September 30, 2026

BUFFALO SMALL CAP GROWTH FUND

QUARTERLY COMMENTARY

PERFORMANCE COMMENTARY

The Buffalo Small Cap Growth Fund posted a return of -7.58% for the quarter ending September 30, 2026, compared to the Russell 2000® Growth Index return of -9.39%. Following the historically strong returns in the previous quarter, the Russell 2000® Growth Index reversed sharply and trailed the Russell 1000® Growth Index (large cap growth) by more than 10%, which advanced 0.92% during the period.

The reversal was largely driven by a reset in interest rate expectations, as the Federal Reserve raised rates in September for the first time since 2023 and the market moved to price in further tightening and a "higher for longer" interest rate backdrop reminiscent of 2022. As a result, higher-beta and faster-growing stocks bore the brunt of the selling. Companies in the Russell 2000® Growth Index with sales growth above 20% declined nearly 17% on average, compared to a decline of approximately 6% for lower-growth companies. Stocks in the index with higher valuations also underperformed. The artificial intelligence (AI) infrastructure plays that led the market in the first half of 2026, including power-related companies, construction, and semiconductors, experienced the sharpest reversals, with the Industrials and Information Technology sectors declining 18% and 13%, respectively. By comparison, the Health Care sector was a relative bright spot, declining only 3%.

The fund's outperformance in the quarter was due primarily to superior stock selection in the Financials and Healthcare sectors, where the fund's holdings returned 12.4% and 3.2%, respectively, compared to index returns of -6.0% and -2.8%. Stock selection in Information Technology also added value, declining 8.3% versus a decline of nearly 13% for the index. The largest drag was Industrials, where a portfolio overweight position and AI-related infrastructure holdings weighed on results.

PERFORMANCE (%) AS OF 9/30/2026

Average Annual Returns	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Since Inception
Investor Class - BUFSX	**11.94**	**8.19**	**-3.46**	**9.80**	**11.23**	**10.56**
Institutional Class - BUISX[1]	**12.05**	**8.27**	**-3.36**	**9.93**	**11.38**	**10.71**
Lipper Small Cap Growth Fund Index	11.57	14.24	3.33	10.79	12.05	7.63
Russell 2000® Growth Index	12.05	17.55	4.72	9.90	11.94	6.87

[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	BUFSX	BUISX
Inception Date	4/14/98	7/1/19
Expense Ratio	0.99%	0.87%
Fund Assets	$410.49M	
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 (%)*

Silicon Motion Technology Corp.	3.02
Ligand Pharmaceuticals, Inc.	3.02
MYR Group, Inc.	2.84
WisdomTree, Inc.	2.74
Semtech Corp.	2.43
JBT Marel Corp.	2.34
ESCO Technologies, Inc.	2.32
Onto Innovation, Inc.	2.14
SiTime Corp.	2.10
Novanta, Inc.	2.06
Top 10 Holdings Total	**25.01**

▲ TOP CONTRIBUTORS

The largest contributor to the fund's performance in the quarter was **WisdomTree, Inc.** (WT), a global asset manager offering exchange-traded products across equities, fixed income, commodities, and digital assets. The stock rose 44% during the period as the company continued to benefit from strong organic growth, expanding operating leverage, and a broadening product set. WisdomTree reported record assets under management of $162.9 billion at the end of the second quarter, with year-to-date net inflows of $9 billion representing a 13% annualized organic growth rate. Revenues grew 57% year-over-year to $177 million, while adjusted operating margins expanded 900 basis points to 42.6%. The company also continues to build out its tokenization and digital asset platform, which we view as a potentially meaningful long-term growth opportunity.

▼ TOP DETRACTORS

The largest detractor during the quarter was **Argan, Inc. (AGX).** Argan, through its Gemma Power Systems subsidiary, provides engineering, procurement, and construction services for power generation facilities, primarily natural gas-fired plants that are increasingly needed to meet rising electricity demand from data centers. Despite reporting record quarterly revenue of $384 million, up 62% year-over-year, along with record net income, the stock declined 52% as project backlog fell to $2.5 billion from $2.9 billion at the start of the fiscal year, raising investor concerns about the pace of new awards. The stock was also caught in the broader selloff of companies related to AI-power infrastructure.

OUTLOOK

After a powerful run in the first half of the year, the AI infrastructure trade experienced a sharp reset during the quarter amid rising interest rates and crowded investor positioning. While we continue to believe the AI buildout represents a multi-year opportunity, we used the quarter to reduce exposure to the holdings that benefit from the earlier stages of the buildout. The fund shifted into companies that should benefit from the data management and cybersecurity needs that are being created by the rise of agentic AI at both the enterprise and consumer level.

With the Federal Reserve delivering an interest rate hike in September, we note that small caps have historically lagged in the three months following an initial rate hike before typically outperforming over the six- and twelve-month periods that follow. Tightening interest rate cycles have typically coincided with a strong economy, and we believe the fundamental backdrop remains supportive. This strength is reflected by nearly half of the fund's investment holdings that are expected to grow revenue by more than 15% over the next year.

Index concentration has been near historic highs over the past several years, including at the June 2026 index reconstitution, when approximately 35% of the benchmark's weight was represented by companies that had grown well above the market cap cutoff of approximately $8.5 billion. 2026 is the first year the Russell 2000® Growth Index will be reconstituted twice, with the second reconstitution taking effect in mid-December. We believe this new benchmark rebalancing schedule will lead to less concentration in the small cap index going forward and provide a better opportunity for active managers to outperform.

We continue to focus on identifying high-quality companies that demonstrate consistent free cash flow generation, scalable business models, and durable competitive advantages. In a higher-rate environment, we believe self-funding businesses that do not rely on capital markets to finance their growth are best positioned to navigate macroeconomic headwinds and deliver sustainable long-term returns. We believe this approach positions the fund to perform across full market cycles. 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.

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. Beta is a widely used indicator of a stock's price volatility or the level of risk relative to the broader market.

*Top Ten Holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are as of 6/30/2026. 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.