June 30, 2026

# BUFFALO BLUE CHIP GROWTH FUND

QUARTERLY COMMENTARY

## PERFORMANCE COMMENTARY

The second quarter of 2026 was defined by a powerful recovery in large-cap growth equities, renewed investor enthusiasm for artificial intelligence infrastructure, and a material late-quarter benchmark reset within the Russell 1000® Growth Index.

First, the large-cap growth market rebounded sharply as investors regained confidence in the durability of AI infrastructure demand, hyperscaler capital spending, and the earnings power of companies supplying the compute, memory, storage, networking, and power architecture behind the AI buildout.

Second, the proposed de-escalation of the Iran conflict reversed part of the prior energy-price shock. Lower oil prices helped ease some inflation and interest-rate pressure on long-duration growth equities, but they also weighed on the fund's Energy holdings during the quarter.

Third, the Russell 1000® Growth Index underwent a significant late-June rebalance. The benchmark increased its weighting in the semi-cap and semiconductor-equipment complex from approximately 23.5% to 32.5%, amplifying exposure to one of the strongest and most crowded momentum areas of the market.

Finally, the final two trading days of June created a short-term relative performance air pocket for many active large-cap growth managers. The fund underperformed the Russell 1000® Growth Index by 138 basis points during those two days, moving from a lead of approximately 60 basis points compared to the benchmark to 78 basis points behind at quarter-end.

Within this environment, our security selection remained positive and meaningful, particularly within Information Technology. However, active allocation, cash positioning, and the abrupt benchmark weight increase in semiconductor-related momentum stocks overwhelmed positive stock selection for the quarter.

The Buffalo Blue Chip Growth Fund advanced 15.95% in the quarter, compared to the Russell 1000® Growth Index return of 16.74%.

## PERFORMANCE (%) AS OF 6/30/2026

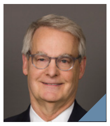
| Average Annual Returns | 1 Yr | 3 Yr | 5 Yr | 10 Yr | 15 Yr | Since Inception |
|---|---|---|---|---|---|---|
| **Investor Class - BUFEX** | **17.53** | **20.70** | **12.10** | **16.27** | **14.35** | **11.18** |
| **Institutional Class - BUIEX[1]** | **17.69** | **20.85** | **12.25** | **16.43** | **14.52** | **11.34** |
| Russell 1000® Growth Index | 17.71 | 22.58 | 13.71 | 18.58 | 16.47 | 11.48 |
| S&P 500 Index | 22.32 | 20.61 | 13.41 | 15.51 | – | – |
| Morningstar Large Growth Category | 18.29 | 21.52 | 10.51 | 16.40 | 13.06 | – |

*[1]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 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.*

## FUND FACTS

| | Inv. | Inst. |
|---|---|---|
| Ticker | BUFEX | BUIEX |
| Inception Date | 5/19/95 | 7/1/19 |
| Expense Ratio | 0.90% | 0.78% |
| Fund Assets | | $184.50M |
| Morningstar Category | | Large Cap Growth |
| Benchmark Index | | Russell 1000® Growth Index |

## FUND MANAGEMENT



**Ken Laudan**
*Manager since 2021*
*B.S. – Kansas State University*

## TOP 10 HOLDINGS (%)*

| | |
|---|---|
| NVIDIA Corporation | 12.66 |
| Apple, Inc. | 9.05 |
| Microsoft Corporation | 7.94 |
| Alphabet, Inc. | 6.34 |
| Amazon.com, Inc. | 5.16 |
| Broadcom, Inc. | 4.03 |
| Meta Platforms, Inc. | 3.23 |
| Eli Lilly and Company | 2.44 |
| Mastercard, Inc. | 1.64 |
| Visa, Inc. | 1.57 |
| Top 10 Holdings Total | 54.06 |

We view the quarter as one in which the portfolio generated strong absolute performance and positive underlying stock selection, but relative results were distorted by benchmark structure and late-quarter factor movement. In particular, the fund entered the final two trading days of June ahead of the benchmark, but the Russell reconstitution (effective Monday June 29th) increased benchmark exposure to the semiconductor and semiconductor/semi-cap equipment by a significant amount at the same time those stocks were experiencing extreme momentum and crowding dynamics amplifying the category's performance the last two days of the month.

## TOP CONTRIBUTORS AND DETRACTORS

Information Technology was the largest sector contributor as the fund benefited from strong stock selection across AI infrastructure, memory, storage, semiconductors, and related supply-chain companies. NVIDIA, Micron, Broadcom, AMD, Applied Materials, Seagate, Western Digital, Corning, SiTime, TSMC, ASML, and Sandisk were among the positions that contributed to the quarter's technology-led gains.

Energy was the most notable detractor from fund results during the period. The market discounted a potential end to the Iran conflict and lower risk to global crude supply which pushed oil prices lower. This pressured **Exxon Mobil**, **APA**, and **Shell**, which detracted from the fund's absolute and relative performance during the quarter.

Several positions stood out as the largest contributors to absolute performance during the quarter.

**NVIDIA** remained the portfolio's largest absolute contributor, adding approximately 205 basis points to return. The company continued to benefit from strong demand for accelerated computing, AI training and inference, and the broader data-center infrastructure cycle. **Alphabet** contributed approximately 176 basis points, supported by improving investor confidence in the company's AI positioning, cloud opportunity, and core advertising franchise. The company remains a central holding within our view of durable large-cap growth franchises with expanding AI monetization opportunities. **Micron** was one of the most powerful contributors, adding approximately 124 basis points. The stock benefited from improving memory fundamentals, stronger AI-related demand, and growing investor recognition that memory bandwidth and capacity are becoming critical bottlenecks in the AI infrastructure stack. **Apple** contributed approximately 122 basis points. The company's performance reflected improved sentiment toward high-quality mega-cap technology and the market's continued willingness to reward durable consumer ecosystems with strong free cash flow characteristics. **Broadcom** added approximately 108 basis points, supported by its role in custom silicon, AI networking, and infrastructure software. We continue to view Broadcom as one of the more important beneficiaries of hyperscaler AI infrastructure spending.

Relative and absolute performance were partially offset by several detractors during the period. Netflix was the largest individual absolute detractor, reducing performance by approximately 23 basis points. The stock declined during the quarter and detracted from results despite the broader strength in large-cap growth equities. Energy-related positions detracted as oil prices declined with the market's growing expectation that the Iran conflict could de-escalate. Exxon Mobil detracted approximately 19 basis points, APA approximately 12 basis points, and Shell approximately 8 basis points from absolute performance. Honeywell detracted approximately 10 basis points from absolute performance. The position also represented a relative headwind as the broader industrial complex experienced more uneven performance during the quarter. The largest relative detractors also included portfolio underweights to strong benchmark performers. Lam Research and KLA each benefited from improving semiconductor capital-equipment sentiment, and the funds underweights detracted approximately 82 basis points and 61 basis points, respectively, from relative results. These effects were amplified by the benchmark's increased exposure to semiconductor equipment during the late-June Russell rebalance.

### 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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## TOP CONTRIBUTORS AND DETRACTORS (CONTINUED)

The second quarter demonstrated both the strength and the complexity of today's large-cap growth market. On one hand, the fund generated a strong double-digit absolute return and benefited from significant positive stock selection, especially in companies tied to AI infrastructure and durable technology leadership. On the other hand, the quarter also showed how benchmark concentration, style migration, and crowded factor exposure can affect short-term relative results as we calibrate our portfolio risk differently than our benchmark.

We believe the most important conclusion is that the fund's relative shortfall was not the result of broad stock-selection weakness. The primary headwinds were allocation, cash drag, energy exposure following the oil-price reversal, and underweights to benchmark semiconductor-equipment winners that became more influential after the Russell rebalance.

## OUTLOOK

As always, our objective is not to simply replicate the benchmark's most crowded exposures. We seek to own high-quality growth businesses with durable competitive advantages, strong balance sheets, disciplined capital allocation, improving cash-flow returns on invested capital, and the ability to compound earnings and free cash flow over time. We expect the AI and cloud infrastructure theme to remain an important source of long-term opportunity, but we also believe the recent volatility reinforces the need for disciplined portfolio construction and active risk management.

Thank you for your continued confidence in the Buffalo Blue Chip 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 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 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 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 Micro Cap® Index is an unmanaged capitalization weighted index of 2,000 small cap and micro cap companies. 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 3000® Value Index is an unmanaged index with a market-capitalization weighted equity based on the Russell 3000® Index, 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 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 (bps) is one hundredth of a percentage point (0.01%). 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. Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability. The yield curve is a graph which depicts how the yields on debt instruments such as bonds vary as a function of their years remaining to maturity. 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. The Magnificent Seven is a term used to describe the technology oriented, highly influential companies of Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. The Fab 4 refers to four technology stocks including Nvidia, Amazon, Meta Platforms and Microsoft. 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. Revenue growth is the increase (or decrease) in a company's sales from one period to the next. Capital expenditure (cap-ex) are funds used to acquire or upgrade assets such as buildings or equipment. Price-Earnings (P/E) Ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings. Capital expenditure or cap-ex is the money an organization or corporate entity spends to buy, maintain, or improve its fixed assets, such as buildings, vehicles, equipment, or land.

*Top Ten Holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are as of 3/31/2026. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any securities.