

Baird Short-Term Bond Fund

Institutional – BSBIX | Investor – BSBSX

BAIRD

Baird Funds

As of September 30, 2022

bairdfunds.com | 866-442-2473

INVESTMENT OBJECTIVE

The investment objective of the Fund is to seek an annual rate of total return, before fund expenses, greater than the annual rate of total return of the Bloomberg 1-3 Year U.S. Government/Credit Bond Index.

INVESTMENT PHILOSOPHY

Risk control is the foundation of the Baird Advisors investment discipline. Since interest rates are extremely difficult to consistently forecast over time, Baird Advisors employs a duration-neutral, risk-controlled approach. The duration of the Fund is set equal to the duration of the Bloomberg 1-3 Year U.S. Government/Credit Bond Index, thus helping to ensure a high degree of predictability in tracking benchmark returns.

Incremental value is added through security selection, yield curve positioning, sector allocation and competitive execution of trades.

INVESTMENT STRATEGY

The Fund normally invests at least 80% of its net assets in the following types of U.S. dollar-denominated debt obligations:

- U.S. government and other public-sector entities
- Asset-backed and mortgage-backed obligations of U.S. and foreign issuers
- Corporate debt of U.S. and foreign issuers

The Fund only invests in debt obligations rated investment grade at the time of purchase by at least one major rating agency or, if unrated, determined by Baird Advisors to be investment grade.

Baird Advisors attempts to keep the duration of the Fund's portfolio equal to the duration of the Fund's benchmark. The dollar-weighted average portfolio effective maturity of the Fund will normally be more than one year but less than three years during normal market conditions. The Fund may invest in debt obligations of all maturities. Baird Advisors attempts to diversify the Fund's portfolio by holding securities of many different issuers and choosing issuers in a variety of sectors.

MORNINGSTAR CATEGORY

Short-Term Bond

544 funds in category

MORNINGSTAR ANALYST RATING (Institutional class)¹



BENCHMARK

Bloomberg 1-3 Year U.S. Government/Credit Bond Index

OVERALL MORNINGSTAR RATING (Institutional class)²



Based on risk-adjusted returns as of 9/30/2022

FUND STATISTICS

Fund Assets	\$9,461,132,725
Average Effective Duration	1.89 Years
Average Effective Maturity	2.09 Years
Annual Turnover Rate	77.93%
Number of Holdings	495

YIELD INFORMATION

	Institutional Shares	Investor Shares
SEC 30-Day Yield ⁴	4.05%	3.80%
Distribution Frequency	Monthly	Monthly

FUND INFORMATION

	Institutional Shares	Investor Shares
Ticker	BSBIX	BSBSX
CUSIP	057071409	057071730
Net Asset Value (NAV)	\$9.18	\$9.18
Load Type	No-Load	No-Load
12b-1 Fees	–	0.25%
Minimum Initial Investment	\$10,000	\$2,500 (IRA: \$1,000)
Expense Ratio	0.30%	0.55%

PERFORMANCE INFORMATION (as of September 30, 2022)³

	Total Returns (%)		Average Annual Total Returns (%)				
	YTD	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception (8/31/04)
Institutional	-4.76	-1.25	-5.26	-0.17	0.97	1.30	2.30
Investor	-4.93	-1.31	-5.50	-0.41	0.72	1.05	2.05
Benchmark	-4.54	-1.48	-5.07	-0.41	0.70	0.81	1.94

	Calendar Year Total Returns (%)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Institutional	-0.42	4.23	4.68	1.49	1.53	2.25	0.89	1.49	1.33	4.16
Investor	-0.57	3.86	4.42	1.24	1.28	2.00	0.64	1.25	1.11	3.93
Benchmark	-0.47	3.33	4.03	1.60	0.84	1.28	0.65	0.77	0.64	1.26

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment in the fund will fluctuate so that an investor's shares when redeemed may be worth more or less than their original cost. The fund's current performance may be lower or higher than the performance data quoted. For performance current to the most recent month-end, please visit bairdfunds.com. Carefully consider a fund's investment objectives, risks, charges, and expenses before investing. For a current prospectus and summary prospectus, containing this and other information, visit bairdfunds.com. Read it carefully before investing.

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FUND MANAGEMENT TEAM

The Fund is managed by a very deep and seasoned portfolio management team with uncommon longevity. Baird Advisors uses a holistic approach to portfolio management that integrates the sector focus and expertise of various team members.

All team members are involved in the bottom-up portfolio construction and optimization process across the duration spectrum with cross sector relative value analysis and security selection occurring collaboratively across the team.

Named Portfolio Managers:

- Mary Ellen Stanek, CFA
- Warren D. Pierson, CFA
- Charles B. Groeschell
- Jay E. Schwister, CFA
- M. Sharon deGuzman
- Jeffrey L. Schrom, CFA
- Meghan H. Dean, CFA
- Patrick W. Brown, CFA
- Andrew J. O'Connell, CFA
- Abhishek Pulakanti, CFA

QUALITY PROFILE^{5,6}

	Fund	Index
U.S. Treasury	30.4%	67.3%
U.S. Agency	0.0%	3.4%
AAA	10.9%	4.5%
AA	8.2%	2.7%
A	18.0%	12.0%
BBB	31.9%	10.1%
Below BBB	0.7%	0.0%
Not Rated	0.0%	0.0%

SECTOR PROFILE⁶

	Fund	Index
<i>U.S. Government (Non-MBS)</i>	30.4%	70.7%
U.S. Treasury	30.4%	67.3%
U.S. Agency (Non-MBS)	0.0%	3.4%
<i>Credit</i>	57.9%	29.3%
Industrials	27.7%	10.6%
Utilities	2.0%	1.2%
Financials	24.6%	10.9%
Non-Corporate Credit	3.7%	6.5%
<i>Securitized</i>	11.2%	0.0%
U.S. Agency RMBS	0.0%	0.0%
U.S. Agency CMBS	0.0%	0.0%
Non-Agency RMBS	3.4%	0.0%
Non-Agency CMBS	2.9%	0.0%
ABS	4.9%	0.0%
<i>Cash</i>	0.5%	0.0%

¹The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, consisting of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price to determine how they believe funds are likely to perform relative to a benchmark over the long term on a risk adjusted basis. They consider quantitative and qualitative factors in their research. For actively managed strategies, people and process each receive a 45% weighting in their analysis, while parent receives a 10% weighting. For both active and passive strategies, performance has no explicit weight as it is incorporated into the analysis of people and process; price at the share-class level (where applicable) is directly subtracted from an expected gross alpha estimate derived from the analysis of the other pillars. The impact of the weighted pillar scores for people, process and parent on the final Analyst Rating is further modified by a measure of the dispersion of historical alphas among relevant peers. For certain peer groups where standard benchmarking is not applicable, primarily peer groups of funds using alternative investment strategies, the modification by alpha dispersion is not used. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. For active funds, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that an active fund will be able to deliver positive alpha net of fees relative to the standard benchmark index assigned to the Morningstar category. The level of the rating relates to the level of expected positive net alpha relative to Morningstar category peers for active funds. For passive funds, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that a fund will be able to deliver a higher alpha net of fees than the lesser of the relevant Morningstar category median or 0. The level of the rating relates to the level of expected net alpha relative to Morningstar category peers for passive funds. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to <https://shareholders.morningstar.com/investor-relations/governance/Compliance--Disclosure/default.aspx>. **The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.**

²The Morningstar Rating™ for funds is calculated for managed products with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods.

The Baird Short-Term Bond Fund Institutional Class received a 4-star Overall Morningstar Rating against 544 Short-Term Bond Funds; 4 stars out of 544 funds; 4 stars out of 481 funds; and 4 stars out of 338 funds in the Short-Term Bond category for the 3-, 5- and 10-year periods, respectively. Morningstar Rating is for the share class listed only; other classes may have different performance characteristics © 2022 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

³Investment results assume all distributions are reinvested and reflect applicable fees and expenses. Investor Class shares were first offered on September 19, 2012. Investor Class share results prior to the date of first sale are hypothetical based on Institutional Class share results and were calculated using an estimated total annual fund operating expense of 0.55%. Investment results assume all distributions are reinvested and reflect applicable fees and expenses. ⁴The SEC 30-Day Yield reflects the rate at which the fund is earning income on its current portfolio of holdings after expenses. | ⁵The quality profile is calculated on a market value-weighted basis. Per the Baird Funds prospectus, each security in the Fund is assigned the highest credit quality rating provided by a nationally recognized statistical rating organization (e.g. S&P, Moody's, Fitch). Per the Bloomberg Index controlling rating methodology, each security in the index is assigned a rating using S&P, Moody's, and Fitch (middle of three ratings, lower of two ratings, or singular rating if rated by one rating agency). Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). | ⁶Totals sum based on unrounded data. Breakouts are shown rounded to the nearest tenth and may not visually sum. The Fund may invest in mortgage- and asset-backed securities which may be subject to prepayment risk and thus may be more sensitive to interest rate changes than other types of debt securities. The Fund may also invest in U.S. dollar denominated securities issued by foreign issuers which involve additional risks including political and economic instability, differences in financial reporting standards and less regulated securities markets. While the U.S. government has historically provided financial support to various U.S. government-sponsored agencies, no assurance can be given that it will do so in the future if it is not obligated by law. All investments carry risk, including loss of principal. In a rising interest rate environment, the value of fixed-income securities generally decline and conversely, in a falling interest rate environment, the value of fixed income securities generally increase. Indices are unmanaged and direct investment is not possible. Baird Funds are offered through Robert W. Baird & Co., a registered broker/dealer, member NYSE and SIPC. Robert W. Baird & Co. also serves as investment advisor for the Fund and receives compensation for these services as disclosed in the current prospectus. ©2022 Robert W. Baird & Co. Incorporated. First use: 10/2022. Printed Internally.

Carefully consider a fund's investment objectives, risks, charges, and expenses before investing. For a current prospectus and summary prospectus, containing this and other information, visit bairdfunds.com. Read it carefully before investing.