Flexible Income Fund

June 30, 2017

Average Annualized Performance

(As of 6/30/17) *Expense Ratio: 1.01%*	1 YR	3 YR	5 YR	10 YR	15 YR	Since Inception (8/12/94)
Buffalo Flexible Income Fund	7.07%	2.50%	6.63%	5.44%	7.64%	7.10%
S&P 500 Index	17.90%	9.61%	14.63%	7.18%	8.34%	9.61%
BofA Merrill Lynch HY Master II Index	12.75%	4.48%	6.91%	7.54%	8.92%	7.72%
Lipper Mixed-Asset Allocation Moderate Funds Index	10.76%	4.31%	7.85%	4.58%	6.13%	6.96%

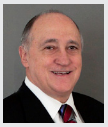
Data represented reflects past performance and is no guarantee of future results. The invest-ment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Current performance may be lower or higher than 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 Russell 3000 Index advanced 3.02% 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



John Kornitzer
Co-Manager since Inception
B.A. – St. Francis College

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Co-Manager since 2007
B.S. – University of Iowa

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 Russell 3000 Growth Index climbed 4.65% during the period compared to the more modest gain of 1.29% for the Russell 3000 Value Index. By size, microcaps were the best performers with the Russell Microcap Index gaining 3.83%. Meanwhile the large cap Russell 1000 Index gained 3.06%, followed by the Russell Midcap Index at 2.70% and the Russell 2000 Index finishing with a gain of 2.46% during the period.

In general 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, energy was the worst performing sector driven by the decline in oil prices mentioned above.

PERFORMANCE COMMENTARY

The Buffalo Flexible Income Fund produced a return of 0.05% during the period and underperformed the S&P 500 Index return of 3.09% and the Bank of America Merrill Lynch High Yield Master II Index return of 2.14%. The equity portion of the portfolio declined 0.35% during the quarter compared to a gain of 3.09% for the S&P 500 Index.

Areas of the portfolio that led to the underperformance were energy and information technology. The underperformance in energy was primarily driven by sector allocation as the fund was significantly overweight the worst performing sector in the S&P 500 Index during the period. The underperformance in information technology was due to a sector allocation effect and security selection. The technology sector generated substantial positive returns for the index during the quarter and the fund failed to fully participate due to a significant underweight In the area.

As it relates to security selection among tech companies that are in the portfolio, **IBM**, **Cisco**, and **Intel** negatively impacted performance. IBM was negatively impacted by weak first quarter earnings reported during the period which was driven by gross margin pressure, as well as the public disclosure that one of its largest shareholders, Berkshire Hathaway, had reduced its stake in the company by 30%. Cisco was negatively impacted by a disappointing outlook driven by persistent weakness in its service provider business, competitive pressures in emerging markets, and weakness in some of its legacy products. Intel declined due to a weak outlook for its next quarter and softness in some end markets such as federal spending and traditional networking products.

The top contributors to the fund in the quarter were **Boeing**, **Pitney Bowes**, and **Microsoft**, while the top detractors in the quarter were IBM, **ConocoPhillips**, and **General Electric**. The equity portion of the portfolio ending the period as just over 80% of total fund assets, near the higher end of the expected range for common stock exposure.

The fixed income portion of the Buffalo Flexible Income Fund generated a return of 1.95% for the quarter which slightly underperformed the Bank of America Merrill Lynch High Yield Master II Index return of 2.14%. The primary reason the fund failed to keep full pace with the index was due to our performance results within information technology. Our technology performance was held back by the convertible bond position in **Cornerstone onDemand** which declined during the quarter. The company continues to face challenges and reported weaker than expected billings in the first quarter. The top contributors to the fund's fixed income performance included **Valeant**, **Lions Gate Entertainment**, and **Bankrate** while the three top detractors were **Medicines Company**, Cornerstone onDemand, and **Wildhorse Resource Development**.

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. Within the fixed income portion of the fund, we continue to focus on higher quality, below investment grade credit securities. With credit yield spreads at cycle lows in our opinion, we are being selective and disciplined with purchases as we do not anticipate much price appreciation within fixed income markets, in general.

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 Flexible Income Fund's top ten holdings were: Lions Gate Entertainment, Inc. (1.250%, 4/15/18) 3.89%, Microsoft Corporation 3.30%, Proctor & Gamble Co. 3.21%, General Electric Co. 3.06%, AT&T, Inc. 3.06%, Bankrate, Inc. (6.125%, 8/15/18) 2.78%, GlaxoSmithKline PLC 2.64%, Intel Corporation 2.62%, Exxon Mobil Corporation 2.57%, & Boeing, Co. 2.55%.

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 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 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 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. Russell Microcap Index is a small-cap and micro-cap stock market index of the smallest 2,000 companies in the Russell 3000E Index incorporated in the U.S. based on market capitalization. The BofA Merrill Lynch High Yield Master II Index is an unmanaged index comprised of over 1,200 high yield bonds representative of high yield bond markets as a whole. It includes zero-coupon bonds and payment-in-kind (PIK) bonds. The Lipper Mixed-Asset Target Allocation Moderate Funds Index is an unmanaged index considered representative of mixed-asset target allocation moderate funds tracked by Lipper, which would combine the 30 biggest funds, based on asset size, that belong to this asset category. You cannot invest directly in an index.

Below investment grade refers to higher-yielding, higher-risk debt securities commonly known as "junk bonds". These lower-rated bonds have a greater degree of default risk. A yield spread is the difference between yields on differing debt instruments of varying credit ratings, commonly U.S. Treasuries, calculated by deducting the yield of one instrument from another.

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

Mutual Fund Investing Involves Risk. Principal loss is possible. The Flexible Income Fund invests in lower-rated and non-rated securities which presents a greater risk of loss to principal and interest than higher-rated securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in smaller and medium sized companies involve additional risks such as limited liquidity and greater volatility. Investments in international and foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. MLPs are subject to certain risks inherent in the structure of MLPs, including complex tax structure risks, limited ability for election or removal of management, limited voting rights, potential dependence on parent companies or sponsors for revenues to satisfy obligations, and potential conflicts of interest between partners, members and affiliates.

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