

{ Strategy: Long Term Trends / Fundamental Analysis }



Our growth equity investment process begins with the **top-down** perspective of looking for companies that meet the criteria of at least one of Buffalo's quantifiable secular trends (currently 24 identified). This trend identification provides us with a focused universe upon which to conduct our extensive **bottom-up**, 100% internal, fundamental research.

Although the strategy is focused squarely on growth industries and companies, we will not search for growth at any price. Strict valuation discipline helps us to control risk within a portfolio.

Top-Down

- Identify common sense, measurable *secular trends* that offer potential growth opportunities

Examples

- International growth of US brands
 - Growth of internet commerce
 - Corporate outsourcing
 - Demographics
 - Healthcare cost containment
- Long term in nature (3-5 year horizon)
 - Avoid exposure to declining, flat and deeply cyclical industries that are inherently more unpredictable and trading-oriented

Bottom-Up

- Identify and perform in-depth fundamental research on companies that stand to benefit from these trends
- Focus on "premier" companies
 - proven management teams
 - strong secular revenue growth
 - little or no debt
 - consistent free cash flow
 - high profit margins
 - scalable business models
 - companies with a potential competitive advantage
- Attempt to purchase stocks when they are negatively impacted by short-term events and/or their long-term prospects are under-appreciated

Learn more about the Buffalo Funds.

1-800-49-BUFFALO or visit www.buffalofunds.com

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 1-800-49-BUFFALO or visiting www.buffalofunds.com. Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible.

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.

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