

Capital Market Overview

Global equity markets sustained their momentum in the 3rd quarter with the MSCI ACWI Index returning 8.41%. Macro data continued to improve and companies broadly reported earnings that proved to be more resilient than expectations. While the world experienced another increase in COVID-19 cases during the quarter, positive news flow on vaccines and therapy fronts continued to provide hope for investors, and optimism for the possibility of a V-shaped recovery drove markets higher. Nearly all industry sectors rose during the period, with the exception of Energy, which was hurt by lingering weakness in oil demand. While the international stock market advance was not quite as robust as in the U.S. markets, the MSCI ACWI ex-US Index rose 6.25%, and the MSCI EAFE Index rose 4.80%. Meanwhile, emerging market indexes continued their strong rebound during the period with a return of 9.56%, as measured by the MSCI Emerging Markets Index.

Performance Commentary

The Buffalo International Fund (BUIX) produced a return of 10.50% for the quarter, outperforming the Morningstar Global Markets ex-US Index's return of 6.64%. Stock selection was the main driver of performance during the period. However, the sector allocation impact was also supportive due to an underweight to Energy and Financials, which were weaker performing benchmark sectors. The Fund's allocation to cash detracted from relative results during the markets' strong advance.

Average Annualized Performance (%)

As of 9/30/20	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor Class - BUIX	15.51	8.00	11.30	7.61	5.24
Institutional Class - BUIIX ¹	15.65	8.16	11.46	7.77	5.40
Morningstar Global Markets ex-U.S. Index	3.49	1.36	6.67	4.51	1.87
Lipper International Fund Index	5.28	1.67	6.23	5.09	1.93

¹For 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

Top contributors in the period included Taiwan Semiconductor Manufacturing Co., Sartorius Stedim Biotech SA, and Hexagon. Taiwan Semiconductor, the largest contract semiconductor manufacturer in the world, recovered faster than expected from the pandemic and forecasted better future sales from 5G smartphone demand. Sartorius Stedim, a manufacturer of equipment for the production of biologic drugs, continued to benefit from the growing demand for its products by the pharmaceutical industry, as well as some incremental demand for the increased production of vaccines. Hexagon, a technology and software provider in the fields of geosystems and metrology, continues to benefit from organic growth in its software business related to the increased digitalization of industry.

Fund Facts

	Investor	Institutional
Ticker:	BUIX	BUIIX
Inception Date:	9/28/07	7/1/19
Expense Ratio:	1.05%	0.90%
Fund Assets:	\$482.68 Million	
Category:	Foreign Large Growth	
Benchmark:	Morningstar Global Markets ex-U.S. Index	

Management Team



Nicole Kornitzer, CFA
Co-Manager since 2009
M.B.A. – INSEAD (Paris)
M.A. – Columbia University
B.A. – University of Pennsylvania

↓ Top Detractors

Partially offsetting the contributions from above included lagging results from **Fresenius AG**, **VINCI SA**, and **Hannover Rueck**. Fresenius, a healthcare holding company, has suffered from COVID-related effects this year, given that its hospital business has a portion of operations in Spain where the virus continued to weigh on the company's procedures. Vinci, a global player in concessions and construction, had a weakening stock price in the quarter after a run up in June around optimism that the airport concessions in Europe could see a revival with the opening of summer tourism. With the continuation of the COVID crisis, airports remain weak. However, the larger part of Vinci's business, related to motorways, has been trending back toward normal, and the pipeline of concessions, the cash generative business, and valuation remain attractive reasons to continue to own the stock for the longer term. Hannover Re, the 3rd largest global reinsurance company, reported disappointing earnings in August due to impacts from the virus, but the outlook for price increases into 2021 remains positive for this best-in-class reinsurer.

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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Outlook

As we experienced in September, the prospects of a quick and complete bounce back from the economic pain induced by the lockdowns is proving too optimistic. The pandemic continues to sweep its way across the world, flaring up here and there, and European countries have once again implemented various kinds of lockdown measures to control its spread, which is negatively effecting freedom of personal movement and business potential. We expect to see continued market volatility over the next few quarters, as we will likely be in a period of economic uncertainty where most companies have limited visibility into the near-term future of their businesses. We do not yet know exactly in what enduring ways this pandemic might weigh on global economies, nor how behaviors might change for the longer term. Social unrest has been on the rise, and the continued pandemic and ensuing economic stress could cause further turmoil. Given the damage to trade that the pandemic has caused, the rising tensions between the U.S. and China will also be a factor to monitor. Finally, medical advances or failures with respect to a treatment or a vaccine for COVID-19 will have an impact on the outlook for markets. All of these factors create uncertainty and may contribute to market choppiness.

As always, we believe volatility offers opportunity for those investors who take a longer-term view. We will seek out those companies who can survive during this exceptional time and grow throughout the economic cycle beyond. As usual, our focus remains steadfast on investing in attractively-priced, financially-stable, well-managed companies with innovative strategies fueled by secular growth attributes. We believe this discipline should lead to superior risk-adjusted returns over the long term. ▲

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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 6/30/20 the Buffalo International Fund top 10 equity holdings were Lonza Group 2.48%, Linde 2.26%, Schneider Electric 2.26%, Taiwan Semiconductor 2.20%, ASML Holding 2.16%, Aon 2.11%, Ashtead Group 2.10%, SAP SE 2.07%, Eurofins Scientific 2.00%, Tomra Systems 1.92%. 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 MSCI ACWI ex US 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 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 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 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.

