

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

MORNINGSTAR RATING



Overall Morningstar Rating™ of BUFDX based on risk-adjusted returns among 1,280 Large Blend funds as of 6/30/2023.

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
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1 Would you please comment on the large-cap equity landscape and the Fund's performance in the second quarter of 2023?

In the second quarter, the equity index returns were dominated by the performance of mega-cap technology companies. For example, even though the Russell 1000 Index is comprised of 1000 of the largest market capitalization stocks in the U.S., approximately 70% of the Index's return year-to-date is accounted for by only 7 stocks.

In contrast, 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 companies with strong balance sheets and stable cash flow. As a result, these high-quality companies have a history of consistent and growing dividend streams.

For the quarter ended June 30, 2023, the Fund rose 6.31%. We are pleased that the Fund has outperformed the Morningstar Large Blend category average over the past 3-, 5- and 10-year periods ended June 30, 2023, 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 4-Star Rating as of June 30, 2023.

2 The Financial sector has been an area of focus in the Fund. Where are you finding opportunity in this sector?

The Financial Services sector is currently one of the larger sector weightings in the portfolio. Within this sector, we continue to find opportunities in the larger money center banks. These banks receive deposits from larger domestic and international clients, rather than smaller retail depositors,

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PERFORMANCE (%) AS OF 6/30/2023

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Investor Class - BUFDX	10.20	15.17	14.10	11.21	12.06	12.31
Institutional Class - BUIDX¹	10.29	15.35	14.27	11.38	12.23	12.48
Russell 1000 Index	16.68	19.36	14.09	11.92	12.64	13.47
Morningstar Large Blend Funds Cat. Avg.	13.35	16.88	13.43	10.72	11.38	-
Percentile Rank in Morningstar Cat. - BUFDX		72	41	49	39	
# of Funds in Category		1,424	1,280	1,175	872	

Expense Ratio: Investor Class 0.93%, Institutional Class 0.78%

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. 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.

and as such they tend to have more diversified lines of business, more significant capital buffers and a more stable deposit base. In addition, money center banks have less exposure to commercial real estate than large regional banks, which is an area that has been under pressure due to uncertainty around the future of office properties as many workers in select areas around the country continue to work remotely.

For example, the Fund has owned Bank of America for several years. As one of the big four money center banks in the U.S., Bank of America has a strong balance sheet, with approximately \$1.9 trillion in diversified deposits. Bank of America also has a history of paying a consistent, growing dividend.

3 Why should an investor consider an allocation to the Fund?

We believe the Fund can serve as a complement to a diversified equity portfolio. The Fund's portfolio is comprised of companies with strong competitive moats and sustainable advantages, enabling them to continue growing earnings and generate ample free cash flow in a variety of economic conditions. As a research-intensive manager, we have strong conviction in our portfolio companies, resulting in lower turnover for the Fund (2%) compared to our peers in the Morningstar Large Blend Funds category (65%).

When constructing the portfolio, risk plays an important role. We are pleased that our high-conviction portfolio has delivered higher risk-adjusted returns, as measured by Sharpe Ratio, relative to the Morningstar Large Blend Funds category average over the 3-, 5-, and 10-year periods.

COMPELLING RISK-ADJUSTED RETURNS – SHARPE RATIO

	3 Yr	5 Yr	10 Yr
Buffalo Dividend Focus Fund	0.82	0.61	0.82
Morningstar Large Blend Funds Category Avg.	0.70	0.55	0.72

Source: Morningstar as of 6/30/2023

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 4 stars among 1,280 for the 3-year, 4 stars among 1,175 for the 5-year, and 4 stars among 872 Large Blend funds for the 10-year period ending 6/30/23 based on risk-adjusted returns. © 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.**

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.

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. Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. The Russell 1000 Index is an unmanaged capitalization-weighted index of approximately 1,000 of the largest companies in the U.S. equity markets. One cannot invest directly in an index.

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 3/31/2023: Bank of America Corp. 1.52%. 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.