

# Buffalo Growth & Income Fund

QUARTERLY  
COMMENTARY

March 31, 2025

## Capital Market Overview

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 tariff policies. Policy shifts are limiting the ability to make capital investment decisions for corporations 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 Barclays 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%.

In terms of sector leadership, Energy, Health Care, and Consumer Staples were the top performers for the quarter while Information Technology and Consumer Discretionary areas declined the most.

## Performance Commentary

The Buffalo Growth and Income Fund posted a return of -1.98% for the quarter. Despite the decline, that result outperformed the benchmark Russell 1000 Index. As mentioned above, value stocks outperformed growth stocks in the quarter, which benefited the fund when compared to the index. The fund's exposure to Consumer Discretionary, Financials, Health Care, Industrials, and Information Technology provided constructive performance while the fund's investments in Communication Services, Consumer Staples, Energy, Materials, Real Estate, and Utilities partially offset relative outperformance.

## Average Annualized Performance (%)

As of 3/31/25	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor Class - BUFDX	7.13	9.32	17.98	11.11	12.73
Institutional Class - BUIDX <sup>1</sup>	7.30	9.49	18.15	11.27	12.90
Russell 1000 Index	7.82	8.65	18.47	12.18	13.77

<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 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](http://buffalofunds.com).

## ↑ Top Contributors

Specific securities that contributed most positively to performance included **Arthur J. Gallagher (ALG)**, **Primo Brands (PRMB)**, and **Visa (V)**. A.J. Gallagher, an insurance brokerage company, gained after posting earnings that beat estimates, maintained its growth and margin outlook, and plans to continue its acquisition strategy. Primo Brands, a bottled and packaged water products company, gained on a positive growth outlook and an increase in expected synergies from its recently completed acquisition

## Fund Facts

	Investor	Institutional
Ticker:	BUFDX	BUIDX
Inception Date:	12/3/12	7/1/19
Expense Ratio:	0.94%	0.79%
Fund Assets:	\$163.56 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	4.74%
Meta Platforms, Inc.	4.70%
Apple, Inc.	4.70%
Viper Energy, Inc.	4.00%
Alphabet, Inc.	2.93%
Royal Caribbean Group (6.0%, 8/15/25)	2.81%
Visa, Inc.	2.47%
S&P Global, Inc.	2.14%
JPMorgan Chase & Co.	2.03%
Arthur J. Gallagher & Co.	1.98%
<b>Top 10 Holdings Total</b>	<b>32.50%</b>



of BlueTrition. Visa, which operates an electronic payments network, advanced after delivering earnings that beat estimates, raising earnings guidance, and continuing growth in digital payment adaptations.

## ↓ Top Detractors

**Apple Inc. (AAPL), Edison International (EIX), and Microsoft Corp. (MSFT)** were the largest offsets to the fund's performance results. Apple declined on weaker iPhone sales (particularly in China), delayed AI features for Siri, and legal and regulatory challenges (anti-trust issues in the U.S. and Europe). Shares of the integrated electric power producer Edison International, dropped on uncertainty surrounding the company's liability for recent wildfires in California. Microsoft declined on slowing Azure cloud computing growth, an increase in data center investment, and Deepseek's claim of cost-effective AI.

## Outlook

Despite the uncertainty created by the new administration's policies on tariffs and taxes, the ongoing and increasing geo-political tensions, and the Federal Reserve's actions on interest rates, 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 invest in companies that fit our investment criteria, as we continue 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:

**Christopher Crawford**  
[ccrawford@buffalofunds.com](mailto:ccrawford@buffalofunds.com)  
(913) 647-2321

**Scott Johnson**  
[sjohnson@buffalofunds.com](mailto: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](http://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.**

Effective 7/29/24, the Buffalo Dividend Focus Fund is the Buffalo Growth & Income Fund.

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. A yield curve is a line that plots the yields, or interest rates, of bonds that have equal credit quality but different maturity dates.

\*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.

