

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

MORNINGSTAR RATING



Overall Morningstar Rating™ of BUFDX based on risk-adjusted returns among 1,286 Large Blend funds as of 9/30/2023.

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
 buffalofunds.com

1 Would you please comment on the Fund's performance in the third quarter and for longer periods relative to its Morningstar peers?

In a quarter characterized by stock market volatility, we are pleased the Fund's (BUIDX) -1.92% quarterly return surpassed the Morningstar Large Blend category's average return of -3.24%, an outperformance of over 130 basis points as of September 30, 2023. More importantly over longer time frames, the Fund has outperformed its peers for the 3-, 5- and 10-year periods ended September 30, 2023. As a result, the Fund's Institutional Share class (BUIDX) has earned **Morningstar's Overall 5-Star Rating** among 1,286 Large Blend funds as of September 30, 2023, based on risk-adjusted returns.

We believe the recent near-term performance and longer-term outperformance is primarily due to our emphasis on owning financially sound companies with competitive operating advantages, strong balance sheets and more predictable operating characteristics.

2 Given the economic uncertainty facing investors regarding an anticipated recession and higher rates for longer, how do you manage risk when constructing the portfolio?

We believe that a lower-risk approach is important to investors, regardless of the economic environment. Our investment approach emphasizes high-quality companies that have strong balance sheets, disciplined management, and ample cash flow. We favor companies that have a long history of increasing their dividend streams, and we have a patient, low-turnover approach.

Continued

PERFORMANCE (%) AS OF 9/30/2023

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Investor Class - BUFDX	8.03	17.35	10.97	9.15	11.38	11.80
Institutional Class - BUIDX¹	8.17	17.54	11.15	9.31	11.55	11.97
Russell 1000 Index	13.01	21.19	9.53	9.63	11.63	12.80
Morningstar Large Blend Funds Cat. Avg.	9.86	19.13	9.31	8.60	10.42	-
Percentile Rank in Morningstar Cat. - BUFDX		72	19	44	29	
# of Funds in Category		1,423	1,286	1,184	877	

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

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.

As a result, the Fund has an attractive risk profile relative to our peers in the Morningstar Large Blend Funds category. The Fund earned Morningstar's "Low" Risk Rating and has a lower downside capture relative to the category average for the 3-, 5- and 10-year periods ended September 30, 2023.

	3 Yr	5 Yr	10 Yr
Buffalo Dividend Focus Fund Downside Capture	78	86	88
Morningstar Large Blend Funds Category Avg. Downside Capture	97	100	101
Morningstar Risk Rating	Low	Low	Low

Source: Morningstar as of 9/30/2023

3 One of the Fund's larger sector weights is Financials, with an 18% allocation as of September 30, 2023. Where are you finding opportunities in the Financials sector in the current environment?

Within the Financials sector, we favor servicing companies and large banks. With credit card balances now exceeding over \$1 trillion, a new all-time high, the Fund has benefitted from the strong relative performance of owning high-quality servicing companies including Visa and Mastercard.

In addition, we continue to have conviction in the money center banks. In contrast to regional banks that have been subject to increased volatility in recent quarters with deposit instability and commercial real estate exposure, the large national banks have exhibited less volatility. Money center banks possess more diversified revenue streams including fee-based services such as loan servicing, investment banking and trading that provide more predictable operating results. As of quarter's end, the Fund's portfolio included Bank of America and JPMorgan Chase – the two largest banks in the U.S.

4 Given recent attention to GLP-1 drugs for weight loss, would you please comment on portfolio companies benefitting from this new finding?

GLP-1 drugs are a class of type-2 diabetes drugs that not only improve blood sugar control but can also lead to weight loss. As a result, the potential new benefits of GLP-1 drugs have amassed much attention in recent months. Accordingly, companies that manufacture GLP-1 drugs, including Eli Lilly & Co, a long-time Fund holding, have benefited from price appreciation.

It's too early to determine the long-term financial impact of GLP-1 drugs on the healthcare sector. Instead, we will continue to focus on owning high-quality healthcare companies that have disciplined management teams, strong balance sheets and ample cash flow. We believe companies that are paying a dividend and increasing their dividend streams over time, possess strong operating metrics and exhibit overall financial health.

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 1,286 for the 3-year, 4 stars among 1,184 for the 5-year, and 4 stars among 877 Large Blend funds for the 10-year period ending 9/30/23 based on risk-adjusted returns. The Buffalo Dividend Focus Fund (BUIDX) received 5 stars among 1,286 for the 3-year, 4 stars among 1,184 for the 5-year, and 4 stars among 877 Large Blend funds for the 10-year period ending 9/30/23 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.**

September 30, 2023

BUFFALO DIVIDEND FOCUS FUND



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.

A basis point is one hundredth of a percentage point (0.01%). 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. Turnover 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. Downside capture ratio 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. 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 6/30/2023: Eli Lilly & Co. 1.18%, Visa Inc. 2.44%, Mastercard Inc. 1.43%, Bank of America Corp. 1.42%, and JPMorgan Chase & Co. 1.67%. 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.