

Small Cap Fund

Quarterly Commentary as of 3/31/12



Average Annualized Performance (as of 3/31/12) Expense Ratio: 1.01%	1 year	3 years	5 years	10 years	Since Inception (4/14/98)
Buffalo Small Cap Fund	3.31%	20.89%	3.32%	7.02%	11.82%
Russell 2000 Growth Index	0.68%	28.36%	4.15%	6.00%	3.38%
Russell 2000 Index	-0.18%	26.90%	2.13%	6.45%	5.29%

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 and quarter end may be obtained by visiting the Funds' website at www.buffalofunds.com. The Fund charges a 2% redemption fee on redemptions or exchanges of fund shares that are made within 180 days of purchase. Performance data does not reflect redemption fee. Had the fee been included, returns would be lower.

The first quarter of the new year, 2012, introduced fresh evidence that the economic recovery may finally be real and sustainable. The employment picture brightened with new claims for unemployment falling to 2008 levels and employers indicating an increased probability of hiring in the coming quarters. The Institute for Supply Management reported that activity in the manufacturing sector expanded for 32 consecutive months. Sales of existing homes in the U.S. reported their strongest February numbers in five years, signaling hope for a turnaround in the beleaguered housing market.

The quarter saw the Dow Jones, the S&P 500 and NASDAQ trading at pre-recession levels, despite continued thin volume. Investors remained fearful of equity markets and continued to watch from the sidelines for most of the quarter. Indications of economic slowdown in China and recession in Europe reinforced the doubts about sustained growth prospects in the eyes of many investors. Yet, by the quarter end, inflows into equities managed to tick up, with optimism gaining a foothold.

The Buffalo Small Cap Fund enjoyed a strong first quarter, with positive returns on both an absolute and relative basis, returning 14.48% for the quarter compared to the Russell 2000 Growth Index which returned 13.28%. In a quarter when stocks soared across all market caps, it is gratifying that the Fund managed to outperform a robust benchmark.

A sizable portion of the positive performance can be attributed to the Healthcare sector. Despite the fact that the Fund is slightly underweight Healthcare relative to the benchmark, stock selection in this sector bested the benchmark. The biggest contributor was Amylin Pharmaceuticals, maker of Bydureon, a once-weekly injectable for controlling blood sugar in Type II diabetes patients, which finally won FDA approval after years of clinical trials. Near the

end of the quarter a rumor surfaced that the company had declined a takeover bid from Bristol-Myers Squibb, resulting in a sizeable spike for the stock. AthenaHealth was another strong contributor in the quarter as the company continued to post strong 30-plus percent revenue growth.

Our overweight in the Information Technology sector, combined with in-line stock selection in that sector, helped boost performance. Our lack of energy exposure also helped performance as this sector was one of the weaker performers within the benchmark.

The only underperforming sector for the period was Materials, where the Fund is substantially underweight relative to the benchmark. Unfortunately, our only name in the sector, Polypore International, delivered poor performance in the Fund in the first quarter. Polypore, a maker of membranes used in batteries, underperformed as the market questioned the growth expectations of electric vehicles, which is one of the main growth opportunities for the company.

The number of holdings remained at 57 as we bought two new stocks and exited two positions during the quarter.

Following such a robust first quarter, we expect the equity markets to grow at a more subdued pace going forward. It remains to be seen whether investors will trust the numbers and participate in equity funds once again. We believe the stocks in the Buffalo Small Cap Fund should be well-positioned to continue growing due to their inherent business strengths, not necessarily because of broad economic factors or headlines. We will continue to look for opportunities to add high-quality stocks as their valuations become reasonable, keeping our sights on long-term growth potential.

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

As of 12/31/11 the Buffalo Small Cap Fund's top ten equity holdings were: Align Technology Inc. 4.51%, Life Time Fitness Inc. 4.09%, Corporate Executive Board Co. 3.87%, Panera Bread Co. 3.59%, Dealertrack Holdings INC. 3.58%, Hexcel Corp. 3.33%, Adtran Inc. 3.29%, MKS Instruments Inc. 3.15%, Neustar Inc. 2.94%, WMS Industries Inc. 2.66%.

Top 10 holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are for the previous quarter.

The opinions expressed are those of the Portfolio Manager(s) 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. Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index consists of the smallest 2,000 companies in a group of 3,000 U.S. companies. You cannot invest directly in an index. The S&P 500 stands for Standard & Poor 500 and is a free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States. The Dow Jones Industrial Average is an index that shows how 30 large, publicly owned companies based in the United States have traded during a standard trading session in the stock market. The NASDAQ is the second-largest stock exchange by market capitalization in the world.

The Fund invests in smaller companies, which involves additional risks such as limited liquidity and greater volatility.

The Buffalo Funds are distributed by Quasar Distributors, LLC.