

Buffalo High Yield Fund

QUARTERLY
FACT SHEET

September 30, 2018

Fund Facts

Ticker:	BUFHX
Inception Date:	5/19/1995
Fund Assets:	\$206.94 Million
Expense Ratio:	1.03%
Category:	High Yield Bond
Benchmark:	ICE BofAML U.S. High Yield Index

Portfolio Characteristics

# of Holdings:	131
3-Year Annualized Turnover Ratio:	38.85%
Average Duration:	3.22 years
Average Maturity:	5.78 years
30-day SEC Yield:	4.19%

3-Year Risk Metrics

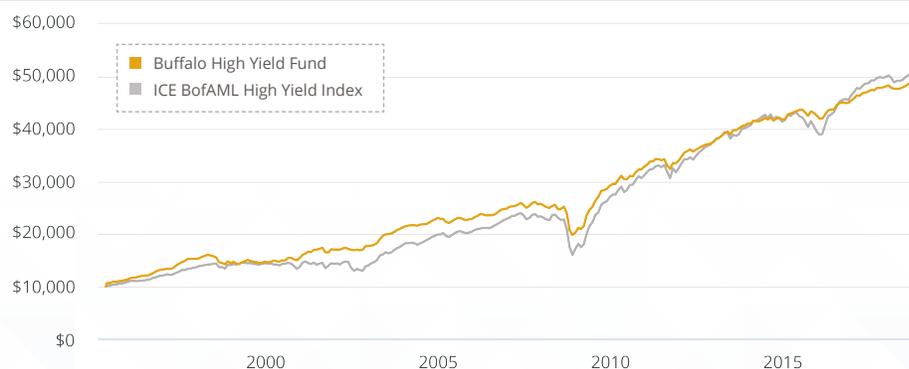
(vs. ICE BofAML U.S. High Yield Index)

Upside Capture:	53.98
Downside Capture:	46.50
Alpha:	0.71
Beta:	0.51
Sharpe Ratio:	1.44

Investment Strategy

- Identify securities issued by higher quality (BB to B-rated), below-investment grade companies that have the potential to generate attractive risk-adjusted returns.
- Focus on securities where the yield is higher than justified by the credit metrics as analyzed through our internal research into how and where we believe a consistent level of high income is likely to occur while endeavoring to minimize default risk.
- Identify companies with leading market positions, free cash flow generation, strong management teams, stable industries, and small-to-medium issue sizes.
- Construct a core portfolio of below investment grade higher-yielding debt securities and supplement that portfolio with convertible bonds, bank loans, and other income generating assets to produce a low turnover portfolio that is fairly benchmark agnostic.

Growth of \$10,000



This chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund on the Inception Date through 9/30/18. Assumes reinvestment of dividends and capital gains. This chart does not imply future performance.

Morningstar Rating

★★★★

Overall Morningstar Rating™ based on risk-adjusted returns among 592 High Yield Bond funds as of 9/30/18.

Duration*

10+ Years	0.00%
7-10 Years	0.00%
5-7 Years	9.35%
3-5 Years	39.88%
1-3 Years	22.74%
0-1 Years	7.00%

Quality

A & Above	0.00%
BBB	5.01%
BB	43.86%
B	39.71%
CCC	3.54%
Non Rated	7.88%

Asset Allocation

Bank Loans	19.8%
Common Stock	1.1%
Convertible Bonds	8.4%
Corporate Bonds	67.0%
Preferred Stock (Conv.)	0.5%
Cash	3.2%

Performance (%)

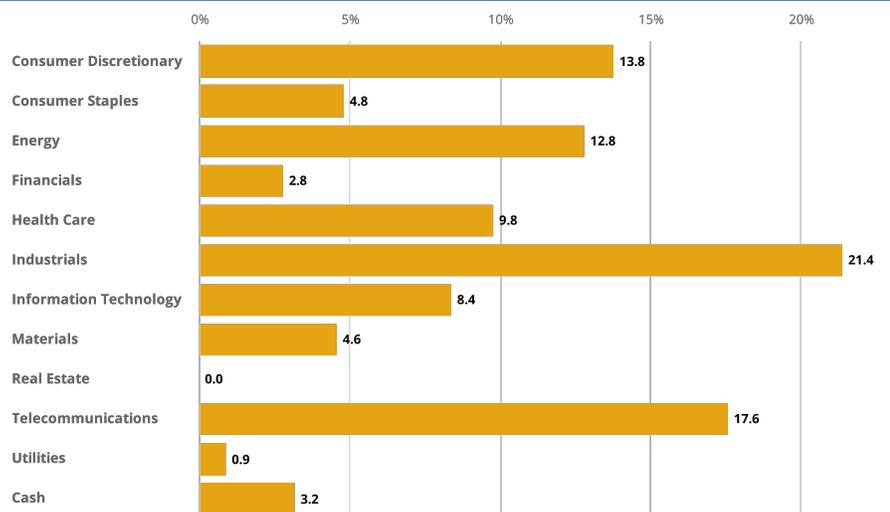
AVERAGE ANNUAL RETURNS	3 MO	YTD	1 YR	3 YR	5 YR	10 YR	15 YR	Since Inception
Buffalo High Yield Fund	1.80	1.77	2.36	4.84	4.06	7.39	6.02	7.03
ICE BofAML U.S. High Yield Index	2.44	2.52	2.94	8.19	5.54	9.38	7.64	7.23
Morningstar High Yield Bond Category	2.02	1.84	2.36	6.41	4.31	7.62	6.42	5.94

Average annual total return represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate and redemption value may be more or less than original cost. Fund performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by visiting buffalofunds.com.

HISTORICAL RETURNS	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Buffalo High Yield Fund	-21.30	44.01	12.45	3.54	10.35	9.40	1.96	1.80	6.65	5.98
ICE BofAML U.S. High Yield Index	-26.39	57.51	15.19	4.38	15.58	7.42	2.50	-4.64	17.49	7.48
Morningstar High Yield Bond Category	-26.41	46.70	14.24	2.83	14.67	6.90	1.11	-4.01	13.30	6.47



Sector Weights (%)



Top 10 Holdings**

MacDonald Dettwiler (T/L B, 7/5/24)	2.25%
Consolidated Comm. (6.500%, 10/1/22)	1.91%
Quad Graphics (7.000%, 5/1/22)	1.85%
Triumph Group (4.875%, 4/1/21)	1.75%
FTI Consulting (6.000%, 11/15/22)	1.68%
Phillips Van Heusen (7.750%, 11/15/23)	1.65%
Wildhorse Resource (6.875%, 2/1/25)	1.62%
Andeavor Logistics (6.875%, 8/15/23)	1.57%
Brunswick (7.375%, 9/1/23)	1.55%
Live Nation Entmt (5.375%, 6/15/22)	1.43%
Top 10 Holdings Total	17.26%

Management Team



Paul Dlugosch, CFA

Co-Manager since 2013
B.S. – University of Iowa



Jeff Sitzmann, CFA

Co-Manager since 2018
M.B.A. – University of Chicago
B.B.A. – University of Toledo



Jeff Deardorff, CFA

Co-Manager since 2018
B.S. – Kansas State University

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The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Buffalo High Yield Fund received 2 stars among 592 for the three-year, 3 stars among 502 for the five-year, and 3 stars among 331 High Yield Bond funds for the ten-year period ending 9/30/18.

The ICE BofAML U.S. High Yield Index is an unmanaged index that tracks the performance of U.S. dollar denominated, below investment-grade rated corporate debt publicly issued in the U.S. domestic market. One cannot invest directly in an index. Alpha is an annualized return measure of how much better or worse a fund’s performance is relative to an index of funds in the same category, after allowing for differences in risk. Beta measures the volatility of the fund, as compared to that of the overall market. The Market’s beta is set at 1.00; a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. Market Capture Ratio is a statistical measure of the Fund’s overall performance in up-markets (positive return periods) and down-markets (negative return periods). The market capture ratios are used to evaluate how well an investment performed relative to an index during periods when that index has risen or fallen. The Sharpe Ratio is a measure for calculating risk-adjusted return. Free Cash Flow is a measure of how much cash a business generates after accounting for capital expenditures. Duration is an approximate measure of a bond’s price sensitivity to changes in interest rates. Duration is expressed as a number of years. Securities with longer duration generally have more volatile prices than securities of comparable quality with a shorter duration. Converts, or convertible bonds, give the holder the option to exchange the bond for a predetermined number of shares in the issuing company. Each Morningstar category average represents a universe of funds with similar objectives. Asset Allocation and Sector Allocation may not equal 100% due to rounding. Standard & Poor’s is the rating source for the Quality Breakout Table. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO). The firm evaluates the credit worthiness of an issuer with respect to debt obligations, including specific securities, money market instruments, or other bonds. Ratings are measured on a scale that generally ranges from AAA (highest grade) to D (lowest grade); ratings are subject to change without notice. In limited situations when the rating agency has not issued a formal rating, the Advisor will classify the security as nonrated.

*Excludes Bank Loans and Converts. **Top Ten Holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are for the previous quarter. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any securities.

The Fund’s investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectus contains this and other important information about the investment company, and it may be obtained by calling (800) 49-BUFFALO or visiting buffalofunds.com. Read it carefully before investing.

Mutual Fund investing involves risk. Principal loss is possible. Investment by the Fund in lower-rated and non-rated securities 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 foreign securities include additional risk such as greater volatility, and political, economic, and currency risks, as well as difference in accounting methods.

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

