

## Capital Market Overview

Markets outside of the United States rose in the quarter and the MSCI ACWI ex-USA Index climbed 5.05%, driven mainly by strong outperformance in Europe. Sizable investment inflows into the Eurozone coupled with a strengthening Euro in the quarter aided international market returns and was a reversal from sustained strong inflows into U.S. markets and a strengthening U.S. dollar.

European markets were particularly strong during the period. The STXE 600 Index, a broad European Index that includes the United Kingdom, advanced 9.9% and was led by Spain and Germany, the strongest performing markets in Europe.

In Asia, Hong Kong's Hang Sang Index was one of the strongest performing market indexes in the quarter, advancing 15%. Korea's market also rose, gaining 3.3%. The Japanese stock market, however, underperformed as the Nikkei Index declined -6.4%. Among emerging market countries, the Brazilian market was one of the strongest performing markets, recovering a part of what it had lost in the prior quarter, while the Indian market was flat.

## Performance Commentary

The Buffalo International Fund posted a return of 5.10% for the quarter, narrowly outperforming the FTSE All-World ex-US Index return of 5.05%. The Buffalo International Fund's outperformance was mostly due to stock selection. The fund's country allocations benefitted results due to an overweight position in Europe, but was offset by the sector allocation impact due to an underweight in financials, a strong-performing sector within the benchmark.

## Average Annualized Performance (%)

As of 3/31/25	1 YR	3 YR	5 YR	10 YR	Since Inception
<b>Investor Class - BUFIX</b>	-2.19	2.67	10.87	7.16	5.32
<b>Institutional Class - BUIIX<sup>1</sup></b>	-2.01	2.83	11.05	7.32	5.48
<b>FTSE All-World ex US Index</b>	6.65	4.98	11.67	5.62	3.40

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

## ↑ Top Contributors

Top contributors in the period included **Thales**, **BayCurrent**, and **Munich Reinsurance**.

Thales, a French aerospace and defense company, reported better-than-expected results for the fourth quarter and full year due to the front-loading of some defense orders. The stock's positive momentum also benefited from the European Commission's announcement of a plan to "Rearm Europe" that seeks to mobilize investment of up to 800 billion euros over the next four years to boost Europe's military readiness. Thales has more than three and a half years of backlog in its Defense and Security business and this segment is well-positioned to provide critical technologies like missile systems and radar. Next, BayCurrent, a Japanese strategy and IT consulting company, outperformed due to strong earnings growth and robust operational improvement since last year. In the prior quarter, management addressed short-term concerns on margins and long-term concerns about growth. Positive digitalization trends in Japan, and no direct exposure to AI or tariffs, also helped the stock as the company earns all of its revenue in Japan. Finally, Munich Reinsurance, one of the largest global reinsurers, reported results that beat consensus expectations, driven by strong property and casualty (P&C) results, and a dividend announcement that was higher-than-expected. Pricing pressure in the January renewals was milder than expected and estimated losses from the California wildfires were not any worse than feared.

## Fund Facts

	Investor	Institutional
<b>Ticker:</b>	BUFIX	BUIIX
<b>Inception Date:</b>	9/28/07	7/1/19
<b>Expense Ratio:</b>	1.05%	0.90%
<b>Fund Assets:</b>	\$877.51 Million	
<b>Category:</b>	Foreign Large Growth	
<b>Benchmark:</b>	FTSE All World Ex-US Index	

## Management Team



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## Top 10 Holdings\*

Taiwan Semiconductor Manufacturing Co., Ltd.	3.37%
Schneider Electric SE	2.60%
SAP SE	2.42%
BayCurrent Consulting, Inc.	2.35%
MercadoLibre, Inc.	2.33%
GFL Environmental, Inc.	2.26%
Lonza Group AG	2.18%
Adyen NV	2.12%
Linde PLC	1.95%
Kerry Group PLC	1.94%
<b>Top 10 Holdings Total</b>	<b>23.53%</b>



## ↓ Top Detractors

Top detractors in the quarter were **Taiwan Semiconductor Manufacturing (TSMC)**, **Disco Corporation**, and **Novo Nordisk**. First, TSMC underperformed despite reporting strong revenue growth. Investor sentiment malaise was due to broader industry concerns and emerging competitive pressures. TSMC experienced significant volatility, driven by pessimism surrounding technology stocks amid U.S. tariff tensions and fears of increased costs for AI data centers. Additionally, the emergence of DeepSeek's cost-efficient AI model raised concerns about reduced demand for high-end chips. Likewise, shares of Disco Corporation also declined in the quarter from concerns around future AI-related demand. The company also posted slower-than-expected growth as the semiconductor industry faced bottlenecks in advanced packaging and weakness in automotive end-demand for their silicon carbide products. These factors collectively dampened investor sentiment for both companies, TSMC and Disco, outweighing their operational successes. While we monitor the progression of AI and the competitive backdrop, we continue to value TSMC's dominant position as a supplier of advanced AI semiconductors and Disco's position as near-monopoly supplier of cutting and polishing equipment for manufacturing advanced nodes. Lastly, Novo Nordisk, the global pharmaceutical company with diabetes and weight-loss drugs, also lagged. Tariff apprehension, flat prescription data in the United States, and significant competition from Eli Lilly were among the multiple issues weighing on the share price. We believe that the stock is undervalued relative to its potential, though it is clear these matters will continue to weigh on sentiment over the near term. We will look for prescription data to inflect, as well as positive data at an upcoming diabetes conference.

## 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:

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## Outlook

After a strong start to the first quarter of the year, our outlook for global markets is one of moderate caution. Although new tariffs were enacted in the United States, it is not yet clear what the global impact will be. We believe that a good number of our holdings are insulated from a direct tariff impact, but the indirect impacts are more difficult to predict. Pessimism about the global economy is rising and confidence is declining. We believe that this period of uncertainty alone could weigh on economic growth, though to what extent depends on the actions that follow.

Despite a potential economic slowdown, we continue to be positive about the longer-term progression of several secular trends, such as the transition toward digitization, the use of artificial intelligence, and an increasing need for security. We are also positive about the recent emphasis on increased defense spending in the European Union, as well as Germany's decision to spend on infrastructure. The country's reform of the debt brake is a departure from more than a decade of restrained spending. The sense of crisis across the European Union in the face of current geopolitical and economic pressures could be the impetus needed to make other reforms that could be positive for longer term growth.

As usual we continue our strategy of investing for the longer term, seeking companies that benefit from secular growth trends with sound business models and competitive advantages. We prefer companies that generate consistent and strong free cash flow with good returns on their invested capital and attempt to identify management teams that are focused on creating shareholder value. ▀

*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.*

**Earnings growth is not representative of the Fund's future performance. Mutual fund investing involves risk. Principal loss is possible. The Fund invests in foreign securities which will involve greater volatility and political, economic, and currency risks, as well as differences in accounting methods. Investments in emerging markets involve greater risks. The Fund may invest in smaller companies which involve additional risks such as limited liquidity and greater volatility than larger companies.**

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 MSCI ACWI ex-USA Index is a free float-adjusted market capitalization weighted index designed to measure the combined equity market performance of developed and emerging markets countries. The Index includes large- and mid-capitalization companies and may change over time. The Financial Times Stock Exchange (FTSE) All-World ex US Index is a market-capitalization weighted index representing the performance of around 2200 large cap and mid cap companies in 46 developed and emerging markets worldwide, excluding the US. The STOXX Europe 600 index measures the performance of large mid and small-cap companies across 17 countries in Europe. The FTSE 100 Index is an index of the largest 100 companies listed on the London Stock Exchange by market capitalization. The FTSE 250 Index is a market capitalization-weighted index consisting of the 101st to the 350th largest companies listed on the London Stock Exchange, mostly covering the mid cap sector between large and small companies. The Nikkei Index is a price-weighted index comprised of the top 225 blue chip companies traded on the Tokyo Stock Exchange. Hang Seng Index is a market capitalization index that reflects the market performance of the Hong Kong stock exchange. The DAX measures the performance of the Prime Standard's 30 largest German companies in terms of order book volume and market capitalization. The Korea Composite Stock Price Index (KOSPI) is an index of all companies traded on the Korea Stock Exchange. The Brazilian Ibovespa is a market capitalization weighted index of about 86 of the largest stocks traded on the B3 (Brazil Bolsa Balcão Exchange), accounting for the majority of trading and market capitalization in the Brazilian stock market. The Australian S&P/ASX 200 index is a market-capitalization weighted and float-adjusted stock market index of stocks listed on the Australian Securities Exchange. The index is maintained by Standard & Poor's and is considered the benchmark for Australian equity performance. The China Shenzhen SE (CSI 300) Index is a market cap weighted stock market index designed to map the performance of the 300 most liquid A shares traded in the Shanghai and Shenzhen stock exchanges. The BSE SENSEX is a basket of 30 large, liquid and representative stocks traded in India. Companies are selected based on listed history, trading frequency, final rank, market capitalization weightage, industry representation and track record. The CAC 40 index is the main benchmark for Euronext Paris and contains 40 stocks selected among the top 100 in market capitalization. The Nifty 50 Index holds a concentrated portfolio of 50 blue-chip companies trading on India's National Stock Exchange which covers approximately 66% of the Indian companies by market capitalization. One cannot invest directly in an index. 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. A basis point is one hundredth of a percentage point (0.01%). Revenue growth is the increase or decrease in revenue from one period to the next. Earnings before interest and taxes (EBIT) measures a company's net income before income tax and interest expenses are deducted. 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. EPS growth measures the rate at which a company's earnings per share (EPS) is increasing or decreasing.

\*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.

