Buffalo Growth Fund

QUARTERLY COMMENTARY

March 31, 2025

Capital Market Review

It was a volatile quarter for capital markets as a flurry of headlines around potential policy changes from the Trump Administration fueled widespread uncertainty, weighing down sentiment and concerns about economic growth. The stock market, as measured by the S&P 500 Index, declined 4.27% and volatility spiked as investors reacted to aggressive policy rollouts. Policy shifts have limited the ability for corporations to make capital investment decisions and appear to be impacting consumer confidence, which has led to downward revisions of Wall Street analyst corporate earnings estimates for 2025.

The Federal Open Market Committee (FOMC) met in January and held interest rates steady. The market continues to anticipate one or two rate cuts in 2025. However, even though the Federal Reserve held the line on short-term rates, broad-based fixed income markets experienced gains for the quarter as the Bloomberg Aggregate Bond Index advanced 2.8%. The 10-year Treasury yield peaked at 4.79% in mid-January but declined 36 basis points from December 2024, ending the quarter at 4.21%.

Value equities outperformed growth stocks during the period. The Russell 3000 Growth Index declined 10.00% significantly underperforming the Russell 3000 Value Index return of +1.64%. The small cap Russell 2000 Index returned -9.48%, the Russell Midcap Index fell 7.12% while the large cap Russell 1000 Index produced a return of -4.49%.

Performance Commentary

The Buffalo Growth Fund declined 8.92% during the quarter versus a decline of 10.05% for the Russell 3000 Growth Index. Most sectors contributed to the relative outperformance for the fund with the most notable impacts from Consumer Discretionary and Industrials. The portfolio is underweight Tesla compared to the benchmark. The company had a tough quarter and was the primary reason for the relative outperformance in Consumer Discretionary. Meanwhile, Industrials benefitted more broadly from positive stock selection with Uber Technologies, CoStar Group and Verisk Analytics leading the way. A portfolio underweight to the defensive Consumer Staples group had a negative impact on relative results as it was one of the better performing sectors within the benchmark. All-in, the fund outperformed, as expected, in a volatile market with our emphasis on secular growth, high-quality businesses, robust financials, and attractive valuations leading to outperformance.

Average Annualized Performance (%)

As of 3/31/25	1 YR	3 YR	5 YR	10 YR	15 YR	Since Inception
Investor Class - *BUFGX*	3.77	7.27	15.80	11.41	12.45	10.58
Institutional Class - *BIIGX*[1]	3.84	7.38	15.95	11.57	12.61	10.74
Russell 3000 Growth Index	7.12	9.61	19.55	14.54	14.93	10.54

[1]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. 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.

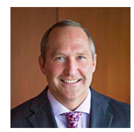
↑ Top Contributors

Uber Technologies was the largest contributor to performance in the quarter, with shares rising more than 20%. Uber runs a global platform that connects riders, drivers, and service providers for ride-hailing, food delivery, and freight, leveraging technology for seamless mobility. It benefits from secular trends toward more urbanization and digitalization, with its asset-light, two-sided marketplace model driven by network effects, data analytics, and flexible pricing. The stock declined in December 2024 on fears that autonomous vehicles (AVs) would intensify competition, potentially disrupting its

Fund Facts

	Investor	*Institutional*
Ticker:	BUFGX	BIIGX
Inception Date:	5/19/95	7/1/19
Expense Ratio:	0.87%	0.77%
Fund Assets:	$162.17 Million	
Category:	Large Cap Growth	
Benchmark:	Russell 3000 Growth Index	

Management Team



Dave Carlsen, CFA

Co-Manager since 2007
B.B.A. – Univ. of WI-Madison

Josh West, CFA

Co-Manager since 2020
M.B.A. – Univ. of MO-Columbia
B.S. – Univ. of MO-Columbia

Top 10 Holdings*

Microsoft Corporation	11.62%
Apple, Inc.	9.71%
NVIDIA Corporation	9.20%
Alphabet, Inc.	9.06%
Amazon.com, Inc.	8.76%
Meta Platforms, Inc.	5.08%
Visa, Inc.	2.56%
Mastercard Incorporated	2.46%
Booking Holdings, Inc.	2.45%
TransUnion	2.10%
Top 10 Holdings Total	**62.99%**

ride-hailing dominance. The company rebounded this period perhaps because investors recognized that AVs could expand Uber's total addressable market (TAM) rather than threaten it. Growth of vehicle and driver supply is one of the largest constraints on the business. Uber's partnerships, like with Waymo for robotaxi integration, position it as a key platform for AV deployment, leveraging its vast user base and network to capture new demand. Strong fourth quarter financial results boosted confidence in its financial resilience and growth trajectory. Additionally, Uber's $1.5 billion accelerated share repurchase announcement in January signaled management's belief in its undervaluation, further supporting the recovery.

Visa Inc. (V) was also a strong contributor in the quarter. Visa Inc. is a global payments technology company that processes electronic transactions across a vast network, generating revenue through fees and services without issuing cards or credit. Despite a strong U.S. dollar and global trade uncertainties, Visa's global network and diversified revenue streams provided growth and stability, contrasting with broader market volatility. It benefits from earning a percentage of transacted dollars, capitalizing on rising prices due to tariffs. Visa's global network and growing digital payment adoption support durable revenue growth, solidifying its position as a defensive, high-margin business with consistent demand.

Top Detractors

NVIDIA Corporation (NVDA) was the top detractor in the quarter. Shares of NVIDIA slid over 19% despite reporting sales and earnings ahead of street expectations and guided for greater than expected growth.

NVIDIA faces challenges from U.S. export controls and tariffs but has largely been capacity constrained and able to deliver upside to investor expectations. In early 2025, investor skepticism grew after reports of efficient AI models, such as those from Chinese startup DeepSeek, raised fears that demand for NVIDIA's high-cost GPUs might soften if cheaper alternatives gained traction.

We continue to believe the company has obtained a wide moat around the AI ecosystem and is very well positioned to capture the lion's share of AI infrastructure buildouts which continues to be one of the top global spending priorities for corporations.

Microsoft Corporation (MSFT), the fund's largest weighted position, was a top detractor, as shares fell nearly 11% in the period. Microsoft's pullback stemmed from uncertain global trade policy and continued scrutiny of high AI investment costs with uncertain near-term returns. The company has been investing heavily in the development of AI-powered solutions across its various business segments, such as using AI to enhance productivity and efficiency in its Azure cloud infrastructure, Search and Office software suite. We continue to like Microsoft for its wide moat and ability to monetize its loyal installed base with productivity enhancing AI solutions.

Outlook

The outlook for stocks in 2025 is clouded by a murky economic environment marked by persistent inflation, proposed tariffs, and uncertainty around fiscal austerity, which are dampening growth expectations and eroding business and consumer confidence. Near-term inflation expectations have surged, though longer-term forecasts are tempered by recession fears. Concerns about stagflation and recession are weighing on markets, with the administration's focus on short-term economic pain for long-term goals like fair trade and fiscal responsibility testing its resolve as global trade partners bristle and economic growth expectations grow more uncertain. This is likely to translate into reduced consumer and business spending and a cautious, diminished outlook for corporate performance through 2025, pressuring stock valuations.

Amid continued economic uncertainty and potentially slower growth in 2025, our investment strategy will prioritize high-quality companies with strong financials, wide competitive moats, and pricing power, capable of cutting costs to protect profits if conditions worsen. The focus will remain on businesses with resilient demand and experienced management team's adept at navigating multiple scenarios. As the upside potential begins to outweigh downside risks, we will look to purchase best-in-class businesses that have sold off in the recent market downturn. Thank you for your continued trust and support.

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:

Christopher Crawford
ccrawford@buffalofunds.com
(913) 647-2321

Scott Johnson
sjohnson@buffalofunds.com
(913) 754-1537

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.

Earnings growth is not representative of the Fund's future performance. Investing in both actively and passively managed mutual funds involves risks and principal loss is possible.

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 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 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 3000 Value Index is an unmanaged index with a market-capitalization weighted equity based on the Russell 3000 Index, which measures how U.S. stocks in the equity value segment perform. The Conference Board of Leading Economic Index provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term. 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 Microcap Index is an unmanaged capitalization weighted index of 2,000 small cap and micro cap companies. 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 3000 Value Index is an unmanaged index with a market-capitalization weighted equity based on the Russell 3000 Index, which measures how U.S. stocks in the equity value segment perform. 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. The Magnificent Seven is a term used to describe the technology oriented, highly influential companies of Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. It is not possible to invest directly in an index. A basis point is one hundredth of a percentage point (0.01%). A yield curve is a line that plots the yields, or interest rates, of bonds that have equal credit quality but different maturity dates. Price-Earnings (P/E) Ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings. EBITDA stands for earnings before interest, taxes, depreciation and amortization. EBITDA is one indicator of a company's financial performance and is used as a proxy for a company's current operating profitability.

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.

*Top Ten Holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are as of 12/31/24. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any securities.

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