

International Fund

June 30, 2017



Average Annualized Performance

(As of 6/30/17) Expense Ratio: 1.06%	1 YR	3 YR	5 YR	Since Inception (9/28/07)
Buffalo International Fund	24.32%	5.53%	10.05%	4.01%
Russell Global ex-U.S. Index	20.49%	1.26%	7.82%	1.13%

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 www.buffalofunds.com.

CAPITAL MARKET OVERVIEW

Equity markets continued their positive momentum into the second quarter of 2017, thanks to an improving economic outlook around the globe and declining concerns about a trend toward protectionist policies. Growth sectors like technology and healthcare continued their outperformance in the quarter, and all sectors advanced with the exception of energy. Strong corporate earnings and positive comments from Central Banks in Europe and Japan showed that these economies continue to improve. Despite government efforts to curb risk in the financial sector, China's gross domestic product (GDP) growth was fueled by strong technology and transportation sector growth. Asian markets performed strongly in the quarter.

Overall, despite currency headwinds versus the U.S. Dollar, international markets continued to perform well relative to the U.S. market, with the Russell Global ex-U.S. Index advancing 5.91% versus the S&P 500 Index increased of 3.09% during the quarter.

PERFORMANCE COMMENTARY

The Buffalo International Fund produced a return of 8.52% for the quarter which outperformed the Russell Global ex-U.S. Index return of 5.91%. Outperformance in the period was mostly driven by stock selection, with a benefit also coming from sector allocation due to our limited exposure to the weak performing energy sector. The top contributors to the fund's performance in the quarter were **Kering SA**, a Paris-based luxury group with a brand portfolio that includes Gucci Group, Balenciaga, Bottega Veneta, Yves Saint Laurent, among others, and **Trivago N.V.**, an online travel search platform based in Germany with customers worldwide. At Kering, first quarter 2017 results exceeded all expectations thanks to the enormous success of the Gucci brand, which was revamped last year under a new designer, as well as overall better management and use of direct to consumer and online commerce across all the brands. Meanwhile Trivago reported better-than-expected first-quarter sales and earnings, thanks to an increase in travelers using Trivago's platform, as well as increased subscriptions for Trivago's Hotel Manager Pro Service.

Top detractors during the period included **Liberty Global PLC** and **Fanuc Corporation**. Liberty Global, an owner of broadband, distribution and content companies in Europe, slowed the growth of their new high speed bandwidth product in the United Kingdom, which investors took as a sign of weakening growth. We believe, however, the slow-down in capital spending related to building out fiber networks potentially increases Liberty's available cash flow and will allow the company an opportunity to buy back stock in significant quantities. In the case of Fanuc, the world's leading supplier of factory automation systems and robotics, investors have been concerned about rising costs and sluggish robot drill tool orders in China, but demand in China is expected to shift toward the company's higher margin advanced automation products.

PORTFOLIO MANAGEMENT TEAM



Bill Kornitzer, CFA

Co-Manager since Inception
M.B.A. – Drexel University
B.S. – Virginia Tech



Nicole Kornitzer, CFA

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

OUTLOOK

The outlook for global growth continues to be positive with more and more data appearing to support a sustained modest economic expansion for the near future, and the potential for the normalization of monetary policies. In fact momentum for economic growth is expected to pick up over the next quarter in both Europe and Japan. Elections in France went in favor of the pro-European and pro-reform candidate, Emmanuel Macron, and Germany's Merkel has regained favor among the electorate there, so prior concerns about political instability in Europe have abated and the future looks brighter. In Asia, we will continue to monitor the delicate rebalancing of the Chinese economy and the government's efforts to curb financial risks in the face of rising debt and slowing growth. Emerging market performance could be affected by potential rising yields in the developed world, yet some of these markets have demographics and rising consumption on their side, which bode well for long term GDP growth.

Our investment process is designed to favor a long-term secular growth perspective coupled within the context of our valuation and country specific macro analyses. While our process remains unchanged, we are taking incremental risks where it makes sense, while continuing to keep an eye towards the pursuit of hedging capital from potential downside risks. We continue to look for opportunities to buy or add to companies that are exposed to secular growth, improving balance sheets and sustainable business models that possess valuations that could provide appropriate prospective returns for our investors.

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 www.buffalofunds.com. Read it carefully before investing.

As of 3/31/17 the Buffalo International Fund's top ten equity holdings were: Fresenius SE & Co. KGaA 2.89%, SAP SE 2.86%, Taiwan Semiconductor Ltd. 2.61%, Broadcom Ltd. 2.35%, Kering 2.16%, Campari Group 2.11%, Interxion Holding N.V. 2.09%, Siemens AG 2.00%, Linde AG 1.97%, & Henkel AG & Co. KGaA 1.96%.

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 Russell Global ex-U.S. Index measures the performance of the global equity market based on all investable equity securities, excluding companies assigned to the United States. 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. You 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 and 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.

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