

BROCHURE DISCLOSURE

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This brochure provides information about the qualifications and business practices of Kornitzer Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 913-677-7778, or by email at bkoster@buffalofunds.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Kornitzer Capital Management, Inc. is an investment adviser registered with the United States Securities and Exchange Commission. Such registration does not imply a certain level of skill or training.

Additional information about Kornitzer Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The following changes have been made in this amendment dated January 31, 2014 to our Brochure Disclosure, which changes may be deemed material.

- We describe management practices regarding accounts that clients direct we manage according to one or more investment strategies followed by the Buffalo Funds, which we refer to as strategy accounts.
- Our practices in liquidating non-investment grade securities upon termination of a separately managed account are set forth.
- We update the types of companies we consider to be mid-cap and small cap companies within the strategies using these investments by referencing companies having a capitalization within the range of the Russell Midcap® Growth Index and the Russell 2000® Growth Index.
- We disclose our trade practices, including trade allocation, trade processing and minimum transaction sizes, and consequences that include varying investments in accounts, varying investment performance, potential conflicts of interest and other consequences. Unique consequences of our trade practices for strategy accounts are disclosed.
- We discuss the placement of unique investment opportunities in client accounts.

Please consider these changes and disclosures carefully.

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Item 4 – Advisory Business

About the Firm

John C. Kornitzer founded our firm in 1989 and remains the majority owner and President. We manage portfolios for individuals and institutions and also act as the investment adviser to the Buffalo Funds. We are registered as an investment adviser with the Securities and Exchange Commission.

Advisory Services

Overview

We provide investment supervisory services by managing your accounts on a discretionary basis. In managing your assets, we emphasize traditional portfolio management techniques and use our own internally-generated research. We research investments for our clients and make the investments best suited to our clients or as requested by them.

Types of Advisory Services

Individually Managed Accounts

We manage your individual investment portfolios in separate accounts by providing investment supervisory services, through the continuous oversight of your funds. We manage portfolios for individuals and institutions, such as pension and profit sharing plans, foundations and endowments, corporations and other business entities, and state or municipal government entities. The funds are invested according to your individual needs, objectives and desires.

In managing any account, we may use a balanced approach, or follow a certain investment style such as value, growth, or fixed income. A balanced approach combines equities and fixed income securities. Value and growth use primarily equity securities, consisting of securities issued by companies of all market sizes, classified as large cap, mid cap, small cap or micro cap. We may also invest in certain defined investment segments, such as technology and international. For fixed income portfolios we consider investment grade securities, non-investment grade securities, and municipal bonds. All of these methods may be used as appropriate to meet your investment needs.

To meet your individual investment needs, we gather sufficient information about your financial situation, investment objectives, goals and needs, and other personal information we deem appropriate. Our intent focuses on knowing your own individual circumstances and situation to manage your funds according to your investment needs and desires as expressed to us.

You may place restrictions on the management of your accounts subject to our consent on the reasonableness and feasibility of the restrictions. However, by placing restrictions on an account, you must recognize that the performance of the account may not be consistent with the performances of accounts managed in the same style without restrictions.

Our institutional clients typically specify the manner in which they desire we manage funds they place with us based on a certain style or strategy. The style or strategy specified by an institutional client may designate an investment style or strategy similar to one or more of the Buffalo Funds we manage.

Strategy Accounts

Certain clients direct that we manage their accounts according to a designated investment strategy we use in managing one or more of the Buffalo Funds. For example, clients direct that we manage their accounts using an investment strategy similar to the Buffalo Small Cap Fund, investment strategies similar to other Buffalo Funds or a combination of two or more Buffalo Funds. We refer to these accounts as strategy accounts. We describe these various investment styles and strategies under **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**, below.

We manage these strategy accounts in a manner to and follow the investment strategy of the respective Buffalo Fund to the fullest extent possible. The exact activity, performance and trades of the designated Fund cannot be replicated in these strategy accounts. These strategy accounts are managed substantially similar but not identically to the respective Buffalo Fund. Any number of factors may cause the management of a strategy account to vary from the management of the respective designated Buffalo Fund, including variances in cash flows, relative sizes, trade execution and processing, and client imposed restrictions.

Higher account minimums may exist for these strategy accounts than for our individually managed accounts that are not client directed for a particular investment strategy. The minimum account sizes vary according to whether the investment strategy directed by the client may be appropriately implemented for the account based on the relative size of the respective Buffalo Fund, whether the Buffalo Fund for the desired investment strategy is closed to new investors, and any other considerations we deem appropriate.

Mutual Funds

We started and continue to act as the investment adviser for the Buffalo Funds, which are no-load mutual funds:

- Buffalo Discovery Fund
- Buffalo Dividend Focus Fund
- Buffalo Emerging Opportunities Fund
- Buffalo Flexible Income Fund
- Buffalo Growth Fund
- Buffalo High Yield Fund
- Buffalo International Fund
- Buffalo Large Cap Fund
- Buffalo Mid Cap Fund
- Buffalo Small Cap Fund

You may obtain additional information about these funds from the Prospectus and Statement of Additional Information, at www.buffalofunds.com. A substantial portion of the assets we manage are in the Buffalo Funds.

Subadviser

We also provide investment advisory services to Great Plains Trust Company. Great Plains has engaged us to provide investment advisory and management services for individual and retirement accounts. Additionally, it has engaged us to act as the investment adviser for eight collective trust funds for the pooling of retirement funds and nine common trust funds for pooling of personal trusts.

These funds may be identified as follows:

Retirement, Pension and Profit Sharing Trust Funds	Personal Trusts Funds
Equity Fund	Equity Fund
Fixed Income Fund	Fixed Income Fund
Mid Cap Fund	Mid Cap Fund
Small Cap Fund	Small Cap Fund
Science and Technology Fund	Science and Technology
USA Global Fund	USA Global Fund
Large Cap Fund	Opportunity Fund
International Fund	International Fund
	Global Natural Resources Fund

Account Termination, Non-Investment Grade Securities

Our client agreements state upon a termination we liquidate the non-investment grade securities in a terminating client's account. We liquidate these securities upon a termination of the agreement by you unless you specifically authorize us to transfer the securities in-kind after we consult with you. Before we liquidate the securities, we discuss with you the liquidation of the non-investment grade securities and confirm the liquidation. If you desire to maintain the securities upon a termination we will transfer them in-kind upon receipt of written instructions from you.

Based on our experience, the succeeding firms for terminating clients may be unable to handle these securities. They usually lack the experience and capabilities to research non-investment grade securities, render advice on them and execute transactions in them. The succeeding firms are usually unable to liquidate the securities as favorably as we may do so, especially if we transfer a smaller quantity that may be more difficult to execute. We believe we serve our clients' interests better by liquidating these securities instead of transferring them to a firm inexperienced in handling them.

If we believe these non-investment grade securities represent a continuing investment opportunity for our remaining clients, we may transfer the securities from a terminating client's account to client accounts that continue to be managed by us. We understand the nature of the securities and if they present a value to remaining clients, we will transfer them at fair market value.

In so transferring these securities from any terminating client's account to remaining client accounts, we could be deemed to be favoring remaining clients over terminating clients. We could be deemed to have a conflict of interest if deemed to be favoring remaining clients over terminating clients in transferring these securities. We believe we best serve all interests by handling these securities according to these policies and procedures regarding non-investment grade securities in terminating client accounts.

Assets Under Management

We managed \$11,286,081,000 in assets on a discretionary basis and \$33,878,000 in assets on a non-discretionary basis as of December 31, 2013.

Item 5 – Fees and Compensation

You compensate us for our services by a fee calculated based on a percentage of assets under management. Our fee schedule varies according to the type of investments under management, with the respective fee calculated against the type of investment in the account, as follows:

Type of Asset	Annual Fee
Equities and Fixed Income	1.00%
Municipal and Investment Grade	0.25%
Treasury	0.10%

You pay our fees on a quarterly basis in advance. We deduct our fees directly from your account based on our agreement with you authorizing us to debit fees directly from your account held at the custodian. Fees are pro-rated for any period less than a full quarter. Upon termination of

our agreement during a quarter, we issue a refund of the pro-rated fee. In certain circumstances and depending on the size of the account and the investment style, fees may be negotiable.

We apply our fee against all assets in an account, including cash balances invested in money market funds and short-term investment funds. In addition to our fee, custodians for money market funds and short-term investment funds charge fees based on the cash invested. You also pay custodial fees, brokerage commissions, transaction fees, exchange fees, transfer taxes, wire transfer fees and any other costs or expenses incurred by you in connection with your account. Please refer to **Item 12 – Brokerage Practices**, below, for a further discussion of brokerage transactions.

Instead of directly investing your assets in a particular security, we may use our proprietary no-load mutual funds, known as the Buffalo Funds, in limited instances, as for example with smaller accounts or if we desire a particular defined investment strategy. We waive our management fee when we place your assets in our Buffalo Funds. You pay the fees, expenses, charges and related items of the mutual fund in which you are invested. Further reference is made to the Buffalo Funds Prospectus and Statement of Additional Information, at www.buffalofunds.com that sets forth such fees, charges and expenses.

Item 6 – Performance-Based Fees and Side-by-Side Management

Our fees are not performance based.

Item 7 – Types of Clients

The types of clients to whom we generally provide investment advice include individuals, pension and profit sharing plans, foundations and endowments, corporations and other business entities, state or municipal government entities, various types of financial and other institutions, and investment companies.

Our minimum account size is \$1,000,000. For strategy accounts the minimum account size may be greater than \$1,000,000. It may vary from time to time depending on our level of business activity being experienced and the type of account. We may also waive the minimum account requirement under certain circumstances.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

We analyze investments by conducting our own research based on a disciplined method of analysis, thoroughly researching investment opportunities to meet the goals of our clients. Our own research staff conducts the research, analyzes the results and makes the investment decisions. Our staff is comprised primarily of Chartered Financial Analysts and other individuals that have specialized expertise in discrete industries. In our research, we conduct ongoing research and analysis of overall economic trends, industries and geopolitical factors.

Our staff starts its analysis by identifying industries that are targeted to benefit from current and forecasted macroeconomic trends. In these industries, our research staff then identifies companies for further consideration based on the potential to perform well in coming periods, oftentimes constructing financial models on a future performance. Factors used to identify companies include prospects for future growth, competitive advantages relative to other industry participants, profit margins, balance sheet strength, potential downside risks, and any other relevant factors.

Once we have identified a strong investment candidate, we conduct extensive analyses to consider the fair value of the company as compared to its current market valuation. To determine the fair value, we focus on comparable company analyses, current profitability, potential for revenue growth and profit margin expansion, projected cash flow generation, management quality and other trends that relate to the prospective company. All these aspects are considered, with a final investment decision based on the risk and return tradeoff and expected return of the investment.

After making a determination that an investment is to be considered for our clients, the staff usually prepares a written research report justifying the research staff's recommendation. All research staff and portfolio managers review the recommendation. In discussions, the underlying views and values of these investments are thoroughly reviewed. The research analysts and the portfolio managers meet on a frequent, periodic basis to discuss new investments and to make decisions about how to rebalance existing holdings. They also monitor current investments. Decisions are made on a consensus basis with portfolio managers maintaining the primary decision-making authority.

Based on the staff's recommendations, we maintain a list of issuers and securities deemed appropriate for placement of our clients' funds and their investment strategies. This list sets forth those issuers and securities the staff have reviewed and have considered appropriate investments for your funds, within the strategy associated with the particular issuer and security. The staff reviews this list and makes modifications as deemed appropriate. We then make investments for you from this list based on your investment needs, goals and objectives, and within your investment strategy.

Investment Strategies

We use certain investment strategies for our clients and pursue a certain strategy after we have determined your investment needs, objectives and desires through our discussions with you. Our investment strategies have defined parameters but are tailored to each client's needs and desires. Generally, investment strategies for individuals include balanced, equities and fixed income, and within these strategies, we tailor the extent of the mix of investments based on your individual needs.

In our investment strategies, we may invest a portion of your funds in a particular mutual fund of the Buffalo Funds. We usually use the Buffalo Funds for a unique investment category or if the amount of funds to be invested is relatively smaller. By doing so, we gain better diversification

within the strategy to be pursued by investing in the mutual fund in comparison to placing assets directly in issuers within that strategy.

Institutions typically instruct us as to the strategy they desire we follow in managing their accounts. They usually choose one of the strategies followed by the Buffalo Funds and request we invest their funds in the same manner as the mutual fund strategy selected.

Balanced. In pursuing a balanced investment strategy, the objectives are long-term capital growth and current income. To achieve long-term capital growth, we invest your assets primarily in domestic common stocks, as well as convertible bonds and preferred stocks. The majority of common stocks we use for a core balanced strategy are issued by large-capitalized companies.

To achieve current income, we invest in corporate bonds, non-investment grade securities, municipal bonds, convertible debt securities, preferred stocks and convertible preferred stocks. The extent to which we weigh long-term capital growth in comparison to current income depends on your own individual circumstances, as we determine in discussions with you.

Equities. Our equity investment strategy generally combines dividend income and long-term capital appreciation of the underlying security, with lesser emphasis on current income than with a balanced or fixed income investment strategy. When we pursue an investment strategy of investing in equities, we invest in equity securities issued by companies of varying sizes and across a broad range of industries that are expected to benefit from long-term global and domestic trends.

Fixed Income. A fixed income strategy seeks primarily current income while preserving the account value through capital appreciation of the underlying fixed income investments. When we pursue this investment strategy, we invest your assets in investment grade securities, municipal securities, convertible debt securities, corporate debt securities, and higher-yielding, higher-risk debt securities rated below investment grade by the major rating agencies. We refer to higher-risk debt securities rated below investment grade as non-investment grade securities.

Long-Term Capital Growth through Certain Defined Issuers. If you desire long-term capital growth, we may use specially designated size and types of companies and securities to achieve the long-term capital growth and the diversification associated with these certain defined investments. When we pursue long-term growth in this manner, we make investments in a broad array of securities that are diversified in terms of companies and industries but have the characteristics associated within the defined group of issuers.

Long-term capital growth achieved through investment in securities by these defined issuers is used less frequently in our managed accounts for individuals. Instead, we use this strategy for institutions who seek long-term capital growth by investment in certain defined issuers. In certain circumstances, we will invest funds of an individual account in these investment strategies through the use of the mutual funds of the Buffalo Funds having the same investment characteristics.

We describe these investment strategies objectives as direct investments; however, reference should also be made to the prospectuses for these various investment objectives to the extent an investment is made directly in any mutual fund. The Buffalo Funds Prospectus and Statement of Additional Information contain disclosures relating to the Funds, available at www.buffalofunds.com.

We classify these strategies according to the type of issuer of the securities, and will invest in domestic common stocks, preferred stocks, convertible stocks, securities with prices linked to the value of common stocks and warrants of the companies having the referenced characteristics as of the time of purchase.

- **Mid-Cap Companies.** We consider a company to be a mid-cap company if it has a market capitalization within the range of the Russell Midcap® Growth Index.

Investing in mid-cap companies may involve greater risk than investing in large-cap companies due to less management experience, financial resources, product diversification and competitive strengths. These securities may be more volatile and less liquid than large-cap companies.

- **Small-Cap Companies.** We consider a company to be small-cap company if it has a market capitalization within the range of the Russell 2000® Growth Index.

Investing in small-cap companies may involve greater risk than investing in large- or mid-cap companies due to less management experience, financial resources, product diversification and competitive strengths. Again, these securities may be more volatile and less liquid than mid- and large-cap companies.

- **Micro-Cap Companies.** We consider a company to be a micro-cap company if it has a market capitalization of \$1 billion or less.

Investing in micro-cap companies may involve greater risk than investing in companies with larger capitalization due to less management experience, financial resources, product diversification and competitive strengths. These securities may be more volatile and less liquid than securities of companies with larger capitalization.

- **Technology Companies.** If a company is expected to benefit from the development, advancement or commercial application of innovative strategies, we classify it a technology company, irrespective of its capitalization and even if it is not involved in specific research and development but is expected to benefit from the technological advances.

Companies in the rapidly changing fields of technology often face unusually high price volatility due to products and services that appear to be promising at first but fail to become commercially successful or quickly become obsolete; and competition from new market entrants as well as developing government regulations and policies. Technology companies often face unusually high price volatility both in terms of gains and losses.

- **International Companies.** We invest in established, international companies economically tied to various countries throughout the world, excluding the United States. Foreign securities are deemed to be securities issued by companies organized under the laws of a country other than the United States or a company that derives at least 50% of its revenues or profits from outside the United States or has at least 50% of its assets outside the United States.

Investing in securities of foreign corporations and governments involves additional risks relating to political, social, religious and economic developments abroad; market instability; fluctuations in foreign exchange rates; different regulatory requirements, market practices, accounting standards and practices; and less publicly available information about foreign issuers. Additionally, these investments may be less liquid, carry higher brokerage commissions and other fees. Procedures and regulations governing transactions and custody in foreign markets also may involve delays in payment, delivery or recovery of money or investments.

Investments in emerging markets in the initial stages of industrialization and with low per capita income, such as China, the Philippines and India, bear their own additional risks of greater volatility, unstable governments, social and legal systems less cognizant of shareholder rights, narrowly based economies, and smaller securities markets with less liquidity, greater volatility and less government oversight.

General Investment Risks of Loss

Investing in securities involves the risk of loss that you should be willing to accept. The following risks exist among all our investment strategies.

Market Risks. The value of your portfolio will fluctuate as a result of the movement of the overall stock market or of the value of the individual securities held. You may lose money.

Investment Adviser Risk. Investment adviser risk means that your account values vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. We may or may not be successful in pursuing various investments strategies used in your accounts.

Equity Risks. Equity securities may experience sudden, unpredictable drops in value and long periods of decline in value due to general stock market fluctuations, increases in production costs, decisions by management or related factors.

Common Stocks. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. Common stock may be generally subject to greater risk than preferred stocks and debt obligations because common stockholders generally have inferior rights in comparison with the rights of senior security holders and creditors.

The risks associated with investments in large-capitalized companies relate to their inability to respond to changes in the market place. Larger, more established companies may be unable to respond quickly to new competitive challenges and are sometimes unable to attain the high growth rates of successful smaller companies during periods of economic expansion.

Preferred Stock. Preferred stock is subject to the risk that the dividend on the stock may be changed or deferred by the issuer, and that participation in the growth of an issuer may be limited. To a certain extent, preferred stocks may experience the same risks of common stocks.

Convertible Securities. A convertible security is a fixed-income security, such as a debt instrument or a preferred stock, which may be converted at a stated price within a specified period of time into a certain quantity of the common stock of the same or a different issuer.

Convertible securities generally offer lower interest or dividend yields than non-convertible debt securities of similar quality. The value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the company and other factors also may have an effect on a convertible security's investment value.

Debt Instrument Risks. As interest rates increase, the value of debt securities decreases. Credit risk exists to the extent an issuer will not make timely payments of principal and interest. Debt securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. Limited trading opportunities with certain fixed income securities present liquidity risks.

High Yield Debt Risks. These lower-rated bonds have a greater degree of default risk. Lower-rated securities may be issued by companies that are restructuring, are smaller and less credit worthy or are highly indebted, and tend to be less liquid and react more poorly to adverse economic and political changes, unfavorable investor perceptions and negative corporate developments. These securities are commonly known as "junk bonds" and are rated below investment grade by the major rating agencies or unrated. These securities may be deemed to have a higher rate of default than investment grade securities, thereby placing your assets at a greater risk of loss. Because these debt securities are typically rated below investment grade, it places a greater importance on our credit analysis ability in comparison to investing in higher rated debt securities. We refer to these types of securities as non-investment grade securities.

Municipal Obligations Risk. We invest in securities issued, sponsored and guaranteed in various manners by municipal governments located in the United States. These securities may be general revenue instruments for which repayment comes from the general revenue of the municipality, or instruments linked to a specific project sponsored by a municipality for which repayment may be secured by assets of the project and the revenue from the project. The risks of these obligations include the increasing pressure on municipalities to provide additional various services and decreasing ability to raise revenues from taxes, resulting in a greater inability to repay their debt obligations. Also, with a specific project, the

involvement of a municipality may reflect on the inability of the project to obtain traditional financing and hence the riskier nature of the project. The project may also be undertaken for the general benefit of the municipality and not necessarily for the holders of the instruments financing the project, again causing the risks of repayment to be higher because the economic viability of the project may not have been the first priority.

Currency Risks. When we buy or sell securities on a foreign stock exchange, the transaction is undertaken in the local currency rather than in U.S. dollars, which carries the risk that the value of the foreign currency will increase or decrease, which may impact your portfolio holdings and your investment. China and other countries may adopt economic policies and currency exchange controls that affect its currency valuations in a disadvantageous manner for U.S. investors and companies and restrict or prohibit our ability to repatriate both investment capital and income, which could place your assets at risk of total loss.

Item 9 – Disciplinary Information

There are no legal or disciplinary events to report for us or our employees.

Item 10 – Other Financial Industry Activities and Affiliations

We act as an investment adviser to the Buffalo Funds, for which they represent a substantial amount of our assets under management. Our management fees range from 0.90% to 1.45% of the net asset value under management, depending on the investment strategy of the particular fund. From these fees, we provide or obtain and pay the cost of all management, supervisory and administrative services required in the normal operation of the Buffalo Funds. The Buffalo Funds Prospectus and Statement of Additional Information contain disclosures relating to the Funds, available at www.buffalofunds.com.

Certain employees of our firm serve as officers and a trustee of the Buffalo Funds: Kent Gasaway serves as President and Treasurer of the Buffalo Funds. Barry Koster serves as Chief Compliance Officer for us and the Buffalo Funds. Clay Brethour serves on the Board of Trustees for the Funds.

We also provide investment advisory and management services to Great Plains Trust Company, with respect to its collective trust funds for the pooling of retirement funds and its common trust funds for the pooling of personal trusts, and other accounts held by it for personal and retirement accounts. For the collective retirement trust funds and the personal common trust funds, our fees are 0.50% of the assets under management. For individual and retirement accounts, our fees range between 0.50% and 0.92% of the assets under management. In addition, Great Plains charges its own fees for its custodial and other services. Great Plains Trust Company is a wholly owned subsidiary of Great Plains Holding Company. A trust, created for the benefit of the family members of John Kornitzer, is the majority shareholder of Great Plains Holding Company. Mr. Kornitzer is our President and majority owner.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

We adhere to a Code of Ethics governing our employees' personal securities transactions. Our clients' interests remain paramount, with the intent to avoid even the appearance of a conflict of interest. This Code of Ethics applies to all our employees based on the nature and structure of our firm.

The Code of Ethics requires employees disclose their beneficial ownership of securities initially upon hire and on an annual basis thereafter. Prior to certain transactions, employees must preclear a transaction by obtaining approval from the Chief Compliance Officer. Transactions exempt from preclearance are investments in direct U.S. Government obligations, bank certificates of deposit, shares issued by money market funds, shares issued by open-end mutual funds other than funds for which we serve as the investment adviser, and other substantially similar investments.

We further prohibit any event, transaction or position that might be deemed to create a potential conflict of interest with any client's interest. Prior written approval must be received from the Chief Compliance Officer before conducting any business with a client, directly or indirectly, or serving on the board of directors of any publicly-traded company. A potential conflict of interest could be deemed to exist in these instances because the relationship with a client has the potential to affect the decision making process in managing that client's account.

You may request a copy of the Code of Ethics by sending a written request to Barry Koster, Chief Compliance Officer, Kornitzer Capital Management, Inc., P.O. Box 877, Shawnee Mission, Kansas 66201.

Participation or Interest in Client Transactions

We recommend the Buffalo Funds to our clients, for which we act as the investment adviser. Certain conditions exist under which we recommend the Buffalo Funds, such as smaller accounts or if a particular investment style is desired through the use of one of the Funds. We waive our management fee for any portion of a client's account placed in any Buffalo Fund.

Personal Trading

Under our Code of Ethics, transactions in the securities by our employees in the same securities to be traded in client accounts are prohibited within seven days before and after any such transaction, subject to waiver in limited and defined circumstances deemed not within the intent of the Code of Ethics. Further prohibitions exist on acquiring securities in an initial public offering and sales and purchases of the same or equivalent securities realizing a profit within 60 calendar days.

Item 12 – Brokerage Practices

We select broker-dealers to execute client transactions under our grant of discretionary authority. In selecting brokers or dealers and determining the reasonableness of their commissions, we strive to achieve the best qualitative price and execution for client accounts. We consider the full range and quality of services, including execution compatibility, account access and information, commission rates, overall fees and account costs, prior experience, responsiveness, service, reputation, honesty, integrity and the financial stability of the firm, among other factors. We further review relationships with brokers and dealers in their entirety on a determined periodic basis. This periodic review covers the same factors considered in initially selecting the brokers or dealers.

In determining the reasonableness of compensation paid to broker-dealers for executing transactions, we maintain policies and procedures for review of order execution, on a systematic basis to assure correct placement of the order, the best price and qualitative execution and other factors to protect our clients' interests. We systematically review orders to compare the actual execution to various measures we use to test that we have received the best qualitative execution at the fairest commission.

Soft Dollars Practices

In certain instances, we may not place brokerage transactions on the basis of the lowest commission rate available. We may cause clients to pay commissions higher than might otherwise be available in return for products and services that assist us in our investment-decision making responsibilities. To the extent we pay higher commissions, we have made a good faith determination that the commissions paid are reasonable in relation to the value of brokerage and other services provided. These additional brokerage commissions paid in exchange for research services are referred to as "soft dollars."

When we use client brokerage commissions or pay higher execution costs in exchange for research, we receive a benefit because we do not have to pay for the research. A conflict of interest may exist because we may be deemed to have an incentive to use certain broker-dealers who provide these research services at higher execution costs over other broker-dealers with lower execution costs. We will only use a broker or dealer providing research if such research benefits our decision making process and the intellectual content of the research is of sufficient value to warrant any additional costs to the clients. We will still require a broker or dealer providing products, research and services to give the best price and best execution of orders.

Research acquired through the use of soft dollars may be used to benefit all or some of our accounts. We do not allocate soft dollar benefits to clients' account proportionately to the soft dollar credits the accounts generate. The research we receive typically benefits the decision making process as a whole, and it would be difficult to measure separately the benefits certain research provides to any one of any group of accounts we manage.

The research we receive includes interviews and meetings with investment analysts and corporate management teams, market data, research reports, software and quotation services. In

addition, a variety of research reports are received, not pursuant to any previous arrangement, and typically relate to specific industry segments, companies and economic analyses.

The procedures we used during our last fiscal year to direct transactions to brokers and dealers providing research benefits involved tracking the benefits received and valuing what we consider to be the beneficial worth of the research. Then, we made a good faith attempt to direct transactions to those brokers and dealers in relation to the value of the research used. In many instances, however, it is impossible to value the research received other than to place an arbitrary figure on the research in such a manner to assure that we continue to receive the research provided.

Directed Brokerage

In limited circumstances, we may allow you to direct us to execute transactions in your account through a broker or dealer other than a broker or dealer selected by us. We discourage directed brokerage. If you direct us to use a certain broker or dealer other than one selected by us, you are responsible to negotiate transaction costs, and we disclaim any responsibility to do so. You must acknowledge in writing that you are aware of these potential disadvantages regarding directed brokerage if you direct us to use a certain broker-dealer.

If you direct brokerage transactions, you may receive less favorable execution prices, higher transactions costs and other adverse consequences regarding trade execution and performance. We are unable to direct execution on terms we deem favorable and are restricted in our execution on your behalf. We are unable to aggregate directed brokerage orders with our other clients, and your transactions are executed after transactions for our other clients without directed brokerage accounts. You may not participate in unique and limited investment opportunities on the same basis as our other accounts. We will be further prohibited from executing a transaction with the dealer, specialist or market-maker for the particular security. Transactions may be placed on an agency basis by the broker or dealer that you directed through whom we place transactions.

Trade Practices

We follow certain trade practices in executing and processing trades for you. We may be deemed to have conflicts of interest to the extent our trade practices result in better execution and performance in certain accounts. We monitor and modify our trade practices to avoid the potential for conflicts of interest and to act in the best interest of all clients to the fullest extent possible over time. Because multiple factors influence execution beyond our control, we may be unable to minimize the effects of our trade practices on execution and different execution results may occur as among accounts. Our trade practices may cause varying account performance.

You should recognize that advice and actions taken for your account will differ from advice and the time and nature of actions for other accounts. Transactions in a specific security may not be accomplished for all accounts at the same price and at the same time.

Trade Aggregation

When the same investment decisions are made for multiple client accounts, we aggregate trades for execution to achieve better and more efficient execution and more consistent results across client accounts. We may not aggregate trades if reduced costs may not be achieved because administrative and other costs may be imposed. We use our discretion in aggregating trades.

Aggregated trades are allocated among client accounts based on the orders designated for the accounts. Orders may be designated for accounts according to a percentage of the account or on a round lot basis as to each individual account. Upon execution, aggregated trades are processed back into accounts according to the original orders and further dependent on the manner of execution. An aggregated order executed in full is placed back into all accounts, with each account receiving the average execution price and sharing in transaction costs on pro rata basis. If an aggregated trade is executed in a series of transactions, the transactions are processed back into accounts on a pro rata basis according to the relative sizes of the orders placed or on a rotational basis. Sequencing delays and market impact costs may occur among accounts if an aggregated trade is executed in a series of transactions.

We may also process aggregated orders back into client accounts in any other manner we deem equitable and consistent with our fiduciary duty to clients. Order processing is also subject to available cash, account restrictions, and all relevant investment considerations.

To the extent we designate investments for client accounts based on a percentage of account size, when orders are processed on a pro rata basis according to the original relative order sizes, larger accounts have their orders processed first back into their accounts prior to smaller accounts. Variances in execution as between larger and smaller accounts may result. Smaller accounts may receive investments at different times and amounts and may not receive all the same investments as larger accounts. Investment performance among relatively larger and smaller accounts may vary, particularly during periods of relatively higher volatility of performance in accounts.

When we process trades on a rotational basis, we process orders among clients so that all clients receive a certain minimum amount and then pro rata according to the original orders placed. If an account does not receive the full amount designated for it in any aggregated trade, the client remains eligible for the next order processed or for the next similar investment subsequently placed.

An aggregated trade may be executed in a series of transactions depending on the security, market conditions, and the characteristics of the aggregated trade. When we place market limit orders, an aggregated order may not be executed in full. As an order is executed, if the price increases beyond the desired level for the investment, execution of the remaining order may be terminated or postponed.

We may impose minimum transaction sizes for processing orders back into accounts and not process orders into accounts below the minimum transaction size. Imposition of minimum transaction sizes may cause smaller accounts not to receive any amount of an order and larger accounts to receive their complete order when orders are processed on a pro rata basis. To

minimize the impact of minimum transaction sizes, we may process trades at the lowest minimum transaction size necessary to cause all accounts to receive part of a trade. We may vary the minimum transaction size depending on the actual trade being executed, the accounts aggregated in a trade, the manner of execution and other equitable factors.

Significant administrative difficulties exist in executing transactions in lesser amounts, causing hardships for the custodians in timely settlement and payment, tax considerations, income projections and general administrative burdens. Minimum transaction sizes may be increased because of costs and other factors emanating from account custodians. If the amount of a minimum transaction would be so de minimus, such that it would provide no material benefit to the client or present difficulty in effecting an advantageous deposition, we may impose higher minimum transaction sizes. Minimum transaction sizes may also be increased during times of more active trading in our accounts and based on investment considerations.

Strategy Accounts

Our trade practices have unique consequences for our strategy accounts. The relative sizes of certain Buffalo Funds and strategy accounts following the particular strategy of the Buffalo Fund are very disparate. To the extent these account sizes vary more significantly, different trade consequences, varying performances and other unforeseen circumstances may result. For example, when we aggregate trades of “small cap” strategy accounts with the Buffalo Small Cap Fund, and if trades are executed in a series of transactions and processed back into accounts on a pro rata basis, the Buffalo Small Cap Fund receives its trades first before the small cap strategy accounts that are relatively much smaller in size. If we impose minimum transaction sizes in the pro rata processing of a trade back into accounts according to size, the available shares for processing into smaller accounts may be less than the minimum transaction size. Only the larger accounts may receive shares in such a transaction processed on a pro rata basis. Varying execution and performance may result.

We monitor these trade practices for our strategy accounts and modify them as conditions warrant to be in the best interest of clients. We may impose rotational participation and minimum transaction sizes small enough to have all accounts participate if necessary in processing orders executed such that all accounts participate on a more equitable basis.

Limited Investment Opportunities

Our clients receive different investments according to their investment needs, objectives and desires, and their risk profiles. In certain instances an investment opportunity may be limited in availability for clients with similar investment requirements. We endeavor to allocate limited unique investment opportunities among client accounts fairly over time and based on factors particular to any client account. When making allocations of limited investment opportunities, we consider the investment needs, objectives and desires of the client, risk profiles, cash levels, tax considerations and other holdings in the account. After considering the individual factors associated with client accounts, investment opportunities bearing similar investment characteristics are allocated as among client accounts having similar investment requirements on a rotational basis to the fullest extent possible.

Based on our experience during recent market conditions we deem initial public offerings inappropriate for individual client accounts because of their inherent risks, characteristics and other factors associated with initial public offerings. We place initial public offerings in the Buffalo Funds, certain strategy accounts and collective investment trusts we manage if an initial public offering fits within a defined investment strategy of a particular Fund, strategy account or collective investment trust and is a good investment within the Fund, strategy account or collective investment trust mix. Based on these accounts' relative larger sizes, flexibility in trading activity and lesser tax considerations, initial public offerings are appropriate for the Buffalo Funds, certain strategy accounts and the collective investment trusts.

We reevaluate the suitability of initial public offerings for all our clients as market conditions and the nature, characteristics and risk of initial public offerings may change. If in the best interests of clients we will modify our policies according to the current conditions.

Item 13 – Review of Accounts

Account Reviews

Our relationship managers and assigned portfolio managers review your accounts at least quarterly. The review is intended to confirm that the investments placed in your accounts are furthering your investment objectives. Interim or more frequent reviews may occur as a result of an inquiry by you, changes in your circumstances that may require a change in your investment objectives, and upon changes in market conditions that warrant review. We will also periodically meet with you to review your investments and investment objectives.

Reports

We deliver a quarterly report that contains information on the investments held in your account, including summary information and individual information as to cost basis, current market value, and performance information. The reports are available on an interim or more frequent basis at the request of the clients. Additionally, you receive account statements at least quarterly from the custodians for your accounts.

Item 14 – Client Referrals and Other Compensation

We do not receive any economic benefit from anyone other than a client for providing investment advice to our clients. We do not compensate any person, other than a supervised person, for referring clients to us.

Item 15 – Custody

We may be deemed to have custody of client funds because we directly deduct fees from your accounts; and Great Plains Trust Company is deemed a related person with its custody imputed back to us. Policies and procedures implemented are intended to safeguard your assets.

You should receive account statements for your accounts directly from a qualified custodian, which is typically a bank, trust company, broker or dealer. We urge you to carefully review your account statements received from the qualified custodian and compare them to your account statements received from us. Our statements may vary from custodian statements as a result of us recording the transactions as of the trade date and certain custodians recording the transactions as of the settlement date.

Item 16 – Investment Discretion

We exercise discretionary authority to manage client accounts based on a grant of limited power of attorney contained in our investment management agreement we enter into with you. Typically the discretionary authority is unlimited, and we will accept limited restrictions on the grant of discretionary authority, reasonable in nature such that we may observe the restrictions you desire. If you place investment restrictions on your account, performance may or may not be consistent with the performance of accounts managed in the same style with no restrictions.

Item 17 – Voting Client Securities

We have authority to vote proxies of your securities unless you specifically reserve the right, in writing, to vote your own proxies. When voting proxies, our primary concern is to make decisions in the best interest of our clients and intended to enhance the economic value of the assets of clients' accounts.

We have established certain policies and procedures for the voting of proxies received by us. A proxy voting committee is responsible for assuring that all proxies received are voted according to our policies and procedures in a timely manner and in a manner consistent with our determination of the client's best interests.

We vote all proxies timely, consider each decision individually and base our decisions on general guidelines. We vote against management proposals not in the shareholders' best interests, which include: issues regarding the issuer's Board entrenchment and anti-takeover measures; provisions providing for cumulative voting rights; and election of directors who sit on more than five boards.

We vote in favor of routine proposals which do not change the structure, bylaws, or operations of the corporation to the detriment of the shareholders. Given the routine nature of these proposals, proxies will normally be voted with management. Traditionally, these issues include election of auditors recommended by management, date and place of annual meeting, ratification of directors' actions on routine matters since previous annual meeting, responsible Employee Stock Purchase Plans and establishing reasonable 401(k) plans.

Issues involving director and management mandatory retirement policy, option and stock grants to management and directors, and retirement packages to management and directors will be reviewed on a case-by-case basis. Voting decisions will be made based on the financial interest of the client.

In certain circumstances, in accordance with a client's investment advisory contract, or other written directive, or if we have determined that it is in the client's best interest, we refrain from voting proxies received, such as in the following circumstances: client maintains proxy voting authority; account terminated; limited value to be realized; securities lending programs; and unjustifiable costs in relation to value to be potentially realized.

Conflicts. Where a proxy proposal raises a material conflict between our interests and your interest, to the extent we have little or no discretion to deviate from its guidelines with respect to the proposal in question, we shall vote in accordance with such a pre-determined voting policy.

To the extent that we have discretion to deviate from its guidelines with respect to the proposal in question, we disclose the conflict to the relevant clients and obtain their consent to the proposed vote prior to voting the securities. If a client does not respond to such a conflict and disclosure request or denies the request, we will abstain from voting the securities held by that client's account.

Copy. A copy of our Proxy Voting Policies and Procedures is available upon written request. Requests should be sent to Barry Koster, Chief Compliance Officer, Kornitzer Capital Management, Inc., P.O. Box 877, Shawnee Mission, Kansas 66201.

Clients may receive copies of voting records by sending a written request to Barry Koster, Chief Compliance Officer, Kornitzer Capital Management, Inc., P.O. Box 877, Shawnee Mission, Kansas 66201.

Item 18 – Financial Information

We are not required to provide financial information to you based on our operations and governing requirements.