



Small Cap Value Composite

As of June 30, 2014

Baird Investment Management

Product Description

BIM's Small Cap Value portfolio seeks to provide superior risk-adjusted returns and consistently outperform the benchmark Russell 2000 Value Index over a full market cycle (typically 3-5 years). The portfolio is comprised of companies we expect to exceed street expectations and that trade at discounts to our proprietary calculations of fair value.

Philosophy & Process

The portfolio is rooted in the belief that value and growth investing are not mutually exclusive. We invest in businesses with the fundamentals of growth but are not willing to pay a premium for them. Generally, the presence of these criteria indicates a company likely to exceed "street" expectations but trades at a discount to our in house calculations of fair value.

Portfolio Construction

- Concentrated portfolio of generally 40-50 stocks
- Market cap range typically from \$100 million to \$2.5 billion at purchase
- Top holdings generally limited to 5% at cost, 8% at market
- Sectors capped at 30% excluding financials
- Buy and hold approach

Investment Team & Experience

	Years of Experience
Michelle Stevens, CFA <i>Portfolio Manager</i>	21
Richard Roesch, CFA <i>Analyst</i>	21
Jonathan DeMoss, CFA <i>Analyst</i>	18
Rob Zwiebel <i>Portfolio Specialist</i>	23
Jesse Parsons <i>Trading/Operations</i>	9

Annualized Performance*

	Small Value (gross**)	Small Value (net)	Russell 2000 Value
Current Qtr	1.5%	1.3%	2.4%
Year to Date	3.6%	3.3%	4.2%
One Year	26.1%	25.4%	22.5%
Three Years	17.8%	17.1%	14.7%
Five Years	19.8%	18.9%	19.9%
Seven Years	7.2%	6.3%	5.5%
Since Inception	10.9%	9.9%	7.6%

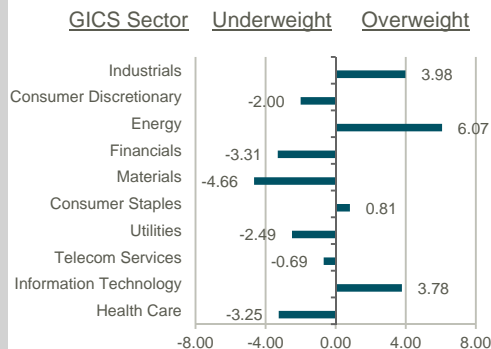
* 6/30/14 Performance is preliminary.

** Gross of fee returns are supplemental to net of fee returns. The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Indices are a trademark of the Frank Russell Company. Indices are unmanaged.

Calendar Year Performance

	Small Value (gross)	Russell 2000 Value
2013	41.5%	34.5%
2012	16.5%	18.1%
2011	4.7%	-5.5%
2010	10.7%	24.5%
2009	17.8%	20.6%
2008	-36.6%	-28.9%
2007	34.0%	-9.7%
2006	20.0%	23.4%
2005	10.0%	6.8%

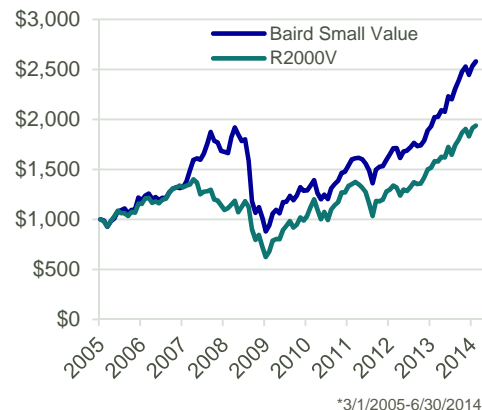
Relative Sector Weights versus Russell 2000 Index



Portfolio Risk/Return Statistics¹

	Small Value (gross)	Russell 2000 Value
Cumulative Performance	162%	99%
Downside Capture	82.19	100
Alpha	4.29	0
Upside Capture	90.77	100
Standard Deviation	18.44	19.89

Growth of a \$1000 Investment Since Inception*



Top Five Equity Holdings

Portfolio Recovery Associates	3.9%
Targa Res Corp	3.8%
Pinnacle Foods	3.5%
Integrated Device Technology	3.5%
Motorcar Parts of America	3.4%

Portfolio Characteristics

	Small Value (gross)	Russell 2000 Value
Weighted Avg Mkt Cap (\$B)	2.2	1.8
P/E Ratio	16.1	21.4
Earnings Growth	18.0	9.0
Dividend Yield	1.0	1.9
ROE	12.9	9.5
Price to Book	2.3	1.7
# Holdings	43	1,320

Characteristics and sector weights are supplemental information.

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Full Disclosure Presentation as of 06/30/14

Period Ended	Total Firm Assets		Composite Assets		Annual Composite Performance Results				Standard Deviation (3-yr)	
	Baird (millions)	BIM (millions)	USD (millions)	Number of Portfolios	BIM Gross	BIM Net	Russell 2000® Value	Composite Dispersion	BIM	Russell 2000® Value
06/30/14**	--	\$2,595	\$71	5	3.59%	3.26%	4.20%	0.09%	N.A.	N.A.
2013	--	\$1,447	\$79	5	41.48%	40.81%	34.50%	0.16%	12.14%	15.80%
2012	--	\$920	\$53	5	16.51%	15.77%	18.05%	N.A.	14.40%	19.86%
2011*	--	\$505	\$43	5 or fewer	4.76%	3.72%	-5.50%	N.A.	20.03%	26.01%
2010*	--	\$552	\$30	5 or fewer	10.72%	9.62%	24.51%	N.A.	26.35%	28.34%
2009*	--	\$539	\$79	7	17.86%	16.70%	20.58%	0.44%	25.99%	25.59%
2008*	--	\$462	\$64	6	(36.61%)	(37.27%)	(28.92%)	N.A.	22.53%	19.12%
2007*	--	\$833	\$3	5 or fewer	34.06%	32.75%	(9.78%)	N.A.		
2006*	\$19,884	\$1,203	\$1	5 or fewer	20.04%	18.86%	23.48%	N.A.		
2005*	\$17,248	\$5,321	\$1	5 or fewer						

N.A. – Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

*Performance presented prior to December 30, 2011 occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team were the only individuals responsible for selecting the securities to buy and sell.

**6/30/14 Assets and performance are preliminary.

Small Value Commission Composite contains fully discretionary small value equity commission accounts. Our goal is to provide superior risk-adjusted returns and consistently outperform the benchmark Russell 2000 Value Index over a full market cycle (typically 3-5 years). Toward that goal, we seek businesses that we believe will exceed street expectations and that are trading at discounts to our proprietary calculations of fair value. Small cap stocks may be subject to a higher degree of risk than more established companies' securities. Securities of small and mid-size companies may be more volatile, less liquid and face greater risks and price fluctuations than larger, more established companies. The Russell 2000 Value is the composite benchmark and the minimum account size is \$100,000.

Baird Investment Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Baird Investment Management has been independently verified for the periods January 1, 2006 through December 31, 2013 by Ashland Partners & Company LLP and for the period January 1, 1993 through December 31, 2005 by a previous verifier.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The BIM Small Cap Value Commission Composite has been examined for the periods January 1, 2012 through December 31, 2013 by Ashland Partners & Company LLP. The verification and performance examination reports are available upon request.

As of January 1, 2007, the firm is defined as Baird Investment Management ("BIM"), a department of Robert W. Baird & Co., Incorporated that manages equity and balanced portfolios. Prior to January 1, 2007, the firm was defined as Robert W. Baird & Co., Incorporated. Robert W. Baird & Co., Incorporated is registered as an Investment Advisor. The firm maintains a complete list and descriptions of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Prior to 1/1/2012, composite policy required temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of at least 25% of portfolio assets. The temporary removal of such an account started at the beginning of the month in which the significant cash flow occurred and the account re-entered the composite the first full month after the cash flow. This policy was discontinued on 1/1/2012. From March 1, 2005 through September 30, 2008 this policy was suspended. Additional information regarding the treatment of significant cash flows is available upon request.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Composite performance is presented gross of foreign withholding taxes on dividends, interest income, and capital gains. Beginning 1/1/2012, net of fee performance is calculated using actual management fees. Prior to 12/31/2011, net of fee performance was calculated using the highest fee.

The internal dispersion measure presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. Past performance is not indicative of future results and individual account performance may vary.

The investment management fee schedule for the composite is 1.0% on the first \$20 million and 0.80% on the remainder. Actual investment advisory fees incurred by clients may vary. Past performance is not necessarily a guide to future performance and is no guarantee of future results. Income from investments may fluctuate. Opinions, where and when expressed, are subject to change without notice. Information was obtained from sources considered reliable, but no representation is made as to its accuracy.

Please refer to the Form ADV for more information about managed accounts, including fees and expenses associated with separate accounts. The material contained herein is not an offer to sell or a solicitation of an offer to buy any security, nor shall any such security be offered or sold to any person, in any jurisdiction in which such offer, solicitation, purchase, or sale would be unlawful under the securities laws of such jurisdiction.

The program manager may, to a limited extent, invest in other securities entailing additional risks beyond those highlighted in these profiles. All investments involve risk, including possible loss of principal. There is no guarantee investment objectives will be met.

The Small Value Commission Composite was created January 1, 2012.

¹Alpha is a measure of a portfolio's risk relative to the market. An alpha of 1.0 means the portfolio outperformed the market 1.0%. A positive alpha is the extra return awarded to the investor for taking additional risk rather than accepting the market return. **Standard Deviation** is a statistical measure of the extent to which returns of an asset vary from its average. The **upside capture ratio** is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The **downside capture ratio** is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped.