

Tickers: **BUFIX** | **BUIIX**

## MORNINGSTAR RATING



Overall Morningstar Rating™ of BUIIX based on risk-adjusted returns among 407 Foreign Large Growth funds as of 6/30/2023.

## FUND MANAGEMENT



### Nicole Kornitzer, CFA

Manager since 2009  
 23 Years Investment Experience

MBA - INSEAD  
 M.A. - Columbia University  
 B.A. - Univ. of Pennsylvania



### Pat Srinivas

International Equity Research Analyst  
 17 Years Investment Experience

MBA - Univ. of Chicago  
 M.S. - Univ. of Texas-Dallas  
 B.S. - Karnatak Univ. (India)

## 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 Fund's performance in the second quarter of 2023 as well as longer term periods?

The Fund rose 3.11% for the quarter ended June 30, 2023, outperforming the Morningstar Foreign Large Growth Funds category's average 2.54% return. We believe the Fund's relative outperformance is primarily due to our approach of investing in high-quality companies that are beneficiaries of secular global growth trends, are less subject to cyclical volatility, and have attractive valuations. This consistent investment approach has also led to outperformance over longer time periods with less volatility.

In fact, the Fund is the only fund out of 238 funds in the Morningstar Foreign Large Growth Funds category that has **top decile (10% or better) performance** for each of the **1-, 3-, 5- and 10-year periods**, with Morningstar's **"Average", "Below Average" or "Low" Risk Rating** as of June 30, 2023.

## 2 One of the secular global growth trends that you follow is Digitalization. Would you please provide some examples of portfolio companies benefiting from this trend?

The Fund owns a position in Nintendo, which has benefited from the company's recent expansion of two popular franchises. The company released the successful Super Mario Brothers movie and a new Zelda game, with plans for a Zelda movie as well. Adding movies and other content vehicles beyond video games has allowed the company to monetize its intellectual property in multiple channels. At the same time, Nintendo's core gaming business model is well positioned for growth. The company can roll out new content and upgrades using software downloads, reducing the need for replacement

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## PERFORMANCE (%) AS OF 6/30/2023

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
<b>Investor Class - BUIIX</b>	<b>16.01</b>	<b>23.40</b>	<b>10.25</b>	<b>7.71</b>	<b>8.31</b>	<b>5.59</b>
<b>Institutional Class - BUIIX<sup>1</sup></b>	<b>16.06</b>	<b>23.57</b>	<b>10.41</b>	<b>7.87</b>	<b>8.47</b>	<b>5.75</b>
FTSE All-World ex US Index	9.50	13.14	7.98	4.21	5.43	2.68
Morningstar Foreign Large Growth Cat. Avg.	12.39	15.91	4.32	4.54	6.20	-
<b>Percentile Rank in Morningstar Cat. - BUIIX</b>	<b>6</b>	<b>2</b>	<b>10</b>	<b>10</b>		
# of Funds in Category		447	407	351	238	
Expense Ratio: Investor Class 1.03%, Institutional Class 0.88%						

*Inception dates: BUIIX 9/28/2007, BUIIX 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. <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.*

hardware such as gaming consoles. This primarily digital environment enables the company's margins to improve, with less cyclical volatility, which we see as supportive for growth over time.

Another company that has been a strong performer is Disco Corporation. Disco is a market leader in cutting, grinding and polishing wafers used in semiconductors. As semiconductors are packed closely together to increase computing power, very precise cutting techniques and tools are needed. Disco makes state-of-the-art cutting machines and enjoys a majority market share in this specialized area. We believe the company has a long tailwind for future growth.

### 3 Would you please share an example of a country where you are finding growth opportunities?

We find compelling opportunities in many countries, but Japan has been an interesting growth story in the second quarter. Japan has a strong multi-year positive nominal GDP outlook for the first time in 30 years, due to a modest positive inflationary environment post the deflationary period that plagued the economy. The country has benefited from structural reforms that have slowly transformed its economy for the better, and it has low interest rates compared to many other developed countries. Among Japanese companies, there has been a movement toward better corporate management and free cash flow generation, which have served to improve profitability for shareholders.

*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](http://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.**

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 International Fund (BUIF) received 5 stars among 407 for the 3-year, 5 stars among 351 for the 5-year, and 5 stars among 238 Foreign Large Growth funds for the 10-year period ending 6/30/23 based on risk-adjusted returns. © 2023 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. The Buffalo International Fund received Morningstar's "Average" Risk Rating for the 3-, 5- and 10-year periods as of 6/30/2023.

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. 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.

Holdings in the Fund as a percentage of net assets as of 3/31/2023: Nintendo 1.08%, Disco Corporation 0.57%. 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 advisor to the Buffalo Funds, which are distributed by Quasar Distributors, LLC.