

BUFFALO HIGH YIELD FUND

STRATEGY PROFILE

Tickers: **BUFHX** | **BUIHX**

CORNERSTONES OF OUR INVESTMENT APPROACH

Higher Returns With Lower Risk

We invest in high yield bonds and non-investment grade bank loans that have the potential to generate high levels of current income and, secondarily, capital appreciation.

As a result of our credit intensive research, we tend to hold an overweight position in “B” rated securities relative to our peers. Our goal is to hold the issues we purchase until maturity. With our fundamental selection process, we favor publicly owned, small- and mid-sized companies that have experienced and disciplined management teams, generate positive free cash flow, strong balance sheets, and attractive asset coverage ratios. We generally do not invest in distressed securities or leveraged buy outs, which tend to be riskier, less liquid and less transparent.

We are pleased that the Fund has delivered impressive results over time. In fact, the Fund is currently 1 of only 4 funds out of 126 unique funds in the Morningstar High Yield category that has both top 15% or better performance for the 3-, 5- and 10-year periods, along with Morningstar’s “Below Average” or “Low” Risk Rating for the 3-, 5- and 10-year periods, as of December 31, 2023.

PERCENTILE RANK IN MORNINGSTAR CATEGORY

	1 Yr	3 Yr	5 Yr	10 Yr
Buffalo High Yield Fund - BUFHX	66	10	5	11
# of Funds in Category	670	618	586	432
Morningstar Risk Rating		Low	Below Avg.	Below Avg.

Source: Morningstar as of 12/31/2023

A Focus on Downside Protection

With an emphasis on delivering attractive returns, we seek to provide investors with a “smoother ride” when investing in high yield securities. As such, our intensive credit research has enabled the Fund to have a historically significantly lower downside capture ratio compared to the Morningstar High Yield Bond Fund category average.

DOWNSIDE CAPTURE RATIO

	3 Yr	5 Yr	10 Yr
Buffalo High Yield Fund	10	24	18
Morningstar High Yield Bond Funds Category Avg.	44	62	56

Source: Morningstar as of 12/31/2023

INVESTMENT OBJECTIVE

The Buffalo High Yield Fund's investment objective is primarily current income, with long-term growth of capital as a secondary objective.

MORNINGSTAR RATING



Overall Morningstar Rating™ of BUFHX based on risk-adjusted returns among 618 High Yield Bond funds as of 12/31/2023.

FUND MANAGEMENT



Paul Dlugosch, CFA
Co-Manager since 2007
26 Years of Investment Experience



Jeff Sitzmann, CFA
Co-Manager since 2007
36 Years of Investment Experience



Jeff Deardorff, CFA
Co-Manager since 2015
26 Years of Investment Experience

ABOUT US

The Buffalo Funds are a family of 10 actively-managed, no-load mutual funds, which provide a variety of long-term investment options for investors. We believe that patient investing, backed by solid, intelligent research, can be the best way to achieve long-term financial returns.

CONTACT US

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Tenured Management Team With Proven Risk-Adjusted Performance

The three current portfolio managers collectively have over 88 years of industry experience. Through our disciplined investment approach and industry expertise, the Fund has outperformed the Morningstar High Yield Bond Funds category average on a risk-adjusted basis, as measured by Sharpe ratio, over the past 3-, 5- and 10-year periods ended December 31, 2023.

SHARPE RATIO

	3 Yr	5 Yr	10 Yr
Buffalo High Yield Fund	0.24	0.58	0.56
Morningstar High Yield Bond Funds Category Avg.	-0.02	0.34	0.37

Source: Morningstar as of 12/31/2023

PERFORMANCE (%) AS OF 12/31/2023

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Investor Class - BUFHX	11.68	11.68	3.64	6.44	4.59	6.72
Institutional Class - BUIHX¹	11.85	11.85	3.80	6.59	4.74	6.87
ICE BofA U.S. High Yield Index	13.54	13.54	2.05	5.24	4.53	6.64
Morningstar High Yield Bond Cat. Avg.	12.08	12.08	1.88	4.70	3.68	-
Percentile Rank in Morningstar Cat. - BUFHX		66	10	5	11	
# of Funds in Category		670	618	586	432	

Expense Ratio: Investor Class 1.03%, Institutional Class 0.87%

Inception dates: BUFHX 5/19/1995, BUIHX 7/1/2019. Average annual total return represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate and redemption value may be more or less than original cost. Fund performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by visiting buffalofunds.com. 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 and lower than those of Investor Class shares.

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 may be obtained by calling (800) 49-BUFFALO or visiting buffalofunds.com. Read them carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in foreign securities include additional risk such as greater volatility, and political, economic, and currency risks, as well as difference in accounting methods.

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a 3-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all 3 rating periods. The Buffalo High Yield Fund (BUFHX) received 5 stars among 618 for the 3-year, 5 stars among 586 for the 5-year, and 5 stars among 432 High Yield Bond funds for the 10-year period ending 12/31/23 based on risk-adjusted returns. © 2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.**

Morningstar Risk scores for a given time period (three, five, or 10 years) reflect the Fund's Morningstar risk score plotted on a bell curve: Monthly calculations are based on whether the Fund scores in the top 10% of its category, its risk score is considered High; if it falls in the next 22.5% Above Average; a place in the middle 35% is Average; those lower still, in the next 22.5%, are Below Average and the bottom 10%. Overall Morningstar risk score is a weighted average of the available three, five, and 10 year Morningstar risk scores. Investments with less than three years of performance history are not rated.

The ICE BofA U.S. High Yield Index is an unmanaged index that tracks the performance of U.S. dollar denominated, below investment-grade rated corporate debt publicly issued in the U.S. domestic market. 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. Downside capture is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. An investment manager who has a downside capture less than 100 has outperformed the index during the down-market. For example, a manager with downside capture of 80 indicates the manager's portfolio declined only 80% as much as the index during the period in question. Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk.

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