Buffalo Growth Fund

QUARTERLY COMMENTARY

March 31, 2022

Capital Market Overview

The equity market, as measured by the S&P 500 Index, suffered its second quarterly decline since the onset of the COVID-19 pandemic, over two years ago, producing a return of -4.60% during the January–March period. Weak capital market performance can be largely attributed to the Federal Reserve's decision to raise interest rates and reduce the size of its balance sheet, also known as quantitative tightening. Other headwinds, including the war in Ukraine, significant inflation, and persistent supply chain bottlenecks, only added to the backdrop of uncertainty for domestic and global markets.

The broad-based Russell 3000 Index fell -5.28% in the quarter. Value stocks outperformed growth stocks by a large amount, as the Russell 3000 Value Index returned -0.85% compared to a decline of -9.25% for the Russell 3000 Growth Index. Large cap stocks fell less than smaller cap stocks during the quarter, as the Russell 1000 Index declined -5.13%, followed by a return of -5.68% for the Russell Midcap Index, and -7.53% for the small cap Russell 2000 Index. Energy stocks surged during the period on rising oil prices while the more defensive Utilities and Telecommunication Services sectors were also modestly positive. The Consumer Discretionary and Technology areas of the market were the largest underperformers due to inflation and rising rates.

Performance Commentary

The Buffalo Growth Fund (BUFGX) returned -9.24% during the period, outperforming the Morningstar U.S. Growth Index's (the "Index") return of -11.97%. The Fund's outperformance was driven by stock selection in the Information Technology, Health Care, and Industrial sectors. Meanwhile, the Consumer sector was the only meaningful detractor relative to the Index. Overall, our focus on quality companies and reasonably-priced growth had a broadly positive impact on Fund performance during a turbulent market environment.

Average Annualized Performance (%)

As of 3/31/22	1 YR	3 YR	5 YR	10 YR	15 YR	Since Inception
Investor Class - *BUFGX*	9.56	17.47	16.38	13.71	10.86	10.96
Institutional Class - *BUIGX*[1]	9.74	17.66	16.56	13.88	11.03	11.12
Russell 3000 Growth Index	12.86	22.68	20.16	16.64	12.63	10.65
Morningstar U.S. Growth Index	20.45	29.54	22.39	17.65	11.99	10.07

[1]For 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 Investor Class shares. 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.

↑ Top Contributors

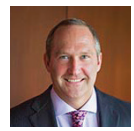
Palo Alto Networks, a leading network security solutions provider, was a top contributor for the portfolio in the quarter. Investors cheered better than expected billings guidance for fiscal year 2022 driven by improved enterprise spending and strong adoption of next generation security products. Security spending remains a priority following numerous high profile cyber-attacks in recent years, while the work from home trend has expanded the threat landscape and coincident revenue opportunity for Palo Alto.

Union Pacific Corporation was also a top contributor in the quarter. Investors responded favorably to improving rail volumes driven by strengthening demand for energy and materials products. The cyclically-improving rail volumes give a boost to the broader plan to improve margins and operating efficiency through application of technology and precision scheduled railroading (PSR) techniques.

Fund Facts

	Investor	*Institutional*
Ticker:	BUFGX	BIIGX
Inception Date:	5/19/95	7/1/19
Expense Ratio:	0.92%	0.77%
Fund Assets:	$195.33 Million	
Category:	Large Cap Growth	
Benchmark:	Russell 3000 Growth Index	

Management Team



Dave Carlsen, CFA

Co-Manager since 2007
B.B.A. – Univ. of WI-Madison

Josh West, CFA

Co-Manager since 2020
M.B.A. – Univ. of MO-Columbia
B.S. – Univ. of MO-Columbia

BUFFALO FUNDS

Top Detractors

Meta Platforms, Inc. detracted from Fund results this quarter after it disclosed that it would accelerate spending in the near term to drive monetization of short-form video content and advance its leadership status in the Metaverse, a network of virtual worlds focused on social connection and digital commerce utilizing virtual and augmented reality technologies. The accelerated investment cycle led to much lower than anticipated margin guidance with little corresponding revenue lift in 2022 given the longer term nature of these investments. Meanwhile, Meta's advertising revenues have been pressured in the near term by Apple's recent iOS privacy changes that make it harder for advertisers to trace user behavior on iPhones. While investment cycles cause disruption and require patience, Facebook remains a highly profitably digital advertising juggernaut with a favorable history of execution during transition years. We expect the near term investment cycle to ultimately lead to better engagement and large monetization opportunities in exciting new markets.

Microsoft Corporation was also a significant detractor in the quarter. While the stock outperformed the benchmark, its large position size resulted in a relatively large negative contribution for the period. The company is a prime beneficiary of workplace digital transformation and the move from on premise IT infrastructure to the cloud. As the world economy continues to emerge from the pandemic, Microsoft is well positioned to gain share of rising IT budgets.

Outlook

The market environment is more complex than in recent quarters. Geopolitical conflict, a more hawkish Federal Reserve, persistent inflation, and lingering supply constraints remain challenges, while tailwinds such as ultra-low interest rates, the Federal Reserve put, and fiscal stimulus fade.

In its latest public messaging, the Federal Reserve (the "Fed") strongly signaled its move from Dovish to Hawkish regarding inflation, given the persistence of supply chain constraints and rising prices. As the drum-beat for interest rate normalization and quantitative tightening grows more forceful, we think the market will continue to transition incrementally away from speculative stocks and rotate increasingly to growth and quality factors. It remains to be seen whether the Fed can throttle-down inflation without sending the economy into recession. In any case, we do expect the Fed to get a firmer handle on inflation through 2022, which could cause investors to become more discerning about recent gains in commodities and cyclically-oriented equities.

We believe the portfolio is well positioned for an environment of moderating economic growth and higher long-term interest rates. The evolving market environment should favor companies with scale advantages and pricing power, as they are best positioned to maintain profit margins, reinvest in their businesses, grow earnings, and take market share. We will continue to invest in businesses with solid growth opportunities, durable competitive advantages, scalable business models, and good management teams, when they are trading at attractive valuations, in our opinion.

Thank you for your continued support.

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:

Christopher Crawford
ccrawford@buffalofunds.com
(913) 647-2321

Scott Johnson
sjohnson@buffalofunds.com
(913) 754-1537

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.

Earnings growth is not representative of the Fund's future performance. Investing in both actively and passively managed mutual funds involves risks and principal loss is possible.

As of 12/31/21 the Buffalo Growth Fund top 10 equity holdings were Microsoft 12.62%, Apple 7.60%, Amazon 6.21%, Alphabet (C) 5.00%, Alphabet (A) 4.18%, Meta Platforms 3.23%, Mastercard 2.97%, S&P Global 2.28%, CBRE Group 2.00%, Visa 1.96%. Top 10 holdings for the quarter are not disclosed until 60 days after quarter end.

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 Morningstar U.S. Growth Index measures the performance of U.S. stocks that are expected to grow at a faster pace than the rest of the market as measured by forward earnings, historical earnings, book value, cash flow and sales. One cannot invest directly in an index.

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in small and mid-cap companies, which involve additional risks such as limited liquidity and greater volatility than large-cap companies. The Fund invests in foreign securities which involve greater volatility and political, economic, and currency risks as well as differences in accounting methods.

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