestnet 1.99%. 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 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 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 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 Index is a subset of the Russell 3000 Index, which measures the performance of the 1,000 largest publicly-held companies incorporated in the U.S. based on market capitalization. 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. The Russell Midcap Index measures performance of the 800 smallest companies in the Russell 1000 Index. The Russell Microcap Index is an unmanaged capitalization weighted index 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. It is not possible to invest directly in an index. Price-to-NTM (Next 12 Months) Earnings refers to the ratio of stock price to the projected earnings over the next 12 months. Free 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 smaller companies, which involves additional risks such as limited liquidity and greater volatility than larger companies. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. This risk is greater in emerging markets.

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