Buffalo International Fund

QUARTERLY
COMMENTARY

June 30, 2021

Capital Market Overview

Equity markets outside the U.S. advanced in the 2nd quarter, boosted by positive signs of economic recovery, such as accelerating vaccine roll-outs, increased manufacturing activity, and rising retail sales in some countries. Compared to the S&P 500, which returned 8.55%, the MSCI All-Country World ex-USA Index returned 5.48%, and the Morningstar Global Markets ex-US Index returned 5.64%.

Geographically, market performance was mixed around the world. Eurozone equities advanced strongly, supported by an increasing pace of vaccination and a strong corporate earnings season. Some countries were able to begin reducing restrictions as virus cases fell, and a rebound was seen in economic data, while inflation was kept in check. In the U.K., the equity markets performed well, though weakened in June as concerns around the rise in COVID-19 infections from the Delta variant took hold. In Asia, Japanese equities underperformed other developed markets, as the government delayed lifting the state of emergency, due to rising COVID infections. The Japanese economy was negatively affected by weak consumer spending and the semiconductor shortage. In emerging markets, the MSCI Emerging Markets Index rose 5% in U.S. dollar terms, driven by a very strong market in Brazil, where the vaccine rollout accelerated, and fiscal concerns eased. The Chinese market rose only modestly, as signs of moderating growth appeared and the government announced more regulations on technology and other industries.

Performance Commentary

The Buffalo International Fund (BUFIX) produced a return of 8.97% for the 2nd quarter, outperforming the MSCI All-Country World Ex USA Growth Index in USD, which posted a return of 5.48%, and also the more broad Morningstar Global Markets ex-US Index, which posted a return of 5.49%. Compared to the Morningstar Index, outperformance was due mostly to stock selection, as allocation did not appear to be a highly significant factor.

Average Annualized Performance (%)

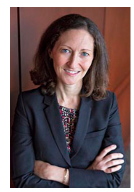
As of 6/30/21	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor Class - *BUFIX*	39.21	14.62	15.71	9.04	6.72
Institutional Class - *BUIIX*[1]	39.47	14.80	15.88	9.20	6.88
Morningstar Global Markets ex-US Index	36.67	9.56	11.22	5.95	3.62
MSCI All-Country World Ex USA Growth Index	34.06	13.60	13.75	7.65	-
Lipper International Fund Index	35.74	10.05	11.40	6.57	3.68

[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.

Fund Facts

	Investor	*Institutional*
Ticker:	BUFIX	BUIIX
Inception Date:	9/28/07	7/1/19
Expense Ratio:	1.05%	0.90%
Fund Assets:	$593.77 Million	
Category:	Foreign Large Growth	
Benchmark:	Morningstar Global Markets ex-U.S. Index	

Management Team



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↑ Top Contributors

Top contributors in the period included Ashtead Group Plc, Carl Zeiss AG, and Lonza Group AG. Ashtead, an equipment rental company headquartered in the U.K., generates the majority of its revenue in the U.S. The stock continued its upward trend, driven by the reopening in the U.S., as well as positive trends in U.S. construction. The long-term outlook is underpinned by a secular trend toward outsourcing among construction companies and the expansion of equipment rental into other areas. Carl Zeiss, a global manufacturer of ophthalmic diagnostics, therapeutics, and equipment, reported results in the quarter that showed a strong rebound in its core business. Carl Zeiss is especially benefiting from a strong position in South Korea and China, the largest refractory market in the world. Finally, Lonza, a contract manufacturer for the biopharmaceutical industry, saw its stock rise dramatically post the surprise approval of the first disease-modifying drug for Alzheimer's, which will bring increased demand for biologics manufacturing capacity, and suggests a more lenient FDA that could lead to more rapid approvals.

↓ Top Detractors

Top detractors in the quarter were Canadian National Railway, Munich Reinsurance, and Infineon Technologies AG. Canadian National Railway's stock price declined in the quarter after the company made a superior offer for Kansas City Southern Railroad (KSU), which caused a cancellation of its proposed merger with Canadian Pacific Railway. The stock has continued to underperform around merger-related issues and fear of increased regulation in the U.S. If the merger with KSU is successful, we believe it will present Canadian National with a number of opportunities for revenue growth above peers. Regardless of the outcome, however, we believe the long term story is attractive, as the company has continually strived and managed to drive efficiencies in its network. Munich Reinsurance, one of the main global reinsurers, saw weak performance of its stock price in the quarter due to concerns around COVID-related claims, and pricing trends have not been as favorable as hoped thus far this year. We expect the medium term to be more positive in terms of premium growth, however. Finally, Infineon AG, a semiconductor manufacturer, also saw its stock price decline, related to concerns over semiconductor shortages. The company's sales are being constrained short term by capacity limits and supply chain issues, but longer term sales growth is underpinned by exposure to megatrends such as the increase in production of electric vehicles, internet of things, energy efficiency, and renewables.

Outlook

The outlook for the 2nd half of the year seems to be one of continued volatility. The ebbs and flows of COVID-19 infection rates around the world continue to impact markets, and we expect it to continue for the foreseeable future. Without a vaccination campaign that is truly global, we expect that it will be impossible to rule out potential new variants. We keep in mind, however, that for now, the best vaccines have proven to be effective at preventing severe disease, and this is preventing the overburdening of healthcare systems even when cases rise. Although restrictions may continue, most countries are learning to live with COVID-19 and keep their economies functioning.

Inflation concerns are also causing volatility in markets. While most countries outside the United States are not seeing the same magnitude of signs of inflation, and for now the signs seem to only be temporary, the longer term trend remains a global concern for markets. Most companies seem confident of their ability to pass on price increases, though if inflation does take hold, this will not be the case for all.

Around the world the pace of recovery has varied widely and generally has been linked to vaccination rates. In Europe the recovery is certainly underway and most company management teams are confident about the road ahead. Like in the U.S., the robustness of household savings bodes well for future consumption. In Japan the outlook is looking brighter after a lag in vaccination and expected improvements in supply chain bottlenecks. In emerging markets the outlook will depend not only on vaccination rates but also on the inflationary environment and exposure to commodities.

Throughout the ensuing volatility, our strategy will continue to be investing in high quality companies that have sound business models and secular growth drivers that should lead to growth for years to come. The companies we seek will be attractively-priced, financially-stable, well-managed companies with innovative strategies. We remain steadfast and believe this discipline should lead to superior risk-adjusted returns over the long term.

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 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.

As of 3/31/21 the Buffalo International Fund top 10 equity holdings were ASML Holding 2.91%, Taiwan Semiconductor 2.80%, Sartorius Stedim Biotech 2.49%, Schneider Electric 2.49%, Linde 2.40%, Hexagon 2.34%, Eurofins Scientific 2.09%, Aon 2.02%, Merck 1.99%. 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 MSCI All Country World ex-USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 26 Emerging Markets (EM) countries. The Morningstar Global Markets ex-U.S. Index is designed to provide exposure to the top 97% of companies by market capitalization in each of two economic segments – developed markets (excluding the United States) and emerging markets. The MSCI All-Country World ex-USA Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 22 Developed Markets (DM) countries and 26 Emerging Markets (EM) countries The MSCI EAFE Index measures the equity market performance of developed markets outside of the U.S. & Canada; EAFE stands for Europe, Australasia and Far East. The MSCI Emerging Markets Index captures large and mid cap representation across 26 Emerging Markets (EM) countries. The Lipper International Fund Index measures the performance of the 30 largest mutual funds in the international equity fund objective, as determined by Lipper, Inc. One cannot invest directly in an index.

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in foreign securities which will involve greater volatility and political, economic, and currency risks, as well as differences in accounting methods. Investments in emerging markets involve greater risks. The Fund may invest in smaller companies which involve additional risks such as limited liquidity and greater volatility than larger companies.

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