Growth Fund

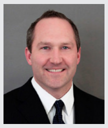
***PM Commentary** as of December 31, 2017*

CAPITAL MARKET OVERVIEW

Equity markets ended 2017 on a strong note. The 4th quarter saw a continuation of trends that have influenced the market all year. Investor optimism about improving global economic growth and strong corporate earnings led to another quarter of higher stock prices and low volatility. Strong holiday sales and the passage of tax reform legislation also provided tailwinds to equity markets during the period. The Chicago Board of Options Exchange Volatility (CBOE) Index continued to hover near record lows, and, for the first time since 1958, the S&P 500 Index delivered positive returns in every single month of the year.

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

The Russell 3000 Index produced a total return of 6.34% in the fourth quarter. Growth continued to outperform value, as the Russell 3000 Growth Index advanced 7.61% and outperformed the Russell 3000 Value Index return of 5.08%. Large companies generally outperformed smaller companies during the quarter. The Russell 1000 Index returned 6.59%, the Russell Midcap Index returned 6.07%, the Russell 2000 Index returned 3.34%, and the Russell Microcap Index returned 1.80%. Consumer discretionary and technology were the best performing sectors while utilities, health care, and consumer staples underperformed in the quarter.

PERFORMANCE COMMENTARY

The Buffalo Growth Fund gained 6.08% during the fourth quarter, underperforming the Russell 1000 Growth Index return of 7.86%. Driving the underperformance was the fund's relative underweight in the consumer staples and discretionary sectors, which had strong performance during the quarter from being beneficiaries of the passing of the corporate tax bill. Stock selection within the energy sector also detracted from relative results. The fund was overweight financials and health care, while underweight information technology, consumer staples, and consumer discretionary.

Average Annualized Performance (%)

As of 12/31/17	1 YR	3 YR	5 YR	10 YR	15 YR	Since Inception
Buffalo Growth Fund	22.81	9.75	14.28	9.20	10.47	10.03
Russell 1000 Growth Index	30.21	13.79	17.33	10.00	10.70	9.22

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

Amazon.com (AMZN) reported a strong 3rd quarter, and gave 4th quarter guidance above expectations, as the Prime membership ecosystem continued to drive accelerated growth. We believe the company continues to be best positioned to benefit from the secular shift to online commerce.

Align Technology (ALGN), the maker of clear aligners for dental malocclusions and a long-term holding in the fund, continued to grow its business faster than expectations. We believe the global market for clear aligners continues to be vastly under-penetrated, and provides a long runway of growth for the company.

TOP DETRACTORS

Merck's (MRK) stock declined considerably during the quarter as the company announced a delay in reporting its lung cancer drug candidate trial results until early 2019. While investors had speculated a delay was imminent, the length of the announced delay was longer than expected. Merck extended the duration of the clinical trial to gather overall survival data, which if superior, would allow it to remain the gold standard for lung cancer drugs regardless of other competitive treatments.

CVS Health (CVS) was negatively impacted by rumors that Amazon might be entering into the pharmacy business. In an effort to counter the possibility, CVS announced a merger with Aetna (AET), one of the largest managed-care organization in the U.S. This combination should allow CVS to better deliver cost-controlled care in a more efficient hub setting, and allow it to have better control over the patient's behavior to deliver best outcomes. The deal is expected to close during second-half 2018 barring any major regulatory issues.

OUTLOOK

The market environment for equities remains favorable, in our view. 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 in the U.S. economy, inflation expectations and the pace at which the Fed intends to normalize interest rates and the central bank balance sheet could introduce market volatility. We stand poised to capitalize when and where we see an opportunity to improve risk-adjusted expected returns within the portfolio.

While "normalization" is under way in the U.S., central banks throughout the world have been reluctant to follow, thus far, despite the world's synchronized economic expansion. In Europe, economists have increased that region's economic growth expectations for 2018, the European Central Bank (ECB) plans to continue injecting $35.5 billion into the economy each month through its current quantitative easing program. ECB's economists projected in December that the eurozone's economy will grow 2.3% in 2018, a big increase from the 1.8% growth projected as recently as this past September. As long as the world economies experience moderate growth with low inflationary pressures, equities should continue to perform well in 2018.

Regardless of the ebb and flow of economic conditions, we continue to be focused on investing in attractively priced, financially strong, well-managed companies that are experiencing above market revenue growth potential operating in the tailwind of secular growth trend 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 buffalofunds.com. Read it carefully before investing.

As of 9/30/17 the Buffalo Growth Fund's top ten equity holdings were: Facebook, Inc. Class A 5.59%, Apple, Inc. 3.51%, Alphabet, Inc. Class C 3.38%, Amazon.com, Inc. 3.32%, , Alphabet, Inc. Class A 3.24%, Microsoft Corp. 3.23%, Align Technology, Inc. 3.04%, Home Depot, Inc. 2.99%, Intercontinental Exchange, Inc. 2.89%, & CME Group, Inc. 2.70%.

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 free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States. 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 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. The 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 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 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. You cannot 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.