

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

MORNINGSTAR RATING



Overall Morningstar Rating™ of BUFDX based on risk-adjusted returns among 1,292 Large Blend funds as of 9/30/2024.

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 equity markets and the Fund's performance in the third quarter of 2024?

In the third quarter, the stock market performance was vastly different from the first two quarters of the year when the Magnificent Seven dominated with outsized stock price increases. However, many of those growth-oriented large-cap companies experienced volatility during the third quarter. During the quarter there was a rotation from technology and other growth sectors into more defensive value sectors, such as utilities, real estate, and industrials. In fact, large-cap value companies represented by the Russell 1000 Value Index outperformed their growth counterparts as represented by the Russell 1000 Growth Index with returns of 9.43% and 3.19%, respectively, for the three months ended September 30, 2024.

During the third quarter, the Fund returned 7.14%, outperforming both its benchmark, the Russell 1000 Index, and the Morningstar Large Blend Category average, which returned 6.08% and 5.94%, respectively.

2 Would you please provide an update on dividend-paying companies in the Fund's portfolio?

The Fund features a total return investment strategy in which dividends play an important role. We believe that dividend-paying companies generally have disciplined management teams, are structurally sound, and are better able to withstand economic downturns with reduced volatility. The Fund's portfolio favors large-cap companies that are currently paying a dividend and have a history of increasing their dividend over time.

As of September 30, 2024, approximately 98% of the Fund's holdings pay dividends or interest, compared to approximately 75% dividend-paying

Continued

PERFORMANCE (%) AS OF 9/30/2024

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Investor Class - BUFDX	17.61	30.71	11.23	14.42	11.98	13.29
Institutional Class - BUIDX¹	17.77	30.88	11.39	14.59	12.14	13.46
Russell 1000 Index	21.18	35.68	10.83	15.64	13.10	14.58
Morningstar Large Blend Cat. Avg.	19.35	32.84	10.14	14.30	11.83	-
Morningstar Risk Rating			Low	Below Avg.	Low	

Expense Ratio: Investor Class 0.94%, Institutional Class 0.79%

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. 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.

companies in the Russell 1000 Index. Several Fund holdings increased dividend amounts, including the following examples:

- ▶ Microsoft, the software company known for its Office and Windows systems, has steadily increased its dividend over 10+ years and recently increased its quarterly dividend by 10%. The company also announced a \$60 billion share buyback.
- ▶ Cintas, which provides uniform rental and equipment services, has consistently raised its dividend each year since 1983, and recently announced a 15.6% increase to its quarterly dividend.
- ▶ Royal Caribbean, the cruise line company, resumed a quarterly dividend payment in July after discontinuing dividends in 2020 during the Covid-19 pandemic.

3 In terms of sectors, what is an area where the Fund is pursuing opportunities?

We believe that the Utilities sector currently provides compelling opportunities for the Fund. Certain utility companies in the state of California are recovering from liabilities related to wildfires in the state. Two portfolio examples are Edison International and PG&E Corp. Following wildfire restoration efforts and mitigation plans, such as installing underground powerlines and public safety power shutoffs, these companies have emerged stronger. Both companies reported increased earnings per share year-over-year in the second quarter.

In addition, given the growth of data centers to support artificial intelligence and machine learning, there is the potential for a rapid increase for the demand of energy. We believe that certain utilities will be benefactors of this surging demand, providing a long runway for healthy utility companies.

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.

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

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 Growth & Income Fund (BUFDX) received 4 stars among 1,292 for the 3-year, 3 stars among 1,189 for the 5-year, and 3 stars among 895 Large Blend funds for the 10-year period ending 9/30/2024 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 10%. 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.

The Magnificent Seven is a term used to describe the technology oriented, highly influential companies of Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. The Russell 1000 Growth Index is an unmanaged index that measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe. 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. Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

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 6/30/2024: Microsoft 5.11%, Cintas 1.20%, Royal Caribbean 1.98%, Edison International 1.35%, and PG&E Corp. 0.88%. 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 adviser to the Buffalo Funds, which are distributed by Quasar Distributors, LLC.