

Tickers: **BUFTX** | **BUITX**

## MORNINGSTAR RATING



Overall Morningstar Rating™ of BUFTX based on risk-adjusted returns among 481 Mid-Cap Growth funds as of 3/31/2025.

## FUND MANAGEMENT



### Dave Carlsen, CFA

Manager since 2004  
31 Years Investment Experience  
B.B.A. - University of Wisconsin



### Josh West, CFA

Manager since 2024  
18 Years Investment Experience  
B.S. - University of Missouri  
M.B.A. - University of Missouri



### Doug Cartwright, CFA

Manager since 2024  
17 Years Investment Experience  
B.A. - Baylor University  
M.B.A. - University of Wisconsin

## 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 market in the first quarter of 2025 and how the Fund performed?

The stock market experienced significant volatility in the first quarter of 2025 due to various factors. Ongoing tariff disputes have created uncertainty and negatively affected consumer and business sentiment. Most notably, consumer sentiment fell in February by the largest amount month-over-month since August 2021. When there is uncertainty, consumers typically pull back on consumption and companies can retrench by holding off on capital expenditures in their businesses. In addition, persistent inflation has impacted purchasing power and increased costs for companies and customers.

In terms of the U.S. economy, recession worries and concerns about growth persist. However, the consumer is still doing relatively well, based on record-high net worth and wage growth that's broadly outpaced inflation. And while tariffs may be inserting some volatility into the market now, it's possible that deals may be struck to stabilize markets over the longer term.

We are pleased to report that the Fund outperformed the Morningstar Mid Cap Growth category average by over 220 basis points and returned -5.97% versus -8.18% for the category. Our outperformance was in part due to not owning select growth companies that underperformed as we had a lack of conviction in their business model, or we thought they were overvalued.

## 2 Would you please discuss a secular trend that you are currently excited about and give an example of a company in the Fund's portfolio that will be a beneficiary of this trend?

Artificial Intelligence (AI)-driven cybersecurity solutions is a secular trend that we are currently enthusiastic about. AI-driven cybersecurity solutions can analyze vast amounts of data to identify anomalies and potential threats in real-time. This leads to improved accuracy as AI can detect sophisticated

*Continued*

## PERFORMANCE (%) AS OF 3/31/2025

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
<b>Investor Class - BUFTX</b>	<b>-5.97</b>	<b>-6.73</b>	<b>0.12</b>	<b>9.91</b>	<b>7.74</b>	<b>8.61</b>
<b>Institutional Class - BUITX<sup>1</sup></b>	<b>-5.91</b>	<b>-6.59</b>	<b>0.27</b>	<b>10.07</b>	<b>7.90</b>	<b>8.77</b>
Russell Midcap Growth Index	-7.12	3.57	6.16	14.86	10.14	9.29
Morningstar Mid-Cap Growth Cat. Avg.	-8.18	-2.39	1.71	12.37	8.56	-

Expense Ratio: Investor Class 1.01%, Institutional Class 0.87%

Ranking based on total return.

*Inception dates: BUFTX 4/16/2001, BUITX 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.*

threats that traditional methods might miss. In addition, automated systems can respond to threats immediately, reducing the time between detection and mitigation. Furthermore, AI-driven cybersecurity can lead to significant cost savings benefits including reduced manual efforts of routine tasks and can easily scale to handle increasing amounts of data and complex environments without a proportional increase in costs.

One example of a portfolio company in this secular trend is CyberArk Software. CyberArk's CORA AI™ is a central hub for identity security-focused AI capabilities. It helps detect and respond to identity threats, make data-driven decisions, and secure every identity within an organization. This AI-driven approach enhances the efficiency and effectiveness of cybersecurity measures. CyberArk is recognized as a leader in identity security, with a strong track record of innovation. The company's continuous investment in AI and cybersecurity technologies positions it well for future growth.

### 3 Would you please comment on the Fund's risk profile?

We focus on managing risk through our investment approach of owning high-quality companies. As a result, our mid-cap offering is less volatile and lower in risk than our peers. For instance, the Fund has demonstrated lower standard deviation over the 3-, 5-, and 10-year periods compared to our Morningstar category peers, consistently achieving an "Average" or "Below Average" Risk Rating from Morningstar during these time frames.

Standard Deviation	3 Yr	5 Yr	10 Yr
<b>Buffalo Mid Cap Discovery Fund</b>	<b>21.48</b>	<b>20.93</b>	<b>17.77</b>
Morningstar Mid-Cap Growth Funds Cat. Avg.	22.59	22.52	19.40
Morningstar Risk Rating	Avg.	Below Avg.	Below Avg.

Source: Morningstar as of 3/31/2025

*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.**

Effective 7/29/24, the Buffalo Discovery Fund is the Buffalo Mid Cap Discovery 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 Mid Cap Discovery Fund (BUFTX) received 3 stars among 481 for the 3-year, 2 stars among 447 for the 5-year, and 3 stars among 358 Mid-Cap Growth funds for the 10-year period ending 3/31/2025 based on risk-adjusted returns. 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. © 2025 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 Russell Midcap Index is an unmanaged index that measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 26% of the total market capitalization of the Russell 1000 Index. One cannot invest directly in an index.

A basis point is one hundredth of a percentage point (0.01%). Standard deviation measures the distance from the mean in a set of data points, giving analysts an idea of the variance that could occur; used to illustrate volatility in a portfolio.

Holdings in the Fund as a percentage of net assets as of 12/31/2024: CyberArk Software Ltd. 1.89%. 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.