

Tickers: **BUFDX** | **BUIDX**

## MORNINGSTAR RATING



Overall Morningstar Rating™ of BUFDX based on risk-adjusted returns among 1,293 Large Blend funds as of 3/31/2024.

## FUND MANAGEMENT



### Paul Dlugosch, CFA

Co-Manager since 2013  
 26 Years Investment Experience

B.S. - University of Iowa



### Jeff Sitzmann, CFA

Co-Manager since 2018  
 36 Years Investment Experience

MBA - University of Chicago  
 B.B.A. - University of Toledo



### Jeff Deardorff, CFA

Co-Manager since 2018  
 26 Years Investment Experience

B.A. - Kansas State University

## 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 large-cap equity landscape and the Fund's performance in the first quarter of 2024?

In the first quarter, large-cap companies maintained their leadership performance, outperforming both mid- and small-cap companies. The Russell 1000 Index gained 10.3% compared to the Russell Midcap Index's rise of 8.6% and Russell 2000 Index's return of 5.2%. The mega-caps continued to dominate with Nvidia and Meta Platforms leading the way. The Buffalo Dividend Focus Fund's portfolio is more diversified and not concentrated in any one area of the market. The Fund emphasizes high-quality, larger companies with strong balance sheets and stable cash flow. Typically, our high-quality portfolio companies have a history of consistent and growing dividend streams.

For the quarter ended March 31, 2024, the Fund rose 9.92%, in line with the Morningstar Large Blend category average of 9.95%. When looking at longer periods, we are pleased that the Fund has outperformed the Morningstar category average over the 3-, 5- and 10-year periods ended March 31, 2024, and has done so with Morningstar's "Low" or "Below Average" Risk rating for the same periods. This favorable risk/reward combination enabled the Fund to receive Morningstar's Overall 5-Star Rating for its Institutional shares and Overall 4-Star Rating for its Investor shares as of March 31, 2024.

## 2 Would you please describe your investment process and your approach to investing in dividend paying companies?

We believe that investing in an actively managed, diversified portfolio of high-quality, dividend-paying companies can generate current income and can potentially produce superior growth of capital over time. As such, we

*Continued*

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

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
<b>Investor Class - BUFDX</b>	<b>9.92</b>	<b>27.31</b>	<b>11.41</b>	<b>14.36</b>	<b>12.27</b>	<b>13.24</b>
<b>Institutional Class - BUIDX<sup>1</sup></b>	<b>9.96</b>	<b>27.47</b>	<b>11.56</b>	<b>14.53</b>	<b>12.43</b>	<b>13.41</b>
Russell 1000 Index	10.30	29.87	10.45	14.76	12.68	14.31
Morningstar Large Blend Cat. Avg.	9.95	27.24	9.88	13.65	11.45	-
Percentile Rank in Morningstar Cat. - BUFDX		61	25	43	36	
# of Funds in Category		1,422	1,293	1,179	888	
Morningstar Risk Rating			Low	Below Avg.	Low	

Expense Ratio: Investor Class 0.95%, Institutional Class 0.80%

Morningstar Ranking is based on total returns.  
 Inception dates: BUFDX 12/3/2012, BUIDX 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. <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.

own companies that pay dividends, have a history of increasing dividend payments over time, and are trading at attractive valuations. The Fund targets well-capitalized, U.S.-based companies that possess a dividend yield preferably greater than 2%. For comparison purposes, the dividend yield on the S&P 500 Index is 1.4%. In constructing the portfolio, we seek to identify a competitive advantage “wide moat” in companies that have high returns on capital, solid balance sheets and ample free cash flow.

As of March 31, 2024, the Fund owned only four companies that didn’t pay dividends or interest among 97 holdings compared to five such companies at the end of 2023. We did have companies in the portfolio that initiated or reinstated dividends throughout the quarter. For example, Meta Platforms (formerly Facebook) initiated its first dividend of \$0.50 per share during the quarter and expects to continue to pay quarterly dividends to its shareholders. By initiating a dividend program, Meta aims to attract and retain investors who prioritize income generation and signals financial strength and stability for the company going forward.

**3** Would you please comment on the Fund’s long-term risk/reward profile?

Our research intensive, bottom-up investment approach results in a portfolio of high-quality, lower volatility companies with more predictable operating characteristics. We seek to own these companies for 5 to 10 years or more and capitalize on the power of compounding consistent and growing dividend streams. This patient investment approach has resulted in a significantly lower portfolio turnover and higher risk-adjusted returns, as measured by Sharpe Ratio, relative to the Morningstar Large Blend category average.

Sharpe Ratio	3 Yr	5 Yr	10 Yr
<b>Buffalo Dividend Focus Fund</b>	<b>0.62</b>	<b>0.76</b>	<b>0.80</b>
Morningstar Large Blend Category Avg.	0.46	0.67	0.69

  

Downside Capture	3 Yr	5 Yr	10 Yr
<b>Buffalo Dividend Focus Fund</b>	<b>77</b>	<b>85</b>	<b>88</b>
Morningstar Large Blend Category Avg.	98	99	101

Source: Morningstar as of 3/31/2024

We are also very focused on downside capture to diminish large and negative portfolio events in down markets. As such our downside capture ratio is lower than the Morningstar category average for the 3-, 5-, and 10-year time periods.

We believe that consistency of investment approach and continuity of portfolio management is key to long-term investment success. The Fund’s three co-portfolio managers have been working together at the Buffalo Funds since 2002 and collectively have over 88 years of industry experience.

*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 Dividend Focus Fund (BUFDX) received 5 stars among 1,293 for the 3-year, 4 stars among 1,179 for the 5-year, and 4 stars among 888 Large Blend funds for the 10-year period ending 3/31/2024 based on risk-adjusted returns. The Buffalo Dividend Focus Fund (BUIDX) received 5 stars among 1,293 for the 3-year, 4 stars among 1,179 for the 5-year, and 4 stars among 888 Large Blend funds for the 10-year period ending 3/31/2024 based on risk-adjusted returns. © 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.**

Morningstar Risk scores for a given time period (three, five, or 10 years) reflect the Fund’s Morningstar risk score plotted on a bell curve: Monthly calculations are based on whether the Fund scores in the top 10% of its category, its risk score is considered High; if it falls in the next 22.5% Above Average; a place in the middle 35% is Average; those lower still, in the next 22.5%, are Below Average and the bottom Low. Overall Morningstar risk score is a weighted average of the available three, five, and 10 year Morningstar risk scores. Investments with less than three years of performance history are not rated.

March 31, 2024

# BUFFALO DIVIDEND FOCUS FUND



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.

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. 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 Russell 1000 Index is an unmanaged capitalization-weighted index of approximately 1,000 of the largest companies in the U.S. equity markets. 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 is an unmanaged index that measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 26% of the total market capitalization of the Russell 1000 Index. One cannot invest directly in an index. Turnover ratio is a measure of the fund's trading activity computed by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by average monthly net assets. A turnover ratio of 100% or more does not necessarily suggest that all securities in the portfolio have been traded. In practical terms, the resulting percentage loosely represents the percentage of the portfolio's holdings that have changed over the past year. Benefits: A low turnover figure (20% to 30%) would indicate a buy-and-hold strategy. Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. Downside capture is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. An investment manager who has a downside capture less than 100 has outperformed the index during the down-market. For example, a manager with downside capture of 80 indicates the manager's portfolio declined only 80% as much as the index during the period in question. Dividend yield is a financial ratio that indicates how much a company pays out in dividends each year relative to its share price.

Diversification cannot assure a profit or protect against loss in a down market. Dividends are not a guaranteed and may fluctuate.

Holdings in the Fund as a percentage of net assets as of 12/31/2023: Nvidia 0.00%, Meta Platforms 3.29%. 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.