Buffalo International Fund

QUARTERLY COMMENTARY

December 31, 2023

Capital Market Overview

2023 concluded with global capital markets moving higher in the final quarter of the year. Following a strong first half of the year, and then a negative third quarter, the markets rebounded on a pivot in expectations for the Federal Reserve's monetary policy in 2024. As inflation data in the final quarter of 2023 showed a continued downward trend, investors began to anticipate cuts to interest rates in 2024. Currency had a strong positive effect on the performance of international markets in US dollar (USD) terms, as the USD weakened during the quarter. The S&P 500 Index gained 11.69% and the MSCI ACWI ex-USA Index advanced 10.92%, in USD terms.

European market performance was positive during the quarter, and the STOXX Europe 600 Index, a broad European Index was up 11.29% in US dollar terms (6.4% in local currency). The German DAX was the strongest performing market in Europe, with a gain of 13.87% in USD terms (8.87% in local currency). The UK equity market (FTSE 100 Index) climbed 6.28% in USD (1.65% in local currency), while the FTSE 250 Index was up 12.63% in USD terms (7.71% in local currency). UK and Eurozone economic data remained weak, but inflation continued to recede in the quarter leading to investor optimism for interest rate cuts in 2024.

Japan's Nikkei 225 Index gained 11.43% in USD terms (5.04% in local) in the fourth quarter. Elsewhere in Asia, the Korea Compsite Stock Price Index (KOSPI) rose 13.56% in USD terms (7.72% in local), the Australian S&P 200 Index gained 14.28% in USD terms (7.69% in local), while the Hong Kong Hang Seng Index declined -4.04%. Sentiment on China continued to be negative as it became clear that the government would not rouse the economy enough to stimulate consumption and spending. Due to a very weak property market and jobs market, consumers have reigned in their spending leading to price deflation.

Emerging Markets ex-China were strong in the quarter. The Brazilian IBOVESPA gained 18.73% in USD terms (15.12% in local) while India gained 10.80% in USD terms as measured by the BSE Sensex Index.

Performance Commentary

The Buffalo International Fund posted a return of 11.16% for the quarter, outperforming the broad prospectus index, FTSE All-World ex-US index, which posted a return of 9.75%. The Buffalo International Fund's outperformance was mostly due to stock selection, which was partially offset by a cash position that weighed on performance during the market rally.

Average Annualized Performance (%)

As of 12/31/23	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor Class - ***BUFIX***	18.33	3.04	10.77	7.06	5.54
Institutional Class - ***BUIIX***[1]	18.47	3.20	10.94	7.22	5.70
FTSE All-World ex US Index	16.20	2.30	7.85	4.55	2.97

[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 and lower than those of Investor 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.

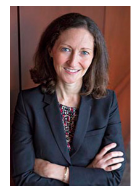
↑ Top Contributors

Top contributors in the period included **Shin-Etsu Chemical Company, Adyen NV,** and **IMCD N.V.** Shin-Etsu is a Japanese chemical company that manufactures PVC for construction and silicon wafers for semiconductors. Management's positive comments about both PVC pricing and silicon wafer demand supported the company's share price during the quarter. The company should benefit from increasing demand for large silicon wafers, partially due to generative AI, and supply constraints in the industry. Adyen, a global payment solutions provider headquartered in the Netherlands, reassured investors after reporting disappointing results in the prior quarter. The company reported growth

Fund Facts

	Investor	*Institutional*
Ticker:	BUFIX	BUIIX
Inception Date:	9/28/07	7/1/19
Expense Ratio:	1.04%	0.89%
Fund Assets:	$934.67 Million	
Category:	Foreign Large Growth	
Benchmark:	FTSE All World Ex-US Index	

Management Team



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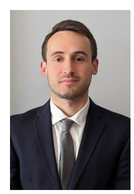

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Top 10 Holdings*

Linde plc	2.32%
Renesas Electronics Corporation	2.03%
Schneider Electric SE	1.95%
Novo Nordisk A/S Sponsored ADR Class B	1.84%
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	1.82%
BayCurrent Consulting, Inc.	1.80%
Aon Plc Class A	1.73%
Ashtead Group plc	1.71%
MercadoLibre, Inc.	1.64%
Siemens Aktiengesellschaft	1.55%
Top 10 Holdings Total	**18.39%**

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that rebounded from the prior period, issued more appropriate mid-term guidance, and responded to several investor concerns. We believe Adyen has the most compelling payment solutions platform for global companies. Finally, IMCD, a specialty chemical distributor, saw its stock rise after a third quarter report delivering better margins than expected. Previous quarters had been challenged due to customer destocking, but management commentary and similar statements from peers seemed to suggest a potential bottom in the industry.

↓ Top Detractors

Top detractors in the quarter were **Li Ning, Julius Baer Gruppe AG,** and **Aon Plc.** Li Ning, one of the largest sportswear brands in China, reported disappointing third-quarter results, partially due to a clamp-down on cross-selling among distributors, but also due to the weak consumer sentiment in China and heightened competition among brands in a promotional environment. We remain on the sidelines in terms of an investment with the company given the difficult backdrop, despite favorable long-term trends that should underpin sales of sporting goods in China. Second, Julius Baer, the third-largest private bank in Switzerland, revealed that it had financed the now troubled real estate developer, Ren Benko, up to $500 million in Swiss Francs and has taken a write-down of $82 million Swiss Francs thus far. The stock price dropped on fear that the write-downs will increase. We continue to hold Julius Baer with the expectation that the stock should recover once it becomes clear that this situation is a one-off event and that the associated risk is manageable. Management does not have a history of poor risk making decisions and the balance sheet is strong enough to absorb further potential write-offs. Over the medium-term the company should benefit from trends in increased wealth and demand for global wealth managers. Finally, Aon, a global reinsurance broker, announced the acquisition of NFP, a middle-market insurance broker, for what appears to be a high valuation. The company will take a near-term hit to earnings and cash flows, as the deal will be accretive starting only in 2027. While we think the company has some work to do in terms of proving the value creation potential of the deal, we give management the benefit of the doubt given their track record in creating value for shareholders. Over the long term the acquisition should boost free cash flow to this historically strong generator of free cash. Aon's business model remains attractive, and we remain optimistic about the company's ability to bring value through its data analytics when competing in the middle-market segment.

Outlook

We are cautiously optimistic about the prospects for international equity markets in 2024. While we could witness slower global economic growth, inflation should continue to recede, and we expect interest rates to decline in much of the world sometime during the year (perhaps not as quickly as markets might hope). If the United States avoids a recession it should help to prop up the global economy. Across the Atlantic, European economies are clearly weakening, data suggests waning consumer and business confidence, but the continent might be able to avoid a deep recession, given strength in the labor market, positive real wage growth, and healthy consumer savings. In Asia, we continue to be optimistic about the future in Japan. An end to deflation and the new focus on corporate governance and corporate value improvements through the Tokyo Stock Exchange's 2023 policy initiative bode well for positive economic growth and stock performance.

Overall significant risks remain that could weigh on international equity markets. Geopolitical tensions and several political elections around the world are top of mind. Further disruptions to supply chains and additional inflation shocks have been a recent market concern. China is clearly a concerning piece in the global economy, as recent data shows further deflation, steeper declines in the housing market and weaker consumption. Strong government stimulus is necessary to turn things around but is still nowhere to be found. The weakness in China continues to weigh on many of our portfolio companies, though they are adapting to a less optimistic future and expectations are being reset. On balance, while we acknowledge there are still risks to the global outlook, we believe there is potential for greater optimism later in the year that could overshadow the lingering negatives as interest rates begin to recede.

Whatever the future brings, we will continue to look for opportunities over the short term to invest with a long-term view. We pay attention to the valuation of the companies in our portfolio and will seek out opportunities during periods of market weakness using volatility to buy high quality growth companies at attractive valuations. Our strategy remains unchanged, focus on companies that can benefit from long-term secular growth trends and seek quality companies that have sound, sustainable business models, competitive advantages, that generate consistent free cash flow and strong returns on their investments. We especially like proven management teams that are focused on creating value for shareholders. We believe that by continuing our disciplined strategy we should be able to post attractive risk-adjusted returns over the long term.

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) 49-BUFFALO or visiting buffalofunds.com. Read carefully before investing.

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

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 S&P 500 Index is a capitalization weighted index of 500 large capitalization stocks which is designed to measure broad domestic securities markets. The MSCI ACWI ex-USA Index is a free float-adjusted market capitalization weighted index designed to measure the combined equity market performance of developed and emerging markets countries. The Index includes large- and mid-capitalization companies and may change over time. The Financial Times Stock Exchange (FTSE) All-World ex US Index is a market-capitalization weighted index representing the performance of around 2200 large cap and mid cap companies in 46 developed and emerging markets worldwide, excluding the US. The STOXX Europe 600 index measures the performance of large mid and small-cap companies across 17 countries in Europe. The FTSE 100 Index is an index of the largest 100 companies listed on the London Stock Exchange by market capitalization. The FTSE 250 Index is a market capitalization-weighted index consisting of the 101st to the 350th largest companies listed on the London Stock Exchange, mostly covering the mid cap sector between large and small companies. The Nikkei Index is a price-weighted index comprised of the top 225 blue chip companies traded on the Tokyo Stock Exchange. Hang Seng Index is a market capitalization index that reflects the market performance of the Hong Kong stock exchange. The DAX measures the performance of the Prime Standard's 30 largest German companies in terms of order book volume and market capitalization. The Korea Composite Stock Price Index (KOSPI) is an index of all companies traded on the Korea Stock Exchange. The Brazilian Ibovespa is a market capitalization weighted index of about 86 of the largest stocks traded on the B3 (Brazil Bolsa Balcão Exchange), accounting for the majority of trading and market capitalization in the Brazilian stock market. The Australian S&P/ASX 200 index is a market-capitalization weighted and float-adjusted stock market index of stocks listed on the Australian Securities Exchange. The index is maintained by Standard & Poor's and is considered the benchmark for Australian equity performance.The China Shenzhen SE (CSI 300) Index is a market cap weighted stock market index designed to map the performance of the 300 most liquid A shares traded in the Shanghai and Shenzhen stock exchanges. The BSE SENSEX is a basket of 30 large, liquid and representative stocks traded in India. Companies are selected based on listed history, trading frequency, final rank, market capitalization weightage, industry representation and track record. 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. A basis point is one hundredth of a percentage point (0.01%).

*Top Ten Holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are as of 9/30/23. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any securities.

Kornitzer Capital Management is the advisor to the Buffalo Funds, which are distributed by Quasar Distributors, LLC.