

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 fcoats@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

Our firm has not undergone any material changes in operations since our firm Brochure Disclosure was last updated on April 22, 2015, other than the resignation of Clay Brethour as Chief Compliance Officer and the appointment of Fred Coats as Chief Compliance Officer on May 22, 2015.

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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 render advice to individuals and institutions, and act as the investment adviser to the Buffalo Funds and common and collective trust funds held at Great Plains Trust Company.

Advisory Services

We manage our clients' accounts on a discretionary basis by providing investment supervisory services and emphasizing traditional portfolio management techniques. We base our investment decisions on internally-generated research and make decisions best suited to our clients' investment needs and mandates.

Types of Advisory Services

Separately Managed Accounts. We manage individual investment portfolios in separate accounts by providing investment supervisory services, and we continuously monitor and review your funds managed by us. Your funds are invested according to your own individual needs, objectives, and desires.

In managing any account, we may use a balanced approach or follow a specific investment style, such as fixed income, value, or growth. A balanced approach uses both equity and fixed income securities. For fixed income portfolios we consider investment grade securities, non-investment grade securities, and municipal bonds. Value and growth investment styles use primarily equity securities, issued by companies of all market sizes, which may be classified as large cap, mid cap, small cap, or micro cap. In certain instances, we may invest in certain defined investment segments, such as technology and international. All styles and methods may be used within any account as we deem appropriate.

In managing your account according to your investment needs, objectives and desires, we obtain personal information from you concerning your financial situation, investment needs, objectives, desires, and such other information we deem appropriate. We focus on your individual circumstances and financial situation you express to us.

You may place restrictions on our management of your funds subject to our consent on the reasonableness and feasibility of the restrictions. By placing restrictions on an account, your account's performance may be inconsistent with the performances of similarly managed accounts and may not perform as you might otherwise desire.

Account Termination, Non-Investment Grade Securities. Our client agreements state upon a termination we liquidate the non-investment grade securities held 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 non-investment grade 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 transferring these securities from any terminating client's account to remaining client accounts, we may be deemed to be favoring remaining clients over terminating clients. We could be deemed to have a conflict of interest if favoring remaining clients over terminating clients in transferring these securities. We believe it best serves all interests to handle these securities according to these policies and procedures regarding non-investment grade securities in terminating client accounts.

Strategy Accounts. Our institutional clients typically specify the style or strategy they desire for funds they place with us, which is a style or strategy similar to one or more of the Buffalo Funds we manage. When our clients direct that we manage their accounts according to a designated investment strategy used by us in managing one or more of the Buffalo Funds, we refer to these accounts as "strategy accounts."

When clients direct an investment strategy, we make investment decisions for their funds within the strategy directed by them. For example, clients direct that we manage their accounts using an investment strategy similar to the Buffalo Small Cap Fund, other Buffalo Funds, or a combination of two or more Buffalo Funds. The investment styles and strategies are described under **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss** below.

We manage these strategy accounts in a manner similar 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 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. Minimum account sizes may 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 organized the Buffalo Funds, an investment company with a series of no-load mutual funds, and continue to act as their investment adviser. Following are the ten funds in the series:

- 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

We manage the Buffalo Funds and make investment decisions with respect to the types of assets to be placed in the Funds according to established investment strategies for each Fund. Our advisory services are rendered to the Funds as our client. As of March 31, 2015, we managed approximately \$7.0 billion of assets in the Buffalo Funds. You may obtain additional information about the Buffalo Funds from the Prospectus and Statement of Additional Information at www.buffalofunds.com.

Great Plains Trust Company. We provide investment advisory services to Great Plains Trust Company (GPTC) as a subadviser for accounts which GPTC acts as trustee, custodian, and in a similar capacity. We provide investment advisory services on behalf of GPTC to individual beneficiaries of trusts and retirement accounts according to the individual investment needs, objectives, and desires of the beneficiaries of the trusts and the retirement plans. Further reference may be made to www.greatplainstrust.com.

We also 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 held by GPTC. Following are the seventeen funds:

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

Retirement, Pension and Profit Sharing Trust Funds	Personal Trusts Funds
Large Cap Fund	Opportunity Fund
International Fund	International Fund
	Global Natural Resources Fund

These collective trust funds and common trust funds are similar to a mutual fund but restrict investment to certain retirement plans and personal trusts, among other differences. They are comprised of pooled assets invested according to a specific investment strategy. We render advice to the collective trust funds and common trust funds as to the types of investments within each collective and common trust fund.

Assets Under Management

As of March 31, 2015, our assets under management were \$9,990,298,000, of which \$9,960,113,000 were managed on a discretionary basis and \$30,185,000 on a non-discretionary basis.

Item 5 – Fees and Compensation

Separately Managed Accounts

You compensate us for our services by a fee equal to a percentage of assets under management, which varies according to the type of investments under management. The percentage fee calculated against the type of investment is as follows:

Type of Investment	Annual Fee
Equities and Fixed Income	1.00%
Municipal and Investment Grade	0.25%
US 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 and according to certain defined procedures. Fees are pro-rated for any period less than a full quarter based on the number of days in the quarter your account is under our management. Upon termination of our agreement during a quarter, we issue a refund of the pro-rated fee credited back into your account. In limited circumstances, our fees may be negotiable depending on the size of the account and the investment style.

In addition to our fees, you pay fees and charges associated with the maintenance of your account, including without limitation, brokerage commissions, mark-ups and mark-downs on securities transactions, transaction fees, exchange fees, custodial fees, transfer taxes, wire transfer fees, and any other account costs or expenses incurred by you in connection with your account. Please refer to **Item 12 – Brokerage Practices**, below, for a further discussion of our brokerage transaction policies.

We apply our fee against all assets in an account, including cash balances invested in money market funds and short-term investment funds. You pay fees and charges for funds held in money market funds and short-term investment funds in addition to our advisory fees.

We may invest a portion of your assets in one of the Buffalo Funds, for which we act as an investment adviser, instead of directly in a particular security. For that portion of your funds placed in a Buffalo Fund, we waive our management fee and exclude the value of the Buffalo Fund in computing our management fee. You pay the fees, charges, expenses, and other costs of the Buffalo 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.

Strategy Accounts

Fees for our strategy accounts are based on the same fee schedule for our separately managed accounts. The manner of computing and applying the fee remains the same as our separately managed accounts and according to the agreement entered into with you. Fees may be negotiable depending on the type of strategy being directed, the amount of assets and the level of client service required.

Mutual Funds

Our management fees for investment advisory services to the Buffalo Funds 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, and are available at www.buffalofunds.com.

Great Plains Trust Company

If your funds are held by Great Plains Trust Company (GPTC) in an individual trust or retirement plan, you pay a fee to GPTC generally equal to 1.00% of the assets held, depending on the type of investments under management, of which we receive management fees ranging between 0.50% and 0.90% of the assets under management. If your funds are invested in the collective trust funds and the common trust funds held at GPTC, you pay management fees equal to 1.00%, of which we receive 0.50% for our management fee.

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

Our fees are not performance based, and side-by-side management of percentage fee based and performance-fee based accounts does not exist.

Item 7 – Types of Clients

Our clients include individuals, pension and profit sharing plans, trusts, foundations and endowments, corporations and other business entities, state, municipal and other governmental entities, various types of financial and other institutions, investment companies, collective trust funds, and common trust funds.

For our separately managed accounts, our minimum account size is \$1,000,000. For strategy accounts, the minimum account size may be greater than \$1,000,000. The minimum account size 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.

The Buffalo Funds and Great Plains Trust Company establish their own minimum account sizes. Further reference should be made to www.buffalofunds.com and www.greatplainstrust.com, respectively.

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

Methods of Analysis

We conduct our own research to analyze investments, follow a disciplined method of analysis, and thoroughly research investment opportunities. Our research staff conducts its research, analyzes the results and makes investment decisions. Our staff is comprised primarily of Chartered Financial Analysts and other individuals that have specialized expertise in discrete industries. We research investment opportunities that will meet our clients' goals or investment strategies and further pursue an ongoing analysis of overall economic trends, industries, and geopolitical factors.

We commence our analysis by identifying industries targeted to benefit from current and forecasted macroeconomic trends. Within these identified industries, we then identify investments for further consideration that have the potential to perform well in coming periods, oftentimes constructing financial models that analyze future performance. Factors used to identify investments include prospects for future growth, competitive advantages relative to other industry participants, profit margins, balance sheet strength, and potential downside risks, among any other relevant factors we deem appropriate.

Once we have identified an investment as a strong candidate for consideration, we conduct extensive further analyses to consider its fair value as compared to its current market valuation. Fair value is determined by focusing on analyses of comparable investments, current profitability, potential for revenue growth and profit margin expansion, projected cash flow generation, management quality, and other trends. All these aspects are considered, with a final decision premised on comparing the level of risk versus return and reviewing the expected return of the investment.

If we determine to consider an investment, we capture our research, analysis, and recommendations in a report, and upon presentation of this report, all research staff and portfolio managers review and thoroughly discuss the underlying analysis and recommendations of the report. The research analysts and the portfolio managers frequently meet and discuss new investments, review existing holdings, and consider investment weightings in our holdings. Our staff makes investment decisions on a consensus basis, with portfolio managers maintaining the primary decision-making authority.

From this process, 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 our clients' funds, within the strategy associated with the particular issuer and security. We review this list and modify it as necessary. Investments are made for you from our investment process as contained in this list and further based on your investment needs, goals, and objectives within your defined investment strategy.

Investment Strategies

We use certain investment strategies and pursue our strategies for you after we have determined your investment needs, objectives, and desires through our discussions with you. For individuals, we use investment strategies that are balanced, equity and fixed income, and within these strategies, we tailor the mix of investments according to 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. We manage the Buffalo Funds and GPTC's collective and common trust funds according to their designated investment strategies.

Balanced. Our balanced strategy's objectives are long-term capital growth and current income. For long-term capital growth, we invest your assets primarily in domestic common stocks, as well as convertible bonds and preferred stocks, with the majority of common stocks being issued by large-capitalized companies.

For current income, we invest in corporate bonds, non-investment grade securities, municipal bonds, convertible debt securities, preferred stocks, and convertible preferred stocks. Your own individual circumstances dictates the extent to which we balance long-term capital growth with current income in making investments for you.

Equities. Our equity investment strategy uses investments that combine dividend income and long-term capital appreciation, with a lesser emphasis on current income than with our balanced

and fixed income investment strategies. In this strategy, we use 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. Our fixed income strategy seeks current income while preserving the account value through capital appreciation in the underlying fixed income instruments. 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 Defined Issuers. If you desire long-term capital growth, we use investments that are specifically defined according to their characteristics of size, type and other factors. We use a broad array of securities that are diversified in terms of companies and industries but group investments according to the characteristics associated within a defined group of issuers.

We define these issuers in the same manner as we classify investment objectives of certain Buffalo Funds. Further reference may be made to the Buffalo Funds Prospectus and Statement of Additional Information at www.buffalofunds.com for disclosures about the Funds. Following are examples of some of the defined issuer groups we use:

- **Large-Cap Companies.** We consider a company to be a large-cap company if it has a market capitalization of \$10 billion or more.

Investing in large-cap companies may involve greater risks than investing in companies with less market capitalization. Larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Also, large-cap companies are sometimes unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion.

- **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.

- **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 and 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 you should be willing to accept. The following risks exist in all our investment strategies.

Market Risks. Your account value will fluctuate with movements in the markets for securities held in your account and movements in the prices of your individual investments. You may lose the principal amount of your funds invested and any profits that have not been realized.

Investment Adviser Risk. While we endeavor to make the best investment decisions, our advice and recommendations depend on the success and failure of our investment strategies, research, analysis, and investment decisions. We may or may not be successful in pursuing various investments strategies, formulating advice, and making investment decisions for your funds. During any period, our strategies may perform better or worse than other strategies not pursued by us or pursued in a different manner than us.

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, and myriad of other 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.

Preferred Stock. Preferred stock is subject to the risk that the dividend on the stock may be changed or deferred by the issuer, and 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 that 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. Its investment value declines as interest rates increase, and its investment value decreases as interest rates decline, all other factors being the same. The credit standing of the company and other factors affects 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 does 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.

Non-Investment Grade or 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 are unrated. These securities may be deemed to have a higher rate of default than investment grade securities, thereby placing your funds 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.

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.

Sector Weightings Risk. To the extent we emphasize, from time to time, investments in a particular sector, your account will be subject to a greater degree of risks particular to that sector. Some examples of sectors that may be emphasized include Energy, Industrials, Consumer Discretionary, Health Care, Financials, and Information Technology. Economic, political, regulatory, or financial developments could affect all the securities in a sector even though other sectors or the market in general are unaffected. If we emphasize certain sectors in your account, it may have increased exposure to the price movements in those sectors. Sector emphasis may change within your account over time based on our research and analysis.

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. Foreign 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 funds at risk of total loss.

Item 9 – Disciplinary Information

On April 21, 2015, KCM and its CFO, without admitting or denying the allegations, resolved an SEC proceeding with respect to certain alleged violations of Section 15(c) of the Investment Company Act arising from the Adviser's failure to furnish the Funds' board with complete and accurate information concerning the allocation of CEO compensation expense in the Adviser's profitability analysis that was reasonably necessary for the board to evaluate the terms of the Adviser's advisory contracts. KCM and the CFO agreed to the entry of an order requiring them to cease and desist from committing or causing any violations or any future violations of Section 15(c) of the Investment Company Act and to pay civil money penalties of \$50,000 and \$25,000, respectively, to the SEC.

Item 10 – Other Financial Industry Activities and Affiliations

We act as an investment adviser to the Buffalo Funds, an investment company with a series of mutual funds. For that portion of your funds placed in the Buffalo Funds, we waive our management fee and exclude the value of the Buffalo Funds in computing our management fee. See **Item 5 – Fees and Compensation** above. Certain employees of our firm serve as officers and a trustee of the Buffalo Funds: Clay Brethour serves as President and Treasurer of the Buffalo Funds. Fred Coats serves as Chief Compliance Officer for us and the Buffalo Funds.

We also provide investment advisory and management services to Great Plains Trust Company (GPTC). GPTC serves as trustee and custodian for individual trusts, qualified employee benefit plans, and a variety of retirement plans. It also serves as trustee and a fiduciary for collective trust

funds for the pooling of retirement funds and common trust funds for the pooling of personal trusts. GPTC engages us as its subadviser for these accounts. See **Item 5 – Fees and Compensation** above. The majority beneficial owner of Great Plains Trust Company is an irrevocable trust created by John C. Kornitzer for the benefit of his family members. Mr. Kornitzer is our President and majority owner.

We may be deemed to have a conflict of interest to the extent we suggest you use GPTC as a trustee or custodian for your accounts or recommend that you invest your accounts in GPTC's collective trust funds or common trust funds. You may choose any trustee or custodian you desire; however, whether we will accept appointment as the investment adviser will be at our discretion.

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 standards of conduct. Our Code of Ethics establishes standards of business conduct that we require of all our supervised persons and affiliates, which reflect our fiduciary obligations and the fiduciary obligations of our supervised persons and affiliates. The Code of Ethics has the following primary provisions:

- All supervised persons and affiliates are required to comply with applicable State and Federal securities laws;
- All supervised persons and affiliates are required to report, and for us to review, their personal securities transactions and holdings periodically;
- All supervised persons and affiliates are required to report any violations of our Code of Ethics promptly to our Chief Compliance Officer; and
- All supervised persons and affiliates are provided with a copy of the Code of Ethics and any amendments, and are required to provide us with a written acknowledgment of their receipt of the Code and any amendments.

Our clients' interests remain paramount, with the intent to avoid even the appearance of a conflict of interest. One of the main areas of focus in the Code of Ethics deals with the personal securities transactions and the outside business activities of supervised persons and affiliates. The Code of Ethics requires supervised persons and affiliates to disclose their beneficial ownership of securities initially upon hire and on an annual basis thereafter. Prior to a securities transaction, they must preclear the transaction and obtain approval before entering into the transaction. 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 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 before engaging in any outside activity involving clients, securities, investments, finances, or related matters. Almost all business transactions involving a client are prohibited. Supervised persons and affiliates are also prohibited from serving on the board of directors of or acting as a consultant to any publicly-

traded company, or engaging in any outside activity that is related to securities, investments, finances, or related matters; however, in rare cases, a waiver of the outside activity prohibition may be granted by the Chief Compliance Officer.

You may request a copy of the Code of Ethics by sending a written request to 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 and if a particular investment style is desired through the use of one of the Buffalo Funds. For that portion of your funds placed in the Buffalo Funds, we waive our management fee and exclude the value of the Buffalo Funds in computing our management fee. See **Item 5 – Fees and Compensation** above.

Personal Trading

Under our Code of Ethics, transactions 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, private placements, and purchases and sales 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 your grant of discretionary authority to us. In selecting broker-dealers and determining the reasonableness of their commissions, we strive to achieve the best price and qualitative execution for client accounts. We consider the full range and quality of services, including without limitation: execution commission rates quoted and paid in similar transactions; the ability of the broker-dealer to execute the transaction according to our instructions; the size of a transaction; the complexity of the execution and settlement; any risk assumed by the broker-dealer in the transaction; our prior experience with, responsiveness of and service by the broker-dealer; and the reputation, honesty, integrity and financial stability of the broker-dealer. Research services provided by a broker-dealer are also considered. Our relationships with broker-dealers are reviewed periodically using the same factors initially considered in selecting broker-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 your interests. We systematically review orders and compare the actual execution to various measures we use to test that we have received the best qualitative execution at the fairest value.

We use a wide array of venues to execute transactions, including stock exchanges, electronic communication networks (ECNs), alternative trading systems, and other alternative pools of

liquidity. As market conditions warrant, we use those methods deemed best suited to execute client transactions. In doing so, we consider other factors such as the expected market impact of the trade, execution capability, efficiency, and the value of research products and services received. The determinative factor may not be the lowest possible cost but the best qualitative execution.

Soft Dollars Practices

We may pay higher brokerage commissions to broker-dealers providing brokerage and research services to us 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.” We rely on our own internal research in formulating investment decisions and use this external research to assist us in our own research efforts. Some research we receive in this manner is only available through the broker-dealers providing it.

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 be deemed to exist because we have an incentive to use broker-dealers who provide the most and best research services, which may or may not be the broker-dealers providing the best execution, and we do not have to pay for this research received from broker-dealers through soft dollars. When we use broker-dealers providing research, we strive to have transactions executed at prices advantageous to clients, at costs reasonable in relation to the benefits received, and in exchange for research and brokerage products and services that provide the greatest benefits to our clients in our investment-decision making process.

The research includes coordinating meetings with management of companies for investment consideration by us, access to research analysts and reports, allowing attendance at conferences in which company and research analysts make presentations, databases, data services, market and statistical data, 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.

We track the research received and assign values to the research according to our best judgment as to the beneficial worth of the research in our investment-decision making process and values that are intended to assure continued access to research provided. According to our analysis of research received, we make a good faith attempt to execute transactions with broker-dealers in relation to the assigned values of the research used. Actual transactions executed with any broker-dealer may not reflect the values assigned for the research received. Commissions paid to any broker-dealer may exceed or be less than the values assigned for the research received from any one broker-dealer. Also, we execute transactions with brokers who do not provide research services.

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 solely to clients' accounts in which transactions are executed that generate the soft dollars. Research we receive benefits the investment-decision making process as a whole, and it would be difficult to measure separately the benefits certain research provides to any one account or any group of accounts we manage.

Some products and services furnished to us have mixed uses and provide both research for investment-decision making and administrative or other non-research uses. When we receive these mixed use products and services, we make a reasonable determination and value the administrative or non-research portion of the product or service. We then pay for that portion of the product or services received that is allocated to administrative or non-research uses.

Directed Brokerage

In limited circumstances, we may allow you to direct us to execute transactions in your account through a broker-dealer other than a broker-dealer selected by us. We discourage directed brokerage. If you direct us to use a certain broker-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.

Brokerage for Client Referrals

We do not consider nor select broker-dealers based on whether they refer clients to us.

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 a 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, larger accounts have their orders processed back into their accounts prior to smaller accounts when orders are processed on a pro rata basis according to the original relative order sizes. 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 small 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 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, 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, 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 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 trust funds we manage if an initial public offering fits within a defined investment strategy of a particular Fund, strategy account, or collective trust fund and is a good investment within the Fund, strategy account, or collective trust fund mix. Based on these accounts’ relatively 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 trust funds.

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 modify our policies according to then 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, changes in market conditions that warrant review, and as we deem appropriate. We also periodically meet with you and review your investments and investment objectives.

Reports

We deliver quarterly reports that contain 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 your request. You also 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 you for providing investment advice to you. We do not compensate anyone for referring clients to us.

Item 15 – Custody

We may be deemed to have custody of your funds because we directly deduct fees from your accounts and Great Plains Trust Company's custody is imputed to us as a related person. We follow policies and procedures intended to safeguard your assets.

You will receive account statements for your accounts directly from a qualified custodian, defined as a bank, trust company, broker, or dealer. You should carefully review your account statements received from the qualified custodian and compare them to the account statements you receive from us. Our statements may vary from custodian statements because we report transactions executed as of the trade date and certain custodians report transactions as of the settlement date, and varying ending dates for reporting on statements may exist for statements issued by us and a qualified custodian.

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 by which you grant us unlimited discretionary authority. In limited and defined circumstances and subject to our prior approval, you may limit your grant of discretionary authority. By doing so and

limiting our discretionary authority over your account, the performance of your account may vary from performance of other similarly managed accounts managed without limitations on our discretionary authority.

Item 17 – Voting Client Securities

We have authority to vote proxies of your securities managed by us 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, which are 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. The Portfolio Managers, under the supervision of the Chief Compliance Officer, are responsible for monitoring that all proxies received are voted (or in certain situations not 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.

When voting proxies, we do so in a timely manner, consider each decision individually, and base our decisions on the general guidelines contained in the proxy policies and procedures. 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 the 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 our clients.

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 potentially to be realized.

Conflicts. Where a proxy proposal raises a material conflict between our interests and your interests, to the extent we have little or no discretion to deviate from our proxy 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 you and obtain your consent to the proposed vote prior to

voting the securities. If you do not respond to such a conflict and disclosure request or deny the request, we will abstain from voting the securities held by you.

Proxy Voting Committee. If implementation of the proxy policies and procedures is unclear to the Portfolio Managers, the Proxy Voting Committee will be consulted and will be responsible for making the final decision on how to proceed.

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

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

Item 18 – Financial Information

This item does not apply to our business. Disclosure of financial information is required of some investment advisers who (a) require or solicit prepayment of fees six months or more in advance, (b) have financial conditions that are reasonably likely to impair their ability to meet contractual commitments to clients, or (c) have been the subject of a bankruptcy petition within the past ten years. None of these criteria apply to us.