

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

MORNINGSTAR RATING



Overall Morningstar Rating™ of BUFTX based on risk-adjusted returns among 479 Mid-Cap Growth funds as of 12/31/2024.

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 Fund's investment process and highlight some secular trends where you are finding portfolio opportunities?

When selecting companies for inclusion in the Fund, we seek high-quality companies with innovative products and services that we believe stand to benefit from secular growth trends. We favor companies that we believe have the potential to grow faster, possess a longer growth runway, and have less cyclicity than the overall market.

For example, two trends where we are currently finding portfolio opportunities are Electrification and Security. Electrification has become a prevalent theme globally as power grids are upgraded and consumers are purchasing electric vehicles. Portfolio holding Vistra Corp., a power producer and retail energy provider, is a beneficiary of this trend. The company has a capacity of approximately 41 gigawatts of nuclear, coal, natural gas, and solar power generation. The company's electricity business serves 5 million customers in 20 states. We believe the company is poised to benefit given ongoing trends in greater electricity demand.

Security is another significant secular trend, exemplified by portfolio holding CyberArk Software. CyberArk provides cybersecurity software to secure access of privileged information, ensuring strict protocols and monitoring capabilities. CyberArk has shifted to a subscription-based business model, enhancing the long-term value of the company's customer relationships. As a result, the company's margin growth has accelerated.

2 Would you please comment on the Fund's risk management approach?

We believe that mitigating risk is an important component in mid-cap growth investing. Our approach emphasizes high-quality companies that have scalable business models, experienced management teams, and competitive advantages. We favor companies that generate consistent free cash flow, have low debt, and healthy operating margins.

The Fund's portfolio has experienced less volatility, as measured by standard deviation, compared to our Morningstar Mid-Cap Growth Category peers for the 3-, 5- and 10-year periods as of December 31, 2024. In addition, the Fund has earned Morningstar's "Average" or "Below Average" Risk Rating for the same periods.

STANDARD DEVIATION

	3 Yr	5 Yr	10 Yr
Buffalo Mid Cap Discovery Fund	21.84	21.56	17.60
Morningstar Mid-Cap Growth Category Avg.	22.99	23.31	19.14
Morningstar Risk Rating	Avg.	Below Avg.	Below Avg.

Source: Morningstar as of 12/31/2024

3 Would you please share an example of a company that contributed to the Fund's performance in the fourth quarter?

Lululemon Athletica is a beneficiary of the secular trend, U.S. Brand Appeal on a Global Basis. The company's sales primarily come from the U.S. and Canada, which account for 65% of business, but Lululemon is experiencing growing sales in Asia and is expanding profitably into Europe. After strong growth in 2022 and 2023, the company struggled with slowing same store sales in 2024 before seeing an uptick in the latter part of the year. Lululemon reported a 9% year-over-year increase in net revenue for the third quarter of 2024, and comparable sales increased 4%, driven primarily by international markets. In the fourth quarter of 2024, Lululemon's stock rose approximately 41%.

PERFORMANCE (%) AS OF 12/31/2024

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Investor Class - BUFTX	5.44	5.44	-2.22	6.96	9.19	8.98
Institutional Class - BUITX¹	5.56	5.56	-2.08	7.11	9.35	9.15
Russell Midcap Growth Index	22.10	22.10	4.04	11.47	11.54	9.73
Morningstar Mid-Cap Growth Cat. Avg.	16.47	16.47	-0.12	9.35	10.06	-

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. 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 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 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 2 stars among 479 for the 3-year, 2 stars among 440 for the 5-year, and 3 stars among 358 Mid-Cap Growth funds for the 10-year period ending 12/31/2024 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. The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. 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. 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 9/30/2024: Vistra Corp. 1.43%, CyberArk Software 1.26%, and Lululemon Athletica 1.76%. 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.