

Tickers: **BUFTX** | **BUITX**

## MORNINGSTAR RATING



Overall Morningstar Rating™ of BUFTX based on risk-adjusted returns among 520 Mid-Cap Growth funds as of 3/31/2024.

## FUND MANAGEMENT



**Dave Carlsen, CFA**  
*Manager since 2004*  
*31 Years Investment Experience*  
*B.B.A. - University Wisconsin*

## ABOUT US

The Buffalo Funds are a family of 10 actively-managed, no-load mutual funds, which provide a variety of long-term investment options for investors. We believe that patient investing, backed by solid, intelligent research, can be the best way to achieve long-term financial returns.

## CONTACT US

800.49.BUFFALO  
 buffalofunds.com

### 1 Would you please provide an update of how the Fund is participating in the Artificial Intelligence (AI) secular trend?

An important element of the AI secular trend is the data infrastructure buildout. In addition to the technology companies that are creating the essential components such as semiconductors, memory and networking systems, businesses in other sectors are seeking ways to apply AI using proprietary data. Companies that possess valuable data are well positioned to benefit as they leverage that data using AI. The portfolio owns several companies involved with information services and data services. One such example is Verisk Analytics, a data analytics provider with expertise in insurance. Verisk provides data and analytics to help customers assess risk. Insurance companies can use this data to evaluate creditworthiness of borrowers or even assess the risk of natural disasters on a property.

Another portfolio holding benefiting from the overall AI secular trend is Synopsys, a chip design software company. In January, Synopsys announced it would purchase Ansys, an engineering and simulation software company. As a result of the acquisition, Synopsys is poised to be a leader in silicon systems.

### 2 How does the Fund's growth profile compare to the Russell Midcap Growth Index?

We believe the Fund has an attractive growth profile compared to the Russell Midcap Growth Index. Over the next year, the Fund's revenue and earnings growth rates are projected to be 9.63% and 15.12%, respectively. These growth rates are 23% and 9% higher than the Russell Midcap Growth Index, respectively.

	Buffalo Discovery Fund	Russell Midcap Growth Index	Result
Revenue Growth % (1 Year Forward Estimates - median)	9.63	7.83	<b>23% Higher Growth Rate</b>
EPS Growth % (1 Year Forward Estimates - median)	15.12	13.85	<b>9% Higher Growth Rate</b>

Source: Factset and KCM as of 3/31/2024

### 3 Where are you finding new growth opportunities in the mid-cap company space?

We continue to seek high-quality, innovative companies with experienced management teams, competitive business advantages, ample free cash flow generation, and healthy operating margins. We also seek to own companies that stand to benefit from secular trends.

In the first quarter, we added several companies to the portfolio that we believe have reasonable valuations and are well positioned to capture growth potential. Two recent examples of portfolio additions include the following:

*Continued*

- ▶ KBR Inc. has two main business segments including government solutions and sustainable technology solutions. The company provides technology and engineering for a wide range of industries, such as aerospace, defense and intelligence.
- ▶ On Holding AG is a sports brand that designs and markets On running shoes and is expanding into the lifestyle footwear category. The company has developed several footwear innovations including their CloudTec cushioning system. While the company's sales come primarily from the Americas, the company is expanding geographically as well into Asia and Europe.

**PERFORMANCE (%) AS OF 3/31/2024**

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
<b>Investor Class - BUFTX</b>	<b>6.29</b>	<b>19.72</b>	<b>0.89</b>	<b>9.22</b>	<b>10.07</b>	<b>9.33</b>
<b>Institutional Class - BUITX<sup>1</sup></b>	<b>6.32</b>	<b>19.85</b>	<b>1.03</b>	<b>9.38</b>	<b>10.24</b>	<b>9.49</b>
Russell Midcap Growth Index	9.50	26.28	4.62	11.82	11.35	9.55
Morningstar Mid-Cap Growth Cat. Avg.	9.42	23.04	1.14	10.63	10.12	-
Percentile Rank in Morningstar Cat. – BUFTX		70	63	77	58	
# of Funds in Category		549	520	489	393	

Expense Ratio: Investor Class 1.01%, Institutional Class 0.86%

Ranking based on total return.

*Inception dates: BUFTX 4/16/2001, BUITX 7/1/2019. 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](http://buffalofunds.com). <sup>1</sup>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.*

*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 may be obtained by calling (800) 49-BUFFALO or visiting [buffalofunds.com](http://buffalofunds.com). Read them carefully before investing.*

**Mutual fund investing involves risk. Principal loss is possible. The Fund invests in small and mid-cap companies, which involve additional risks such as limited liquidity and greater volatility than large-cap companies. The Fund invests in foreign securities which involve greater volatility and political, economic, and currency risks as well as differences in accounting methods.**

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 3-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 3-, 5-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-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 3-year period actually has the greatest impact because it is included in all 3 rating periods. The Buffalo Discovery Fund (BUFTX) received 3 stars among 520 for the 3-year, 2 stars among 489 for the 5-year, and 3 stars among 393 Mid-Cap Growth funds for the 10-year period ending 3/31/2024 based on risk-adjusted returns. Morningstar rankings are based on a fund's average annual total return relative to all funds in the same Morningstar category. Fund performance used within the rankings, reflects certain fee waivers, without which, returns and Morningstar rankings would have been lower. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. © 2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.**

The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. One cannot invest directly in an index.

Revenue growth is the increase (or decrease) in a company's sales from one period to the next. EPS growth (earnings per share growth) illustrates the growth of earnings per share over time. Revenue Growth and EPS Growth are not measures of the fund's future performance. Free 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. Price-to-Earnings Ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

Holdings in the Fund as a percentage of net assets as of 12/31/2023: Verisk Analytics Inc. 1.63%, Synopsys Inc. 0.89%, KBR Inc. 0.00%, On Holding AG 0.00%. Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security. Holdings for the quarter are not disclosed until 60 days after quarter end.

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