

Capital Market Overview

Equity markets continued to move higher in the first quarter of the year as the S&P 500 Index gained 10.56% and closed at an all-time high. The stock market has been quite strong despite dramatic changes in expectations about the timing and size of interest rate cuts since the start of the year. Back in January the market was expecting an interest rate cut in March and perhaps six cuts in total for 2024. However, because of continuing economic strength and stickier inflation, that outlook has now shifted to a June or July rate cut start and maybe only two or three 0.25% cuts for the year. The yield of the 10-year U.S. Treasury note rose to 4.20% at quarter-end, an increase from 3.88% to start the year. The shift in interest rate expectations weighed on bonds during the period and the Bloomberg Aggregate Bond Index declined 0.80%.

Performance Commentary

Recapping broad-based index results, the Russell 3000 Index gained 10.02% during the period. Growth stocks outperformed value stocks as the Russell 3000 Growth Index advanced 11.23% compared to a gain of 8.62% for the Russell 3000 Value Index. Relative performance improved going up in market capitalization (size) during the quarter as large caps advanced more than small caps. Larger cap stocks produced a return of 10.30%, as measured by the Russell 1000 Index, compared to the smaller cap Russell 2000 Index return of 5.18%. The smaller market cap Russell Microcap Index followed with an advance of 4.68% in the quarter.

The Buffalo Dividend Focus Fund posted a return of 9.92% for the quarter, underperforming the Russell 1000 Index return of 10.30%. All sectors made a positive contribution to the fund's performance during the quarter, however portfolio results within Financials, Information Technology and cash drag detracted from relative performance when compared to the Russell 1000 Index.

Average Annualized Performance (%)

As of 3/31/24

	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor Class - BUFDX	27.31	11.41	14.36	12.27	13.24
Institutional Class - BUIDX ¹	27.47	11.56	14.53	12.43	13.41
Russell 1000 Index	29.87	10.45	14.76	12.68	14.31

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 Institutional Class shares. Data represented reflects past performance and is no guarantee of future results. 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

Specific securities that contributed to performance included **Meta Platforms (META)**, **Vistra Corp. (VST)**, and **Viper Energy (VNOM)**. Meta, the social technology company, advanced on strong earnings, the initiation of a dividend, and an announced \$50 billion stock buyback program. Vistra, a utility and power generation company, advanced as the company has become an AI beneficiary due to growth in data centers which will increase demand for electricity. Viper Energy, which owns energy and mineral interests, increased on decent quarterly results with dividend coming in ahead of expectations, potential for mineral rights dropdowns from Diamondback Energy (FANG), and rising energy prices.

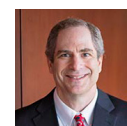
Fund Facts

	Investor	Institutional
Ticker:	BUFDX	BUIDX
Inception Date:	12/3/12	7/1/19
Expense Ratio:	0.95%	0.80%
Fund Assets:	\$164.56 Million	
Category:	Large Cap Blend	
Benchmark:	Russell 1000 Index	

Management Team



Paul Dlugosch, CFA
Co-Manager since 2013
B.S. – University of Iowa



Jeff Sitzmann, CFA
Co-Manager since 2018
M.B.A. – Univ. of Chicago
B.B.A. – Univ. of Toledo



Jeff Deardorff, CFA
Co-Manager since 2018
B.S. – Kansas State Univ.

Top 10 Holdings*

Microsoft Corporation	4.92%
Apple Inc.	4.20%
Meta Platforms Inc. Class A	3.31%
Viper Energy, Inc.	3.30%
Visa Inc. Class A	2.36%
S&P Global, Inc.	2.21%
UnitedHealth Group Inc.	2.07%
Burford Capital Limited	1.98%
Royal Caribbean Group	1.88%
Arthur J. Gallagher & Co.	1.83%
Top 10 Holdings Total	28.07%



↓ Top Detractors

Apple Inc. (AAPL), UnitedHealth Group Inc. (UNH), and Boeing Company (BA) were among the detractors from the fund's performance for the quarter. Apple, the consumer electronics company, declined because of demand and production uncertainty in China, and regulatory issues in the US and European Union. UnitedHealth Group, the healthcare insurer, fell on higher medical costs and news that the US Department of Justice initiated an anti-trust investigation. Meanwhile the aerospace manufacturer, Boeing, lost altitude on quality and production issues related to its commercial aircraft products.

Outlook

Despite the uncertainty created by the Federal Reserve, domestic politics, and geo-political tensions, we remain focused on wide moat, large capitalization companies trading at reasonable valuations, in our view. As always, the fund will continue to emphasize competitively advantaged companies that can be purchased at a fair value. As stock market volatility spikes, we will look for opportunities to find companies that fit our investment criteria, as we continue to follow our process of finding new investment ideas and to be ready when market declines provide better entry points. ▲

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.

Mutual Fund investing involves risk. Principal loss is possible. The Fund invests in U.S. based companies with substantial interests outside of the U.S. which may involve additional risk such as greater volatility and political, economic and/or currency risks. This risk is greater in emerging markets. The Fund may invest in convertible securities which may be influenced by changing interest rates and the credit standing of the company. The Fund invests in smaller companies, which involves additional risks such as limited liquidity and greater volatility than larger companies. Earnings growth is not representative of the Fund's future performance.

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 Nasdaq Composite Index is a market capitalization-weighted index of more than 3,700 stocks listed on the Nasdaq stock exchange. The Russell 3000 Index measures the performance of the 3,000 largest publicly held companies incorporated in the U.S. based on market capitalization. The Russell 3000 Value Index is based on the Russell 3000 Index, of companies with lower price-to-book ratios and lower expected growth rates which measures how U.S. stocks in the equity value segment perform. The Russell 3000 Growth Index is a market-capitalization weighted index that measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates. The Russell 1000 Index is a subset of the Russell 3000 Index and measures the performance of the 1,000 largest publicly-held companies incorporated in the U.S. based on market capitalization. The Russell 2000 Index is an unmanaged index that consists of the smallest 2,000 securities in the Russell 3000 Index, representing approximately 10% of the Russell 3000 total market capitalization. The Russell Midcap Index measures performance of the 800 smallest companies in the Russell 1000 Index. One cannot invest directly in an index. A drawdown is a peak-to-trough decline during a specific period for an investment, trading account, or fund. The Bloomberg US Aggregate Bond Index is a broad base, market capitalization weighted bond market index representing intermediate term investment grade bonds traded in the United States. The Russell Microcap Index measures the performance of the microcap segment of the U.S. equity market. The Magnificent Seven is a term used to describe the technology-oriented, highly influential companies of Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla.

*Top Ten Holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are as of 12/31/23. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any securities.

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