

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

MORNINGSTAR RATING



Overall Morningstar Rating™ of BUFTX based on risk-adjusted returns among 520 Mid-Cap Growth funds as of 9/30/2023.

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 comment on the economy and how it is impacting your portfolio decisions?

The economy is still experiencing persistent inflation, and the Fed is considering another interest rate hike. As a result of Fed actions over the past year, rates have risen substantially as the 10-year Treasury touched 4.8%, its highest level since 2007. More recently, oil prices are rising due to Saudi Arabia and Russia cutting supply. Higher energy prices will have a trickle-down effect on the economy and act as a tax on consumption and add inflationary pressure.

In this restrictive environment, we are maintaining a diversified, high-quality approach to growth stock investing. We look for companies that are reasonably priced and that have the capability to self-fund growth, and, therefore, are not reliant on expensive bank debt to finance growth initiatives. In addition, we seek to own high-quality companies with experienced management teams and typically invest in companies with wide moats. We believe that our focus on high quality will position the Fund well under various economic backdrops.

2 Information Technology (IT) is the largest sector weight in the Fund, with 26% as of September 30, 2023. Would you please share an example of a portfolio company where you are finding opportunity in the sector?

We believe the IT sector holds many opportunities, including the secular growth themes of Artificial Intelligence (AI) and Cybersecurity. We believe these themes have the potential to drive long-term growth for several companies. For example, we own Synopsys, Inc., which provides electronic design automation software for chip design. The company is well positioned to benefit from the growing AI applications through their customized semiconductor chip design.

3 Would you please share a couple of examples of companies that you have added to the portfolio?

We recently added Halozyme Therapeutics, Inc. to the portfolio. Halozyme is a biopharmaceutical technology company that has developed a proprietary drug delivery platform using an enzyme that speeds up subcutaneous delivery of injected drugs and fluids. The company focuses on oncology and licenses its technology to other biopharmaceutical companies to collaboratively develop products.

Another recent portfolio addition is Pinterest, Inc., the visual search and inspiration tool used by more than 450 million consumers around the world. Pinterest users can create a personalized board and the platform includes shopping features enabling users to make an immediate purchase. Pinterest has one of the world's largest image-rich data sets and uses machine learning to categorize images and analyze trends. Pinterest also utilizes AI to enable its deep learning models to deliver highly personalized results, which is proven to result in higher purchase rates.

Continued

4 How do the Fund's growth rates compare to the Russell Midcap Growth Index?

In general, we seek faster growing companies that still meet our high-quality standards that include experienced management, strong balances sheets and consistent cash flow. As of September 30, 2023, the Fund's revenue and earnings growth rates were 19% and 6% faster than the Russell Midcap Growth Index, respectively.

	Buffalo Discovery Fund	Russell Midcap Growth Index	Result
Revenue Growth % (1 Year Forward Estimates - median)	9.85	8.27	19% Faster
EPS Growth % (1Year Forward Estimates - median)	13.90	13.07	6% Faster

Source: Factset and KCM as of 9/30/2023

PERFORMANCE (%) AS OF 9/30/2023

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Investor Class - BUFTX	8.19	14.78	1.08	5.08	9.01	8.58
Institutional Class - BUITX¹	8.34	14.95	1.23	5.25	9.18	8.74
Russell Midcap Growth Index	9.88	17.47	2.61	6.97	9.94	8.67
Morningstar Mid-Cap Growth Cat. Avg.	8.01	13.25	1.64	5.79	8.98	–
Percentile Rank in Morningstar Cat. – BUFTX		41	59	69	53	
# of Funds in Category		558	520	491	390	

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. 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.

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. 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, 3 stars among 491 for the 5-year, and 3 stars among 390 Mid-Cap Growth funds for the 10-year period ending 9/30/23 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. © 2023 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.

Holdings in the Fund as a percentage of net assets as of 6/30/2023: Synopsys, Inc. 1.64%, Halozyme Therapeutics, Inc. 0.00%, and Pinterest, Inc. 0.86%. 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.