

BUFFALO SMALL CAP GROWTH FUND

QUARTERLY COMMENTARY



PERFORMANCE COMMENTARY

The Buffalo Small Cap Fund posted a return of -4.24% for the quarter compared to the Russell 2000 Growth Index return of -2.81%. The calendar year saw the index get off to a strong start as economic stability and the probability of multiple interest rate cuts provided a tailwind to small cap stocks. This rally was tempered by increasing concerns in the software industry around artificial intelligence (AI) model updates along with persistent inflation concerns. Declines accelerated into quarter-end following the conflict in Iran. Small cap growth stocks, as measured by the Russell 2000 Growth Index, outperformed their mid cap growth (Russell Midcap Growth Index) and large cap growth (Russell 1000 Growth Index) counterparts in the quarter, which declined 6.35% and 9.78%, respectively.

Most economic sectors within the Russell 2000 Growth Index posted negative returns during the quarter. Energy was the big exception with the sector gaining nearly 42% as oil prices rallied sharply on the Iran conflict and the closure of the Strait of Hormuz. Additionally, Industrials advanced nearly 3% in the quarter as several of the more significant weightings in the index linked to the AI infrastructure, and power generation buildout, were material contributors. The largest laggard was the Technology sector on concerns related to advancements in agentic AI models and the threat this poses longer term to legacy technology companies. The Technology sector declined by over 10% in the quarter.

The Fund delivered outperformance in the Technology and Industrial sectors but trailed in Health Care. The drag caused by several of the fund's investments in Health Care more than offset the outperformance in Information Technology and Industrials.

PERFORMANCE (%) AS OF 3/31/2026

Average Annual Returns	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Since Inception
Investor Class - BUFSX	6.11	0.12	-6.00	9.45	8.15	10.15
Institutional Class - BUISX¹	6.22	0.21	-5.91	9.59	8.30	10.31
Lipper Small Cap Growth Fund Index	14.94	9.49	1.74	10.72	9.42	7.32
Russell 2000 Growth Index	23.58	12.27	1.62	9.79	9.09	6.50

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 to and higher than those of the Institutional 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.

▲ TOP CONTRIBUTORS

The largest positive contributor to the fund's performance in the first quarter was **Silicon Laboratories (SLAB)**, a fabless semiconductor company that focuses on low power wireless system on chips, microcontrollers, and software for Internet of Things devices. During the quarter, Texas Instruments announced its intention to acquire the company for \$231 per share in cash, representing a 69% premium to the previous day's closing price, implying a valuation of approximately 56 times consensus 2027 earnings. In addition to **Silicon Laboratories**, the fund had two other holdings announce that they were being acquired in the quarter, **OneStream** and **Skywater Technologies**.

FUND FACTS

	Inv.	Inst.
Ticker	BUFSX	BUISX
Inception Date	4/14/98	7/1/19
Expense Ratio	0.89%	0.87%
Fund Assets	\$388.50M	
Morningstar Category	Small Cap Growth	
Benchmark Index	Russell 2000 Growth Index	

FUND MANAGEMENT



Bob Male, CFA

Manager since Inception
M.B.A. – Southern Methodist
B.S. – University of Kansas



Craig Richard, CFA

Manager since 2023
M.B.A. – University of Kansas
B.S. – Kansas State University

TOP 10 HOLDINGS (%)*

Option Care Health, Inc.	2.80
Ligand Pharmaceuticals, Inc.	2.54
JBT Marel Corporation	2.52
Champion Homes, Inc.	2.40
WisdomTree, Inc.	2.28
Clearwater Analytics Holdings, Inc.	2.28
Castle Biosciences, Inc.	2.07
Palomar Holdings, Inc.	1.91
Silicon Laboratories, Inc.	1.81
Advanced Drainage Systems, Inc.	1.77
Top 10 Holdings Total	22.38

▼ TOP DETRACTORS

A large detractor in the quarter was Shift4 Payments. Shift4 is a payment processing provider holding leading share in providing the software and hardware capabilities to serve customers primarily in experiential industries including restaurants, resorts, and sports venues. The company recently made a large acquisition to enter the tax-free shopping and VAT refund services area to expand their presence globally. Recent softness on the macro front and slowdowns to international exposure, due to a weaker dollar and weaker tourism, resulted in organic revenue growth expectations declining. Despite these headwinds we still like the competitive positioning for Shift4 longer term.

| OUTLOOK

The market has historically looked through geopolitical events but the recent conflict in Iran carries more weight given the direct involvement of the U.S. military along with 20% of the world's daily oil production traversing the nearby Strait of Hormuz. The U.S., as a net exporter of oil, is in a much better position than 20+ years ago, but the impact on the global economy is substantial with the potential to have some inflationary impact on consumer prices in the near-term.

While the current conflict is front and center, in the backdrop remains a fundamentally solid U.S. economic picture with consumer resiliency continuing to lead the way. The wealth effect is real with record home equity and record household net worth providing a strong support system for the economy which is being led by record capital expenditures focused on AI initiatives. We also believe the current administration's objective of removing nuclear capabilities in Iran will respond in a supportive way to the markets and economy should the conflict start to inflict more economic pain. With the upcoming mid-term elections, we believe pro-consumer initiatives are likely given the administration's desire to maintain control of Congress. We view the current conflict with Iran as transitory with the underlying U.S. economy remaining on solid footing. A solid outlook for earnings growth and a strong domestic economy position small caps in a favorable position to large caps as the valuation discount relative to historical levels remains in place as discussed in previous quarters.

We continue to focus on identifying high-quality companies that demonstrate consistent free cash flow generation, scalable business models, and durable competitive advantages. We believe these businesses are best positioned to navigate macroeconomic headwinds and deliver sustainable long-term returns, creating opportunities for the fund to perform across full market cycles.

At quarter-end, the fund held 79 positions. Thank you for your continued trust and partnership.

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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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 800-492-8332 or visiting buffalofunds.com. Read carefully before investing.

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

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.

Effective 7/29/24, the Buffalo Small Cap Fund is the Buffalo Small Cap Growth Fund.

March 31, 2026

BUFFALO SMALL CAP GROWTH FUND



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 Nasdaq Composite Index is a market capitalization-weighted index of more than 3,700 stocks listed on the Nasdaq stock exchange. The Russell 3000 Index measures the performance of the 3,000 largest publicly held companies incorporated in the U.S. based on market capitalization. The Russell 3000 Value Index is based on the Russell 3000 Index, of companies with lower price-to-book ratios and lower expected growth rates which measures how U.S. stocks in the equity value segment perform. The Russell 3000 Growth Index is a market-capitalization weighted index that measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates. The Russell 1000 Index is a subset of the Russell 3000 Index and measures the performance of the 1,000 largest publicly-held companies incorporated in the U.S. based on market capitalization. The Russell 2000 Index is an unmanaged index that consists of the smallest 2,000 securities in the Russell 3000 Index, representing approximately 10% of the Russell 3000 total market capitalization. The Russell Midcap Index measures performance of the 800 smallest companies in the Russell 1000 Index. The Russell 2000 Growth Index is an unmanaged index that measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Growth Index is an unmanaged index that measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Lipper Small Cap Growth Fund Index is an unmanaged, equally weighted performance index of the 30 largest qualifying mutual funds (based on net assets) in the Lipper Small-Cap classification. One cannot invest directly in an index. A basis point (bps) is one hundredth of a percentage point (0.01%). A drawdown is a peak-to-trough decline during a specific period for an investment, trading account, or fund. The Bloomberg US Aggregate Bond Index is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. The Russell Microcap Index measures the performance of the microcap segment of the U.S. equity market. 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. The Magnificent Seven is a term used to describe the technology-oriented, highly influential companies of Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. A yield curve is a line that plots the yields, or interest rates, of bonds that have equal credit quality but different maturity dates. 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. Revenue growth is the percentage change in a company's total revenue from one period to the next. M2 measures the U.S. money supply and all estimates of cash that everyone has in hand or short-term bank deposits.

*Top Ten Holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are as of 12/31/2025. 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.