

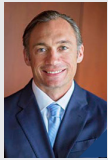
Tickers: **BUFHX** | **BUIHX**

MORNINGSTAR RATING



Overall Morningstar Rating™ of BUFHX based on risk-adjusted returns among 598 High Yield Bond funds as of 9/30/2024.

FUND MANAGEMENT



Paul Dlugosch, CFA
 Co-Manager since 2007
 26 Years Investment Experience
 B.S. - University of Iowa



Jeff Sitzmann, CFA
 Co-Manager since 2007
 36 Years Investment Experience
 MBA - University of Chicago
 B.B.A. - University of Toledo



Jeff Deardorff, CFA
 Co-Manager since 2015
 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 discuss the Fund's performance in 3Q24 and over longer periods?

In the third quarter, the Fund underperformed the Morningstar High Yield Bond category average with a return of 3.25% vs 4.41% for the category. The underperformance for the quarter was in large part due to the outperformance and higher yields on CCC-rated bonds, which we don't typically invest in.

We consider CCC bonds to be more speculative, with a higher degree of credit and default risk. In addition, they are more sensitive to economic downturns and are often less liquid.

However, for the year-to-date period as of September 30, 2024, we are pleased the Fund's 7.71% return outperformed the Morningstar category's average return of 7.36%. The Fund has also outperformed our Morningstar category peers over multiple longer-term periods. In fact, the Fund is the **only fund** (out of 425 funds in the category) that has **Morningstar's Overall 5-Star Rating; top 10% or better performance** for the 3-, 5-, and 10-year periods; and **Morningstar's "Low" or "Below Average" Risk Rating** over the 3-, 5-, and 10-year periods as of September 30, 2024.

2 How has new high yield bond issuance been in the marketplace?

In the third quarter of 2024, the U.S. high yield bond market experienced a significant uptick in issuance. This increase was driven by several factors, including favorable market conditions and strategic refinancing activities. The total issuance for high yield bonds in the U.S. reached approximately \$1.34 trillion by August 2024, marking a 31.3% year-over-year increase.

Continued

PERFORMANCE (%) AS OF 9/30/2024

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Investor Class - BUFHX	7.71	12.86	4.51	6.16	5.22	6.81
Institutional Class - BUIHX¹	7.84	13.04	4.66	6.30	5.37	6.97
ICE BofA U.S. High Yield Index	8.08	15.74	3.14	4.58	4.97	6.74
Morningstar High Yield Bond Cat. Avg.	7.36	14.05	2.87	4.17	4.17	-
Percentile Rank in Morningstar Cat. - BUFHX	81	7	5	9		
# of Funds in Category		654	598	563	425	
Morningstar Risk Rating			Low	Below Avg.	Below Avg.	

Expense Ratio: Investor Class 1.03%, Institutional Class 0.87%

Inception dates: BUFHX 5/19/1995, BUIHX 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.

The Federal Reserve's decision to lower the target federal funds rate by 50 basis points to 4.75%-5.00% in September played a crucial role in this surge. This rate cut made borrowing more attractive for companies, leading to a higher volume of high yield bond issuances.

3 How does the Fund's credit quality breakdown compare to its peers?

We believe the Fund's longer-term outperformance stems in part from our focus on single-B issuers and higher-quality non-investment grade bank loans. We also attribute our outperformance over time to our credit intensive investment process that focuses on experienced management teams, consistent positive cash flow and disciplined balance sheet management.

CREDIT QUALITY BREAKDOWN

Grades	Fund %	High Yield Bond Cat. %
AAA	0.00	2.74
AA	0.00	1.70
A	0.00	0.91
BBB	0.75	5.62
BB	13.15	31.37
B	75.25	33.40
Below B	8.61	21.98
Not Rated	2.24	2.28

Source: Fund and Morningstar as of 9/30/2024. Credit Quality Data is based on the long position of the holdings.

4 Would you please highlight a sector that you are focused on given the current economic backdrop?

We think lower interest rates will benefit the mortgage lending industry and we own the debt of two companies (Freedom Mortgage and Provident Funding) which should benefit from this trend. Over the past couple of years, mortgage interest rates have been significantly higher than at any point in the preceding decade. This has resulted in significantly fewer mortgages for home purchases due to reduced affordability and minimal refinance activity. Additionally, the supply of new homes available for sale is limited due to a large number of homeowners who locked in low interest rates during the COVID pandemic and don't want to sell their home and enter into a new mortgage at a much higher rate. Institutional investors have also been buying single family homes and turning them into rental homes thereby reducing potential home sale opportunities. To the extent interest rates continue to decline over the next year, we expect to see an increase in both new home purchases (better affordability) as well as mortgage refinancing (as recent homebuyers look to refinance at lower rates), which should benefit both Freedom and Provident.

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. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in foreign securities include additional risk such as greater volatility, and political, economic, and currency risks, as well as difference 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 High Yield Fund (BUFHX) received 5 stars among 598 for the 3-year, 5 stars among 563 for the 5-year, and 5 stars among 425 High Yield Bond 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 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.

Morningstar rankings are based on a fund's average annual total return relative to all funds in the same Morningstar category. Fund performance used within the rankings, reflects certain fee waivers, without which, returns and Morningstar rankings would have been lower. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100.

September 30, 2024

BUFFALO HIGH YIELD FUND



The ICE BofA U.S. High Yield Index is an unmanaged index that tracks the performance of U.S. dollar denominated, below investment-grade rated corporate debt publicly issued in the U.S. domestic market. One cannot invest directly in an index.

A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO), such as Moody's or Standard & Poor's. The firm evaluates the credit worthiness of an issuer with respect to debt obligations, including specific securities, money market instruments, or other bonds. Ratings are measured on a scale that generally ranges from Aaa (highest grade) to C (lowest grade); ratings are subject to change without notice.

A basis point is one hundredth of a percentage point (0.01%). Duration is a measure of the sensitivity of the price of a fixed income investment to a change in interest rates.

Holdings in the Fund as a percentage of net assets as of 6/30/2024: Provident Funding 0.00% and Freedom Mortgage 0.84%. 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.