Growth Fund

***PM Commentary** as of March 31, 2018*

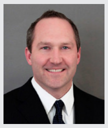
CAPITAL MARKET OVERVIEW

The long streak of low volatility and positive stock market returns ended in the 1st quarter of 2018. Strong gains in January were erased in February and March, leaving the S&P 500 Index down 0.76% for the quarter. Volatility as measured by the Cboe Volatility Index (VIX) was up about 80% in the 1st quarter after falling for the last three years. Investor worries about increasing interest rates, possible trade wars, and threatened government action against large technology companies, offset generally strong economic data and corporate earnings growth.

The Russell 3000 Index declined 0.64% in the quarter, and, broadly speaking, small cap companies outperformed large cap companies during the period. The Russell Microcap Index advanced 0.68% and the Russell 2000 Index finished the period nearly flat, edging down just 0.08%. Moving up the market cap spectrum, performance worsened – the Russell Mid Cap Index was down 0.46% and the larger cap Russell 1000 Index declined 0.69%. Growth outperformed value by a wide margin during the quarter as the Russell 3000 Growth Index advanced 1.48% compared to a decline of 2.82% for the Russell 3000 Value Index. Technology and Consumer Discretionary were the best performing sectors, while Consumer Staples and Energy were the worst performing.

PORTFOLIO MANAGEMENT TEAM

Clay Brethour, CFA
Co-Manager since 2007
B.S. – Kansas State University



Dave Carlsen, CFA
Co-Manager since 2007
B.B.A. – Univ. of WI-Madison

PERFORMANCE COMMENTARY

The Buffalo Growth Fund gained 2.40% during the quarter, outperforming the benchmark Russell 1000 Growth Index return of 1.42%. The Fund outperformed the benchmark with help from positive stock selection in the Consumer Discretionary and Technology sectors. In Consumer Discretionary our Ecommerce-related investments like **Amazon** and **Booking.com** performed well, while within Technology our software stocks like **Adobe**, **Microsoft**, and **Red Hat** boosted returns.

The Fund was also aided by a positive sector allocation effect due to our overweight in Financials, the best performing sector within the Index and our underweight in Consumer Staples, a benchmark sector that declined nearly 5% in the quarter. Rising interest rate expectations have lifted Financials while weighing on bond proxies like Staples. Meanwhile, negative stock selection in Industrials was a modest headwind as this sector was negatively impacted by moderating Global Purchasing Managers' Index (PMI) data that is signaling continued expansion but cooling from the red-hot pace seen in late 2017.

Average Annualized Performance (%)

As of 3/31/18	1 YR	3 YR	5 YR	10 YR	15 YR	Since Inception
Buffalo Growth Fund	16.38	9.18	13.15	10.59	10.93	10.03
Russell 1000 Growth Index	21.25	12.90	15.53	11.34	10.88	9.18

Expense ratio 0.92%. Inception Date 5/19/1995. 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

Align Technology, the maker of clear aligners for dental malocclusion and a long term holding in the Fund, continued to grow in excess of expectations. We believe robust growth is sustainable over the intermediate to long term as the company has expanded its products to address nearly 70% of the orthodontic market, while less than 15% of the orthodontic market has converted from metal braces to clear aligners.

Amazon continued to gobble up retail and cloud computing dollar share, which fueled another quarter of robust price appreciation. Higher margin business segments like Amazon Web Services (AWS) and advertising outperformed expectations leading to more positive-than-expected overall corporate margin. The company continued to be a prime beneficiary of the transition to online commerce and cloud computing.

TOP DETRACTORS

Portola Pharmaceuticals's stock price fell during the quarter after it received communications from the U.S. Food & Drug Administration (FDA) asking for additional information in the ongoing evaluation of its AndexXa drug, an antidote to commonly-prescribed blood thinners (factor Xa inhibitors) in patients who experience life threatening bleeds. The FDA request for additional information led many on Wall Street to speculate that commercialization of the drug may be delayed. Despite any potential delay, we believe the drug still has good odds of eventual approval given the significant unmet need and strong clinical data.

Biogen stock was weak after experiencing multiple setbacks in its new drug pipeline during the quarter. First, they announced a promising Alzheimer's drug in development was experiencing greater-than-anticipated variability in phase III trials, followed by news later in the quarter that a multiple sclerosis (MS) drug, one of many in its MS franchise, was being taken off market due to safety concerns. While disappointing in the near term, we think Biogen's growth prospects for the existing drug portfolio, focused on multiple sclerosis, neurology, and oncology, offer better-than-average growth at a discount to the average multiple of large cap biotech peers.

OUTLOOK

The market environment for equities remains favorable. Interest rates, inflation, and unemployment remain low, while corporate earnings grind higher, buoyed by broadening global growth and recent U.S. corporate tax reform. Growing cash flows combined with foreign cash repatriation should drive improved business investment and more aggressive capital allocation activity, including mergers and acquisitions (M&A), buybacks, and dividend increases.

As growth strengthens, central banks should continue the process of delicately weaning markets off easy money. They, in effect, are ceding control to free markets, which are much more unforgiving than the market has become accustomed to these last several years. As market stabilization forces wane, the market is likely to become more volatile and data point driven. Day-to-day concerns, like a global trade war breaking out for instance, can subject the market to potentially big swings following each data point that validates or contradicts the climate of opinion.

As volatility picks up, the environment could evolve into more of a stock picker's market, where a steady hand and active management could hold advantage over passive investment strategies. We stand poised to capitalize where we see near term stock price volatility present an opportunity to improve risk-adjusted expected returns within the portfolio.

Economic conditions may ebb and flow, but our distinct focus for the Buffalo Growth Fund is to hitch our wagon to the secular trend stars, in our opinion the best ideas the growth equity team has identified: attractively-priced, financially-strong, well-managed companies across all market cap segments, which we believe are favorably-positioned to harvest the lion's share of big secular growth trend potential.

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 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 12/31/17 the Buffalo Growth Fund's top ten equity holdings were: Microsoft 4.21%, Amazon 4.14%, Apple 3.73%, Facebook 3.26%, Alphabet (A) 2.36%, Alphabet (C) 2.26%, Align Technology 2.22%, Nike 2.20%, Abbott Labs 2.10%, Visa 2.09%. 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 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 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 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 1000 Growth Index measures the performance of those Russell 1000 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 Chicago Board of Options Exchange Volatility (CBOE) Index measures the market expectations of near-term volatility conveyed by S&P 500 stock index option prices. The Russell Microcap Index is a capitalization weighted index of 2,000 small cap and micro cap companies. The Purchasing Managers' Index (PMI) is an indicator of the economic health of the manufacturing sector, and it is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. It is not possible to 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.

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

Mutual Fund investing involves risk. Principal loss is possible. The Fund invests in small, mid, and micro-cap companies, which involves additional risks such as limited liquidity and greater volatility than larger companies. The Fund may invest in foreign securities and ADR's which 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.