

BUFFALO MID CAP GROWTH FUND

QUARTERLY COMMENTARY



PERFORMANCE COMMENTARY

The Buffalo Mid Cap Growth Fund produced a return of -9.21% in the quarter, underperforming the Russell Midcap Growth Index's return of -6.35%. The Energy sector was a primary headwind to relative performance as geopolitical conflict in the Middle East caused a significant oil shock and a sharp rally among energy stocks, to which the fund had no exposure. Stock selection within the Information Technology sector also detracted from performance, primarily related to investments within Software & Services, as discussed below. Within Information Technology and Real Estate, the portfolio's exposure to asset-light, data, software or services business models created an additional drag on performance as the market deemed these business models to be under threat from AI. Subsequently, the fund exited lower conviction positions and increased weight in those with the strongest competitive position within that group of companies, by our analysis. The fund has significant exposure to stocks benefiting from the adoption of AI, but it wasn't enough to fully offset the detractors above. As a result, management increased the fund's exposure to "AI beneficiaries" during the quarter. Financials contributed to benchmark relative performance as the portfolio avoided major drawdowns in high-risk business models such as private credit firms, and "buy now, pay later" lenders.

PERFORMANCE (%) AS OF 3/31/2026

Average Annual Returns	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Since Inception
Investor Class - BUFMX	-6.59	3.63	-0.86	7.75	7.51	7.55
Institutional Class - BUIMX¹	-6.52	3.74	-0.73	7.90	7.66	7.71
Russell Midcap Growth Index	9.56	12.74	5.37	11.69	11.12	9.50
Lipper Mid Cap Growth Index	6.89	6.79	0.30	9.43	8.77	7.90

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

Vertiv Holdings Co. (VRT) Vertiv provides critical digital infrastructure technologies, including power, thermal, and IT management solutions specifically designed for data centers and communication networks. Performance was solid in the quarter, driven by sustained momentum for its liquid cooling and high-density power solutions that are in demand by AI data centers. The market continues to reward the company's ability to capture value from the rapid expansion of hyperscale computing infrastructure. Looking ahead, Vertiv is well-positioned to be a primary beneficiary of the multi-year secular tailwind in AI capital expenditures, providing a long runway for earnings growth.

FUND FACTS

	Inv.	Inst.
Ticker	BUFMX	BUIMX
Inception Date	12/17/01	7/1/19
Expense Ratio	1.01%	0.88%
Fund Assets	\$109.14M	
Morningstar Category	Mid Cap Growth	
Benchmark Index	Russell Midcap Growth Index	

FUND MANAGEMENT



**Darren Schryer, CFA,
CPA, CFP®**

Manager Since 2026
B.S. - Univ. of Maryland
M.B.A. - Univ. of Texas

TOP 10 HOLDINGS (%)*

CBRE Group, Inc.	4.35
MSCI, Inc.	3.88
Equifax, Inc.	3.30
AMETEK, Inc.	3.27
Verisk Analytics, Inc.	3.22
Vertiv Holdings Co.	3.15
Vistra Corp.	3.05
Veeva Systems, Inc.	2.99
Cardinal Health, Inc.	2.94
Hilton Worldwide Holdings, Inc.	2.86
Top 10 Holdings Total	33.01

▲ TOP CONTRIBUTORS

ON Semiconductor Corporation (ON) ON Semiconductor is a leading provider of advanced power management and sensing products. They are positioned as a vendor of choice to help solve complex technical problems within electric vehicle power management, advanced driver assistance, industrial automation, datacenter power management and renewable energy deployment. The stock outperformed in the quarter as automotive and industrial markets showed signs of cyclical improvement while robust growth from datacenter expansion continued.

AMETEK, Inc. (AME) AMETEK manufactures high-tech electronic instruments and electromechanical products. Robust growth in revenue, bookings and backlog led to AMETEK's stock price advance in the quarter. The company focuses on niche, specialized products, which allows them to maintain very high market shares, and strong pricing power with a sticky customer base. AMETEK sells a highly diversified set of products into a wide range of end markets which reduces their reliance on the success of any single product and we believe the company is well positioned to continue driving earnings growth into the future.

▼ TOP DETRACTORS

Gartner, Inc. (IT) Gartner is a leading technology-focused research and consulting firm. The growth in AI-based tools, as potential alternatives to Gartner's services, has caused investor concern around the level of long-term demand for the company's services and the sustainability of their premium price point. We believe there is now meaningful uncertainty around the future competitive position and earnings power of the business and therefore eliminated the company from the portfolio in the quarter.

CoStar Group, Inc. (CSGP) CoStar is a leading provider of proprietary commercial real estate data along with commercial real estate leasing tools and marketplaces. The company is also a leader in multi-family residential real estate leasing (Apartments.com). The company is aggressively expanding into the single-family residential market through their rollout of Homes.com, which requires a significant investment in research and development (R&D), sales and marketing expenses. This business model expansion has been a large headwind to profitability in the near term and caused investors to sour on the stock during the quarter. However, Homes.com is gaining market share and investments appear poised to rationalize, which should be supportive of improving profitability in the coming years. As a result of this view, the fund retained its investment in CoStar Group throughout the quarter.

Varonis Systems, Inc. (VRNS) Varonis Systems provides a data security and analytics platform that helps organizations locate, protect, and manage their sensitive unstructured data. The stock experienced a significant drawdown in the quarter as new generative coding tools caused investors to question the efficacy and moat of many legacy software vendors, including Varonis. We believe these technological advancements do represent a significant competitive threat to the business and exited the position in favor of what we believe to be more favorable risk-reward opportunities with more certain competitive positions.

| OUTLOOK

Today's investing zeitgeist is seemingly dominated by two distinct elements. The first is the conflict in the Middle East, which sent oil prices soaring and caused volatility to the broad market. We view this event as more likely to be a transitory shock than a sustainable paradigm shift. Certain businesses are likely to experience temporary cost pressures and operational disruptions, but investment in domestic energy production, renewables and broader industrial near-shoring was already well underway and serves to blunt the impact on most U.S. businesses. We believe disruptions to global shipping lanes will serve to catalyze those larger trends and the fund has compelling investments positioned to benefit from them.

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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OUTLOOK

AI innovation is another item we believe has broader potential implications of opportunity and risk. Recently released AI-based technology from chatbots to coding assistants is certainly impressive and the pace of innovation is feverish. The current set of “AI winners” in the public markets are focused on those companies facilitating the buildout of AI datacenters. There is a seemingly endless pool of capex dollars chasing incremental compute and energy. Although growth is robust today and returns on capital for the vendors are very high, in prior analogous technological cycles these conditions have ultimately resulted in an over-building of capacity, significant new competition, and a period of rationalization. The flip side to this boom period in semiconductors, semiconductor capital equipment and associated datacenter products and services, is the software sector, where many previous leaders experienced deep drawdowns due to the impending competitive threat from AI. We do believe that many legacy software vendors are likely to face increased risk of new entrants and higher risk of obsolescence due to AI innovation. However, we believe others are instead positioned to benefit from AI, and capture value deploying it themselves, with deeply embedded products in regulated or high cost-of-failure industries. In this period, both the defensible and the vulnerable software businesses are selling off as investors sell first and ask questions later.

As always, within these two major themes, as well as elsewhere in the market, we will continue to focus on investing in high-quality, secular growth stocks with strong balance sheets, scalable business models, and durable competitive moats (a very important characteristic during this period). By purchasing these businesses when shares are trading at reasonable prices, we expect to compound value over time. Thank you for your continued trust and support.

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 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.

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.

The Russell Midcap Growth Index is an unmanaged index that measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The Lipper Mid Cap Growth Index is an unmanaged, equally weighted performance index of the 30 largest qualifying mutual funds (based on net assets) in the Lipper Mid-Cap classification. 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 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 Index is a market capitalization weighted equity index maintained by the Russell Investment Group that seeks to be a benchmark of the entire U.S. stock market, encompassing the 3,000 largest U.S.-traded stocks, in which the underlying companies are all incorporated in the U.S. The Russell 1000 Index is an unmanaged capitalization-weighted index of approximately 1,000 of the largest companies in the U.S. equity markets. 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 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000 Growth or the Russell 2000 Growth indices. 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 Microcap Index is an unmanaged capitalization weighted index of 2,000 small cap and micro cap companies. The Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. One cannot invest directly in an index. The Conference Board of Leading Economic Index provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term. A basis point is one hundredth of a percentage point (0.01%). 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. Return on Invested Capital (ROIC) is a profitability ratio measured using net income divided by invested capital. Return on Assets (ROA) is a profitability ratio that measures how well a company is generating profits from its total assets. Return on Equity (ROE) is the measure of a company's net income divided by its shareholders' equity. 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. A yield curve is a line that plots the yields, or interest rates, of bonds that have equal credit quality but different maturity dates. The Price-Earnings Ratio or P/E Ratio is a ratio for valuing a company that measures its current share price relative to its per-share earnings. The price-to-sales ratio is a valuation ratio that compares a company's stock price to its revenues. EBITDA, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income.

*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.