

Semi-Annual Report – Baird Funds

June 30, 2016

Taxable Bond Funds

Baird Ultra Short Bond Fund
Baird Short-Term Bond Fund
Baird Intermediate Bond Fund
Baird Aggregate Bond Fund
Baird Core Plus Bond Fund

Municipal Bond Funds

Baird Short-Term Municipal Bond Fund
Baird Quality Intermediate Municipal Bond Fund
Baird Core Intermediate Municipal Bond Fund

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This report has been prepared for shareholders and may be distributed to others only if preceded or accompanied by a current prospectus.

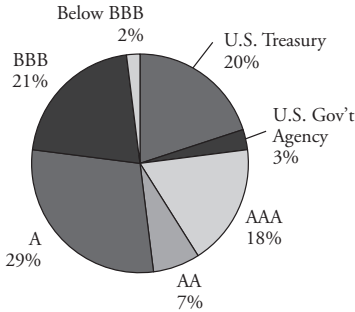
Cautionary Note on Analyses, Opinions and Outlooks: In this report we offer analyses and opinions on the performance of individual securities, companies, industries, sectors, markets, interest rates and governmental policies, including predictions, forecasts and outlooks regarding possible future events. These can generally be identified as such because the context of the statements may include such words as “believe,” “should,” “will,” “expects,” “anticipates,” “hopes” and words of similar effect. These statements reflect the portfolio managers’ good faith beliefs and judgments and involve risks and uncertainties, including the risk that the portfolio managers’ analyses, opinions and outlooks are or will prove to be inaccurate. It is inherently difficult to correctly assess and explain the performance of particular securities, sectors, markets, interest rate movements, governmental actions or general economic trends and conditions, and many unforeseen factors contribute to the performance of Baird Funds. Investors are, therefore, cautioned not to place undue reliance on subjective judgments contained in this report.

Baird Ultra Short Bond Fund

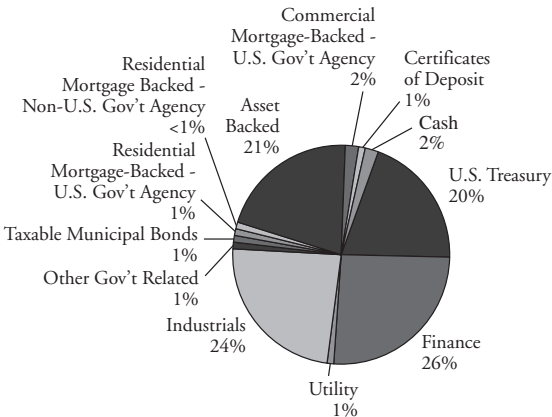
June 30, 2016 (Unaudited)

Portfolio Characteristics

Quality Distribution⁽¹⁾⁽²⁾



Sector Weightings⁽¹⁾



Net Assets	\$228,169,375
SEC 30-Day Yield⁽³⁾	
Institutional Class (Subsidized)	1.11%
Institutional Class (Unsubsidized)	0.96%
Investor Class (Subsidized)	0.87%
Investor Class (Unsubsidized)	0.72%
Average Effective Duration	0.52 years
Average Effective Maturity	0.52 years
Annualized Expense Ratio⁽⁴⁾	
Gross	
Institutional Class	0.30%
Investor Class	0.55% ⁽⁵⁾
Net	
Institutional Class	0.15%
Investor Class	0.40% ⁽⁵⁾
Portfolio Turnover Rate	63.5% ⁽⁶⁾
Number of Holdings	208

(1) Percentages shown are based on the Fund's total investments.

(2) The quality profile is calculated on a market value-weighted basis using the highest credit quality rating for each security held by the Fund given by S&P, Moody's or Fitch, each of which is a Nationally Recognized Statistical Rating Organization (NRSRO). NRSROs rate the credit quality of securities using a scale that generally ranges from AAA (highest) to D (lowest).

(3) SEC yields are based on SEC guidelines and are calculated for the 30 days ended June 30, 2016.

(4) Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to waive management fees in an amount equal to an annual rate of 0.15% of average daily net assets for the Fund, at least through April 30, 2017. The agreement may only be terminated prior to the end of this term by or with the consent of the Board of Directors of Baird Funds, Inc.

(5) Includes 0.25% 12b-1 fee.

(6) Not annualized.

Baird Ultra Short Bond Fund

June 30, 2016 (Unaudited)

Total Returns

			Average Annual
<i>For the Periods Ended June 30, 2016</i>	Six Months	One Year	Since Inception ⁽¹⁾
Institutional Class Shares	0.92%	0.77%	0.97%
Investor Class Shares	0.80%	0.53%	0.73%
Barclays U.S. Short-Term Government/Corporate Index ⁽²⁾	0.50%	0.59%	0.38%

(1) For the period from December 31, 2013 (inception date) through June 30, 2016.

(2) The Barclays U.S. Short-Term Government/Corporate Index is an unmanaged, market value weighted index of investment grade, fixed debt including government and corporate securities with maturities less than one year. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in an index is not possible.

The returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The Fund's gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".

The Fund may invest up to 10% of its net assets in non-investment grade debt securities (commonly referred to as "high yield" bonds). While these types of securities typically offer higher yields than investment grade securities, they also include greater risks including increased credit risk and the increased risk of default or bankruptcy. The Fund may also invest in U.S. dollar denominated foreign securities which involve additional risks such as political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund may also invest in mortgage- and asset-backed securities, which include interest rate and prepayment risks more pronounced than those of other fixed income securities.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit www.bairdfunds.com. Mutual fund performance changes over time and current performance may be lower or higher than that stated.

Baird Ultra Short Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

This schedule summarizes the Fund's holdings by asset type. Details are reported for each of the Fund's 50 largest individual holdings and for investments that, in total for any issuer, represent more than 1% of the Fund's net assets. The total value of smaller holdings is reported as a single amount within each category.

The Fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter end. For the second and fourth fiscal quarters, the complete listing of the Fund's holdings is available electronically in the Fund's Form N-CSR at <http://www.bairdfunds.com/prospectuses-reports> and on the Securities and Exchange Commission's website (www.sec.gov) or you can have it mailed to you without charge by calling 1-866-44BAIRD. For the first and third fiscal quarters, the Fund files the lists with the SEC on Form N-Q. Shareholders can look up the Fund's Forms N-CSR and N-Q on the SEC's website (www.sec.gov).

Long-Term Investments

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
U.S. Treasury Securities			
U.S. Treasury Bonds,			
0.625%, 05/31/2017	\$11,000,000	\$ 11,009,878	4.8%
2.375%, 07/31/2017	34,200,000	<u>34,875,997</u>	<u>15.3%</u>
Total U.S. Treasury Securities (Cost \$45,794,915)		45,885,875	20.1%
Corporate Bonds			
Finance			
Aetna, Inc.,			
1.307%, 12/08/2017 [∞]	2,000,000	2,002,910	0.9%
American Express Bank FSB,			
6.000%, 09/13/2017	2,000,000	2,107,006	0.9%
American International Group, Inc.,			
5.600%, 10/18/2016	1,500,000	1,518,540	0.7%
Bank of America NA,			
5.300%, 03/15/2017	2,000,000	2,053,934	0.9%
Barclays Bank PLC,			
Class 1, 5.000%, 09/22/2016 f	1,200,000	1,210,170	0.5%
Citigroup, Inc.,			
1.198%, 03/10/2017 [∞]	1,500,000	1,500,910	0.7%
Comerica Bank,			
5.750%, 11/21/2016	1,500,000	1,524,114	0.7%
Liberty Mutual Group, Inc.,			
6.700%, 08/15/2016 (Acquired 02/02/2016, Cost \$2,013,141)*	2,000,000	2,012,450	0.9%
Lloyds Bank PLC,			
1.176%, 05/14/2018 f [∞]	1,500,000	1,489,560	0.6%
Mizuho Bank Ltd.:			
1.063%, 04/16/2017 (Acquired 04/09/2014, Cost \$200,000)* f [∞]	200,000	199,960	0.1%
1.090%, 09/25/2017 (Acquired 09/18/2014 through 01/14/2015, Cost \$799,360)* f [∞]	800,000	796,702	0.3%
1.280%, 03/26/2018 (Acquired 03/19/2015 through 03/14/2016, Cost \$1,343,182)* f [∞]	1,350,000	1,346,961	0.6%

The accompanying notes are an integral part of these financial statements.

Baird Ultra Short Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
Mizuho Bank Ltd.: (cont.)			
1.824%, 10/20/2018			
(Acquired 10/13/2015, Cost \$500,000)* f ∞	\$ 500,000	\$ 503,242	0.2%
Santander Bank NA,			
1.561%, 01/12/2018∞	1,400,000	1,392,287	0.6%
Societe Generale,			
1.726%, 10/01/2018 f ∞	1,500,000	1,511,820	0.7%
Sumitomo Mitsui Banking Corp.,			
1.213%, 01/16/2018 f ∞	300,000	299,360	0.1%
1.378%, 07/23/2018 f ∞	1,350,000	1,347,710	0.6%
The Goldman Sachs Group, Inc.,			
1.726%, 11/15/2018∞	1,285,000	1,288,135	0.5%
Westpac Banking Corp.,			
1.092%, 05/25/2018 f ∞	1,500,000	1,495,811	0.7%
Other Finance#~		<u>34,617,601</u>	<u>15.2%</u>
Total Finance		<u>60,219,183</u>	<u>26.4%</u>
(Cost \$60,322,077)			
Utility			
Other Utility#~		<u>1,111,123</u>	<u>0.5%</u>
Total Utility		<u>1,111,123</u>	<u>0.5%</u>
(Cost \$1,110,775)			
Industrials			
Actavis Funding SCS,			
1.911%, 03/12/2020 f ∞	1,500,000	1,504,579	0.7%
Baxalta, Inc.,			
1.427%, 06/22/2018∞	1,500,000	1,484,143	0.6%
Boston Scientific Corp.,			
5.125%, 01/12/2017	1,500,000	1,529,298	0.7%
Bunge Limited Finance Corp.,			
3.200%, 06/15/2017	2,000,000	2,031,082	0.9%
Chevron Phillips Chemical Co. LLC,			
1.387%, 05/01/2020			
(Acquired 05/07/2015, Cost \$1,500,000)* ∞	1,500,000	1,453,405	0.6%
Dollar General Corp.,			
4.125%, 07/15/2017	1,500,000	1,542,226	0.7%
Ford Motor Credit Co. LLC,			
1.461%, 03/27/2017	1,200,000	1,202,126	0.5%
General Motors Financial Co., Inc.,			
2.082%, 05/09/2019∞	2,000,000	2,004,964	0.9%
Hyundai Capital Services, Inc.,			
4.375%, 07/27/2016 (Acquired 05/28/2015			
through 07/28/2015, Cost \$1,403,059)* f	1,400,000	1,402,507	0.6%
1.447%, 03/18/2017 (Acquired 01/13/2015			
through 04/04/2016, Cost \$450,243)* f ∞	450,000	449,798	0.2%

The accompanying notes are an integral part of these financial statements.

Baird Ultra Short Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
Johnson Controls, Inc., 2.600%, 12/01/2016	\$ 1,250,000	\$ 1,257,970	0.5%
Kinder Morgan Energy Partners LP, 6.000%, 02/01/2017	1,500,000	1,534,855	0.7%
Mylan, Inc., 1.350%, 11/29/2016	1,722,000	1,720,099	0.8%
Pentair Finance SA, 1.875%, 09/15/2017 f	2,000,000	1,996,366	0.9%
Qualcomm, Inc., 1.186%, 05/20/2020∞	1,500,000	1,462,590	0.6%
The Kroger Co., 1.163%, 10/17/2016∞	2,110,000	2,111,471	0.9%
Thermo Fisher Scientific, Inc., 1.300%, 02/01/2017	2,000,000	2,001,488	0.9%
Verizon Communications, Inc., 2.406%, 09/14/2018∞	1,563,000	1,601,997	0.7%
Wm Wrigley Jr Co., 1.400%, 10/21/2016 (Acquired 02/01/2016, Cost \$1,200,358)*	1,200,000	1,201,824	0.5%
Xerox Corp., 6.750%, 02/01/2017	1,600,000	1,642,938	0.7%
Other Industrials#-		<u>24,600,418</u>	<u>10.8%</u>
Total Industrials (Cost \$55,941,878)		55,736,144	24.4%
Total Corporate Bonds (Cost \$117,374,730)		117,066,450	51.3%
Other Government Related Securities			
Other Government Related Securities#-		<u>1,604,031</u>	<u>0.7%</u>
Total Other Government Related Securities (Cost \$1,603,133)		1,604,031	0.7%
Taxable Municipal Bonds			
Other Taxable Municipal Bonds#		<u>1,751,730</u>	<u>0.8%</u>
Total Taxable Municipal Bonds (Cost \$1,749,397)		1,751,730	0.8%
Residential Mortgage-Backed Securities			
U.S. Government Agency Issues			
Other U.S. Government Agency Issues#		<u>2,436,230</u>	<u>1.1%</u>
Total U.S. Government Agency Issues (Cost \$2,430,611)		2,436,230	1.1%
Non-U.S. Government Agency Issues			
Other Non-U.S. Government Agency Issues#		<u>113,958</u>	<u>0.0%</u>
Total Non-U.S. Government Agency Issues (Cost \$113,904)		113,958	0.0%

The accompanying notes are an integral part of these financial statements.

Baird Ultra Short Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Asset Backed Securities			
Ally Auto Receivables Trust, Series 2014-2, Class A3, 1.250%, 04/15/2019	\$ 2,420,942	\$ 2,426,201	1.1%
Capital One Multi-Asset Execution Trust, Series 2014-A2, Class A2, 1.260%, 01/15/2020	2,000,000	2,006,355	0.9%
Chase Issuance Trust, Series 2014-A1, Class A1, 1.150%, 01/15/2019	1,960,000	1,963,925	0.8%
Citibank Credit Card Issuance Trust: Series 2014-A2, Class A2, 1.020%, 02/22/2019	835,000	835,870	0.4%
Series 2014-A4, Class A4, 1.230%, 04/24/2019	2,000,000	2,005,877	0.9%
Series 2008-A2, Class A2, 1.601%, 01/23/2020 [∞]	1,000,000	1,013,785	0.4%
Dell Equipment Finance Trust, Series 2015-1, Class A2, 1.010%, 07/24/2017 (Acquired 04/15/2015 through 05/11/2016, Cost \$1,304,948)*	1,305,044	1,304,570	0.6%
First National Master Note Trust, Series 2013-2, Class A, 0.972%, 10/15/2019 [∞]	1,500,000	1,500,227	0.6%
Ford Credit Auto Lease Trust, Series 2014-B, Class A4, 1.100%, 11/15/2017	1,205,000	1,204,956	0.5%
Golden Credit Card Trust, Series 2013-2A, Class A, 0.872%, 09/15/2018 (Acquired 03/29/2016, Cost \$2,000,000)* f [∞]	2,000,000	2,000,193	0.9%
Harley-Davidson Motorcycle Trust, Series 2014-1, Class A3, 1.100%, 09/15/2019	1,430,152	1,430,750	0.6%
Honda Auto Receivables Owner Trust: Series 2016-1, Class A2, 1.010%, 06/18/2018	2,000,000	2,001,288	0.9%
Series 2013-3, Class A4, 1.130%, 09/16/2019	2,503,000	2,504,603	1.1%
Toyota Auto Receivables Owner Trust, Series 2016-B, Class A2A, 1.020%, 10/15/2018	2,000,000	2,002,803	0.9%
Other Asset Backed Securities#-		<u>23,218,625</u>	<u>10.2%</u>
Total Asset Backed Securities (Cost \$47,359,174)		47,420,028	20.8%
Commercial Mortgage-Backed Securities			
U.S. Government Agency Issues			
Fannie Mae REMIC Trust, Series 2015-M1, Class ASQ2, 1.626%, 02/25/2018	1,625,921	1,639,001	0.7%
FHLMC Multifamily Structured Pass Through Certificates: Series K502, Class A2, 1.426%, 08/25/2017	1,061,252	1,064,595	0.5%
Series K701, Class A2, 3.882%, 11/25/2017 [∞]	2,045,000	<u>2,107,450</u>	<u>0.9%</u>
Total U.S. Government Agency Issues (Cost \$4,796,724)		4,811,046	2.1%
Total Long-Term Investments (Cost \$221,222,588)		221,089,348	96.9%

The accompanying notes are an integral part of these financial statements.

Baird Ultra Short Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Short-Term Investments

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
Certificate of Deposit			
ACTS Retirement-Life Communities, Inc.	\$ 1,030,000	\$ 1,030,000	0.4%
Total Certificate of Deposit (Cost \$1,030,000)		1,030,000	0.4%
	<i>Shares</i>		
Money Market Mutual Fund			
Dreyfus Institutional Cash Advantage Fund, Institutional Class, 0.39% [«]	5,907,556	5,907,556	2.6%
Total Money Market Mutual Fund (Cost \$5,907,556)		5,907,556	2.6%
Total Short-Term Investments (Cost \$6,937,556)		6,937,556	3.0%
Total Investments (Cost \$228,160,144)		228,026,904	99.9%
Other Assets in Excess of Liabilities		142,471	0.1%
TOTAL NET ASSETS		\$228,169,375	100.0%

Notes to Summary Schedule of Investments

* Restricted security as defined in Rule 144 under the Securities Act of 1933 and determined to be liquid. Purchased in a private placement transaction; resale to the public may require registration or may extend only to qualified institutional buyers. At June 30, 2016, the value of these securities total \$12,221,814 which represents 5.36% of total net assets.

f Foreign Security

∞ Variable or Floating rate security. Floating rate securities are securities whose yields vary with a designated index rate. These securities rates are as of June 30, 2016.

Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.

~ Groupings contain, in aggregate, restricted securities totaling \$23,355,583 representing 10.23% of net assets.

« 7-Day Yield

Summary of Fair Value Exposure at June 30, 2016 (Unaudited)

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

The accompanying notes are an integral part of these financial statements.

Baird Ultra Short Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Summary of Fair Value Exposure at June 30, 2016 (Unaudited) (cont.)

Level 1 – Unadjusted quoted prices in active markets for identical unrestricted securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, quoted prices in inactive markets, dealer indications, interest rates, yield curves, prepayment speeds, credit risk, default rates, inputs corroborated by observable market data, etc.).

Level 3 – Significant unobservable inputs (including the Fund's own assumptions about the factors that market participants would use in valuing the security) based on the best information available.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund's investments as of June 30, 2016.

	Level 1	Level 2	Level 3	Total
Long-Term Investments				
U.S. Treasury Securities	\$ —	\$ 45,885,875	\$ —	\$ 45,885,875
Corporate Bonds	—	117,066,450	—	117,066,450
Other Government Related Securities	—	1,604,031	—	1,604,031
Taxable Municipal Bonds	—	1,751,730	—	1,751,730
Residential Mortgage-Backed Securities – U.S. Government Agency Issues	—	2,436,230	—	2,436,230
Residential Mortgage-Backed Securities – Non-U.S. Government Agency Issues	—	113,958	—	113,958
Asset Backed Securities	—	47,420,028	—	47,420,028
Commercial Mortgage-Backed Securities – U.S. Government Agency Issues	—	4,811,046	—	4,811,046
Total Long-Term Investments	—	221,089,348	—	221,089,348
Short-Term Investments				
Certificate of Deposit	—	1,030,000	—	1,030,000
Money Market Mutual Fund	5,907,556	—	—	5,907,556
Total Short-Term Investments	5,907,556	1,030,000	—	6,937,556
Total Investments	<u>\$5,907,556</u>	<u>\$222,119,348</u>	<u>\$ —</u>	<u>\$228,026,904</u>

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the reporting period. See the Fund's valuation policy in Note 2a to the financial statements.

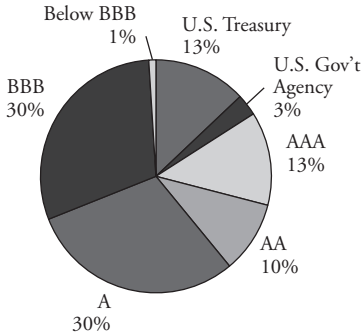
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Baird Short-Term Bond Fund

June 30, 2016 (Unaudited)

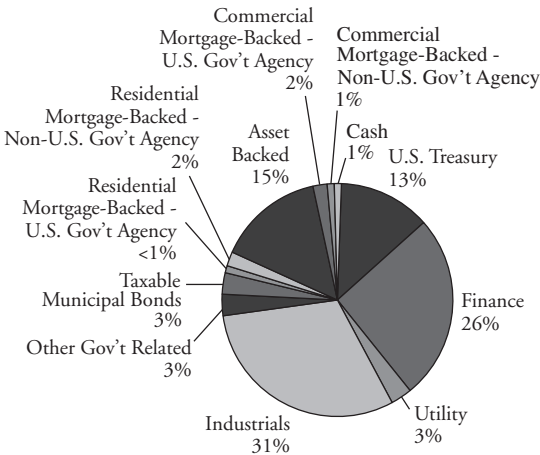
Portfolio Characteristics

Quality Distribution⁽¹⁾⁽²⁾



Net Assets	\$3,569,851,996
SEC 30-Day Yield⁽³⁾	
Institutional Class	1.41%
Investor Class	1.16%
Average Effective Duration	1.91 years
Average Effective Maturity	1.94 years
Annualized Expense Ratio	
Institutional Class	0.30%
Investor Class	0.55% ⁽⁴⁾
Portfolio Turnover Rate	20.0% ⁽⁵⁾
Number of Holdings	583

Sector Weightings⁽¹⁾



- (1) Percentages shown are based on the Fund's total investments (less investments purchased with cash proceeds from securities lending).
- (2) The quality profile is calculated on a market value-weighted basis using the highest credit quality rating for each security held by the Fund given by S&P, Moody's or Fitch, each of which is a Nationally Recognized Statistical Rating Organization (NRSRO). NRSROs rate the credit quality of securities using a scale that generally ranges from AAA (highest) to D (lowest).
- (3) SEC yields are based on SEC guidelines and are calculated for the 30 days ended June 30, 2016.
- (4) Includes 0.25% 12b-1 fee.
- (5) Not annualized.

Baird Short-Term Bond Fund

June 30, 2016 (Unaudited)

Total Returns

<i>For the Periods Ended June 30, 2016</i>	Average Annual					
	Six Months	One Year	Five Years	Ten Years	Since Inception (8/31/04)	Since Inception (9/19/12)
Institutional Class Shares	2.33%	2.35%	2.11%	3.21%	2.99%	N/A
Investor Class Shares	2.22%	2.11%	N/A	N/A	N/A	1.56%
Barclays 1-3 Year U.S. Government/Credit Bond Index ⁽¹⁾	1.65%	1.59%	1.10%	2.80%	2.61%	1.04%

(1) The Barclays 1-3 Year U.S. Government/Credit Bond Index is an unmanaged, market value weighted index of investment grade, fixed-rate debt issues, including government and corporate securities, with maturities between one and three years. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in an index is not possible.

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Baird Short-Term Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

This schedule summarizes the Fund's holdings by asset type. Details are reported for each of the Fund's 50 largest individual holdings and for investments that, in total for any issuer, represent more than 1% of the Fund's net assets. The total value of smaller holdings is reported as a single amount within each category.

The Fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter end. For the second and fourth fiscal quarters, the complete listing of the Fund's holdings is available electronically in the Fund's Form N-CSR at <http://www.bairdfunds.com/prospectuses-reports> and on the Securities and Exchange Commission's website (www.sec.gov) or you can have it mailed to you without charge by calling 1-866-44BAIRD. For the first and third fiscal quarters, the Fund files the lists with the SEC on Form N-Q. Shareholders can look up the Fund's Forms N-CSR and N-Q on the SEC's website (www.sec.gov).

Long-Term Investments

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
U.S. Treasury Securities			
U.S. Treasury Bonds:			
1.250%, 04/30/2019	\$224,825,000	\$ 228,364,195	6.4%
2.625%, 08/15/2020	233,925,000	<u>250,080,329</u>	<u>7.0%</u>
Total U.S. Treasury Securities (Cost \$471,326,008)		478,444,524	13.4%
Corporate Bonds			
Finance			
Banque Federative du Credit Mutuel SA, 2.000%, 04/12/2019 (Acquired 04/06/2016, Cost \$14,983,950)* @ f			
BPCE,	15,000,000	15,138,675	0.4%
1.480%, 02/10/2017 f ∞	11,944,000	11,985,159	0.3%
Citizens Bank National Association, 1.600%, 12/04/2017	14,300,000	14,305,992	0.4%
CNA Financial Corp., 7.350%, 11/15/2019	14,915,000	17,223,230	0.5%
Commonwealth Bank of Australia/New York NY, 1.750%, 11/02/2018 f	15,000,000	15,107,640	0.4%
LeasePlan Corp. NV, 2.500%, 05/16/2018 (Acquired 05/07/2013 through 10/20/2014, Cost \$16,350,190)* f	16,435,000	16,441,443	0.5%
Reliance Standard Life Global Funding II, 2.150%, 10/15/2018 (Acquired 10/13/2015, Cost \$13,027,683)*	13,000,000	13,121,394	0.3%
Synchrony Financial, 3.000%, 08/15/2019	13,350,000	13,572,505	0.4%
Other Finance#~		<u>794,373,370</u>	<u>22.3%</u>
Total Finance (Cost \$905,748,030)		911,269,408	25.5%
Utility			
Other Utility#~		<u>91,783,700</u>	<u>2.6%</u>
Total Utility (Cost \$90,715,741)		91,783,700	2.6%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Industrials			
Boardwalk Pipelines LP, 5.500%, 02/01/2017	\$ 17,884,000	\$ 18,155,086	0.5%
CF Industries, Inc., 6.875%, 05/01/2018	11,182,000	12,149,086	0.3%
Diamond 1 Finance Corp. / Diamond 2 Finance Corp., 3.480%, 06/01/2019 (Acquired 05/17/2016, Cost \$17,495,625)*@	17,500,000	17,927,175	0.5%
Dollar General Corp., 4.125%, 07/15/2017	17,321,000	17,808,603	0.5%
Ecolab, Inc., 2.000%, 01/14/2019	14,250,000	14,435,906	0.4%
ERAC USA Finance LLC, 2.350%, 10/15/2019 (Acquired 01/21/2015, Cost \$16,632,032)*	16,500,000	16,811,503	0.5%
Fidelity National Information Services, Inc., 2.850%, 10/15/2018	11,640,000	11,945,981	0.3%
Marathon Petroleum Corp., 2.700%, 12/14/2018	14,100,000	14,416,601	0.4%
Pentair Finance SA, 2.900%, 09/15/2018 f	13,075,000	13,207,450	0.4%
Petrofac Ltd., 3.400%, 10/10/2018 (Acquired 10/03/2013 through 09/25/2015, Cost \$12,177,810)* f	12,050,000	12,049,964	0.3%
Potash Corp of Saskatchewan, Inc., 6.500%, 05/15/2019 f	11,500,000	12,997,197	0.4%
The Dow Chemical Co., 8.550%, 05/15/2019	14,777,000	17,540,816	0.5%
Thermo Fisher Scientific, Inc., 1.850%, 01/15/2018	12,000,000	12,079,068	0.3%
TSMC Global Ltd., 1.625%, 04/03/2018 (Acquired 08/05/2014 through 11/03/2015, Cost \$15,809,482)* f	15,919,000	15,962,204	0.5%
Vale Overseas Ltd., 6.250%, 01/23/2017@ f	15,250,000	15,599,225	0.4%
Valero Energy Corp., 9.375%, 03/15/2019	10,349,000	12,367,293	0.4%
Verizon Communications, Inc., 3.650%, 09/14/2018	14,000,000	14,711,158	0.4%
Other Industrials#-		<u>866,552,872</u>	<u>24.3%</u>
Total Industrials (Cost \$1,107,522,516)		1,116,717,188	31.3%
Total Corporate Bonds (Cost \$2,103,986,287)		2,119,770,296	59.4%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Other Government Related Securities			
Federal Home Loan Mortgage Corp., Class 0003, 1.000%, 04/27/2018	\$ 35,000,000	\$ 35,065,835	1.0%
Other Government Related Securities#~		<u>79,642,233</u>	<u>2.2%</u>
Total Other Government Related Securities (Cost \$114,059,384)		114,708,068	3.2%
Taxable Municipal Bond			
Illinois Housing Development Authority, 4.000%, 02/01/2034 (Callable 08/01/2025)	12,535,000	13,413,327	0.4%
Other Taxable Municipal Bonds#		<u>94,819,631</u>	<u>2.6%</u>
Total Taxable Municipal Bonds (Cost \$107,414,348)		108,232,958	3.0%
Residential Mortgage-Backed Securities			
U.S. Government Agency Issues			
Other U.S. Government Agency Issues#~		<u>65,571</u>	<u>0.0%</u>
Total U.S. Government Agency Issues (Cost \$64,012)		65,571	0.0%
Non-U.S. Government Agency Issue			
GSAA Trust,			
Series 2005-8, Class A4, 0.723%, 06/25/2035∞	14,572,838	14,028,107	0.4%
Other Non-U.S. Government Agency Issues#~		<u>51,588,156</u>	<u>1.4%</u>
Total Non-U.S. Government Agency Issues (Cost \$65,887,813)		65,616,263	1.8%
Asset Backed Securities			
California Republic Auto Receivables Trust,			
Series 2015-3, Class A3, 1.620%, 11/15/2019	17,500,000	17,561,526	0.5%
Capital Auto Receivables Asset Trust:			
Series 2014-3, Class A2, 1.180%, 12/20/2017	14,442,016	14,446,744	0.4%
Series 2015-3, Class A1A, 1.390%, 02/20/2018	13,790,000	13,803,742	0.4%
Chase Issuance Trust:			
Series 2014-A1, Class A1, 1.150%, 01/15/2019	31,310,000	31,372,698	0.9%
Series 2015-A5, Class A5, 1.360%, 04/15/2020	13,300,000	13,379,527	0.4%
Series 2016-A1, Class A, 0.852%, 05/17/2021∞	7,800,000	7,802,243	0.2%
Dell Equipment Finance Trust,			
Series 2015-1, Class A2, 1.010%, 07/24/2017 (Acquired 04/15/2015 through 09/22/2015, Cost \$17,426,516)*	17,427,771	17,421,441	0.5%
Ford Credit Auto Owner Trust:			
Series 2014-1, Class A, 2.260%, 11/15/2025 (Acquired 05/06/2014 through 11/18/2014, Cost \$17,939,285)*	17,894,000	18,253,879	0.5%
Series 2015-1, Class A, 2.120%, 07/15/2026 (Acquired 01/13/2015 through 03/14/2016, Cost \$12,566,749)*	12,592,000	12,782,420	0.4%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
GM Financial Automobile Leasing Trust, Series 2016-2, Class A3, 1.620%, 09/20/2019	\$ 12,675,000	\$ 12,771,193	0.4%
GMF Floorplan Owner Revolving Trust, Series 2015-1, Class A1, 1.650%, 05/15/2020 (Acquired 05/13/2015, Cost \$14,699,441)*	14,700,000	14,719,410	0.4%
Honda Auto Receivables Owner Trust, Series 2016-1, Class A3, 1.220%, 12/18/2019	13,000,000	13,038,000	0.3%
Kubota Credit Owner Trust, Series 2015-1A, Class A3, 1.540%, 03/15/2019 (Acquired 01/22/2015, Cost \$17,572,547)*	17,575,000	17,663,297	0.5%
OneMain Financial Issuance Trust, Series 2014-2A, Class A, 2.470%, 09/18/2024 (Acquired 02/05/2016, Cost \$15,573,595)*	15,620,000	15,653,919	0.4%
Structured Asset Investment Loan Trust, Series 2004-9, Class A5, 1.453%, 10/25/2034 [∞]	12,036,837	11,955,216	0.3%
Synchrony Credit Card Master Note Trust, Series 2014-1, Class A, 1.610%, 11/15/2020	18,437,000	18,552,829	0.5%
Other Asset Backed Securities#-		<u>282,208,218</u>	<u>8.0%</u>
Total Asset Backed Securities (Cost \$531,762,301)		533,386,302	15.0%
Commercial Mortgage-Backed Securities			
U.S. Government Agency Issues			
Fannie Mae REMIC Trust:			
Series 2015-M1, Class ASQ2, 1.626%, 02/25/2018	25,535,570	25,740,988	0.7%
Series 2016-M6, Class ASQ2, 1.785%, 06/25/2019	13,650,000	13,827,672	0.4%
FHLMC Multifamily Structured Pass Through Certificates:			
Series K502, Class A2, 1.426%, 08/25/2017	16,733,050	16,785,770	0.5%
Series K006, Class A2, 4.251%, 01/25/2020	15,000,000	<u>16,451,305</u>	<u>0.4%</u>
Total U.S. Government Agency Issues (Cost \$72,528,985)		72,805,735	2.1%
Non-U.S. Government Agency Issue			
J.P. Morgan Chase Commercial Mortgage Securities Trust,			
Series 2012-C8, Class ASB, 2.379%, 10/15/2045	16,100,000	16,540,353	0.5%
Other Non-U.S. Government Agency Issues#		<u>20,354,345</u>	<u>0.6%</u>
Total Non-U.S. Government Agency Issues (Cost \$36,703,172)		36,894,698	1.0%
Total Long-Term Investments (Cost \$3,503,732,310)		3,529,924,415	98.9%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Short-Term Investment

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
Money Market Mutual Fund			
Short-Term Investments Trust – Liquid Assets Portfolio, Institutional Class, 0.43%«	48,142,514	\$ 48,142,514	1.3%
Total Short-Term Investment (Cost \$48,142,514)		48,142,514	1.3%
Investment Purchased with Cash Proceeds from Securities Lending			
Investment Company			
Mount Vernon Securities Lending Trust Prime Portfolio, 0.56%«	39,767,555	39,767,555	1.1%
Total Investment Company (Cost \$39,767,555)		39,767,555	1.1%
Total Investment Purchased With Cash Proceeds From Securities Lending (Cost \$39,767,555)		39,767,555	1.1%
Total Investments (Cost \$3,591,642,379)		3,617,834,484	101.3%
Liabilities in Excess of Other Assets		(47,982,488)	(1.3)%
TOTAL NET ASSETS		\$3,569,851,996	100.0%

Notes to Summary Schedule of Investments

* Restricted security as defined in Rule 144 under the Securities Act of 1933 and determined to be liquid. Purchased in a private placement transaction; resale to the public may require registration or may extend only to qualified institutional buyers. At June 30, 2016, the value of these securities total \$203,946,724, which represents 5.71% of total net assets.

@ This security or portion of this security is out on loan at June 30, 2016.

f Foreign Security

∞ Variable or Floating rate security. Floating rate securities are securities whose rates vary with a designated index rate. These securities rates are as of June 30, 2016.

Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.

- Groupings contain, in aggregate, restricted securities totaling \$545,381,161 representing 15.28% of net assets.

« 7-Day Yield

Summary of Fair Value Exposure at June 30, 2016 (Unaudited)

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Summary of Fair Value Exposure at June 30, 2016 (Unaudited) (cont.)

participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Unadjusted quoted prices in active markets for identical unrestricted securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, quoted prices in inactive markets, dealer indications, interest rates, yield curves, prepayment speeds, credit risk, default rates, inputs corroborated by observable market data, etc.).

Level 3 – Significant unobservable inputs (including the Fund’s own assumptions about the factors that market participants would use in valuing the security) based on the best information available.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Long-Term Investments				
U.S. Treasury Securities	\$ —	\$ 478,444,524	\$ —	\$ 478,444,524
Corporate Bonds	—	2,119,770,296	—	2,119,770,296
Other Government Related Securities	—	114,708,068	—	114,708,068
Taxable Municipal Bonds	—	108,232,958	—	108,232,958
Residential Mortgage-Backed Securities – U.S. Government Agency Issues	—	65,571	—	65,571
Residential Mortgage-Backed Securities – Non-U.S. Government Agency Issues	—	65,616,263	—	65,616,263
Asset Backed Securities	—	533,386,302	—	533,386,302
Commercial Mortgage-Backed Securities – U.S. Government Agency Issues	—	72,805,735	—	72,805,735
Commercial Mortgage-Backed Securities – Non-U.S. Government Agency Issues	—	36,894,698	—	36,894,698
Total Long-Term Investments	—	3,529,924,415	—	3,529,924,415
Short-Term Investment				
Money Market Mutual Fund	48,142,514	—	—	48,142,514
Total Short-Term Investment	48,142,514	—	—	48,142,514
Investment Purchased with Cash				
Proceeds from Securities Lending				
Investment Company	39,767,555	—	—	39,767,555
Total Investment Purchased with Cash	39,767,555	—	—	39,767,555
Total Investments	<u>\$ 87,910,069</u>	<u>\$3,529,924,415</u>	<u>\$ —</u>	<u>\$3,617,834,484</u>

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the reporting period, as compared to their classification from the prior year’s annual report. See the Fund’s valuation policy in Note 2a to the financial statements.

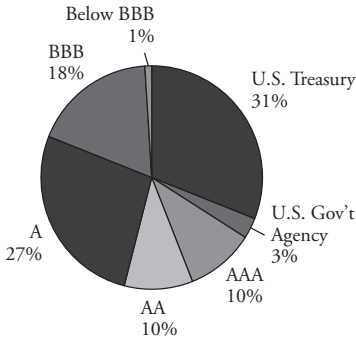
The accompanying notes are an integral part of these financial statements.

Baird Intermediate Bond Fund

June 30, 2016 (Unaudited)

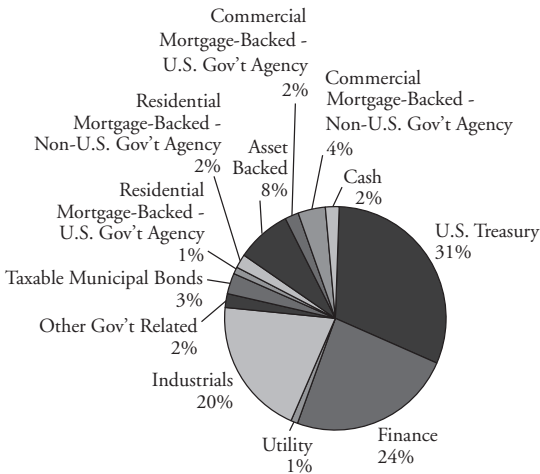
Portfolio Characteristics

Quality Distribution⁽¹⁾⁽²⁾



Net Assets	\$2,086,372,360
SEC 30-Day Yield⁽³⁾	
Institutional Class	1.74%
Investor Class	1.49%
Average Effective Duration	4.08 years
Average Effective Maturity	4.44 years
Annualized Expense Ratio	
Institutional Class	0.30%
Investor Class	0.55% ⁽⁴⁾
Portfolio Turnover Rate	14.8% ⁽⁵⁾
Number of Holdings	477

Sector Weightings⁽¹⁾



- (1) Percentages shown are based on the Fund's total investments (less investments purchased with cash proceeds from securities lending).
- (2) The quality profile is calculated on a market value-weighted basis using the highest credit quality rating for each security held by the Fund given by S&P, Moody's or Fitch, each of which is a Nationally Recognized Statistical Rating Organization (NRSRO). NRSROs rate the credit quality of securities using a scale that generally ranges from AAA (highest) to D (lowest).
- (3) SEC yields are based on SEC guidelines and are calculated for the 30 days ended June 30, 2016.
- (4) Includes 0.25% 12b-1 fee.
- (5) Not annualized.

Baird Intermediate Bond Fund

June 30, 2016 (Unaudited)

Total Returns

<i>For the Periods Ended June 30, 2016</i>	Six Months	One Year	Average Annual		
			Five Years	Ten Years	Since Inception ⁽¹⁾
Institutional Class Shares	4.51%	4.50%	3.61%	5.02%	5.28%
Investor Class Shares	4.29%	4.24%	3.36%	4.74%	5.01%
Barclays Intermediate U.S. Government/Credit Bond Index ⁽²⁾	4.07%	4.33%	2.90%	4.48%	4.81%

(1) For the period from September 29, 2000 (inception date) through June 30, 2016.

(2) The Barclays Intermediate U.S. Government/Credit Bond Index is an unmanaged, market value weighted index of investment grade, fixed-rate debt issues, including government and corporate securities, with maturities between one and ten years. This index does not reflect any deduction for fees, expenses or taxes.

A direct investment in an index is not possible.

The returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The Fund's gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".

The Fund may invest in U.S. dollar denominated foreign securities which involve additional risks such as political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund may also invest in mortgage- and asset-backed securities, which include interest rate and prepayment risks more pronounced than those of other fixed income securities.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit www.bairdfunds.com. Mutual fund performance changes over time and current performance may be lower or higher than that stated.

Baird Intermediate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

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The Fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter end. For the second and fourth fiscal quarters, the complete listing of the Fund's holdings is available electronically in the Fund's Form N-CSR at <http://www.bairdfunds.com/prospectuses-reports> and on the Securities and Exchange Commission's website (www.sec.gov) or you can have it mailed to you without charge by calling 1-866-44BAIRD. For the first and third fiscal quarters, the Fund files the lists with the SEC on Form N-Q. Shareholders can look up the Fund's Forms N-CSR and N-Q on the SEC's website (www.sec.gov).

Long-Term Investments

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
U.S. Treasury Securities			
U.S. Treasury Bonds:			
2.625%, 08/15/2020	\$197,225,000	\$ 210,845,753	10.1%
1.750%, 03/31/2022	232,050,000	239,763,806	11.5%
2.500%, 05/15/2024	186,200,000	202,237,965	9.7%
Total U.S. Treasury Securities (Cost \$631,373,370)		652,847,524	31.3%
Corporate Bonds			
Finance			
Caisse Centrale Desjardins, 1.303%, 01/29/2018 (Acquired 01/26/2015, Cost \$8,000,000)* f ∞	8,000,000	7,978,600	0.4%
Citizens Bank National Association, 2.450%, 12/04/2019	8,000,000	8,106,080	0.4%
Compass Bank, 2.750%, 09/29/2019	8,000,000	7,900,488	0.4%
Cooperatieve Rabobank UA/NY, 2.500%, 01/19/2021 (Acquired 01/11/2016, Cost) f	8,175,000	8,379,506	0.4%
GE Capital International Funding Co., 2.342%, 11/15/2020 (Acquired 02/11/2010 through 12/24/2014, Cost \$6,207,882)* f	6,730,000	6,932,984	0.3%
J.P. Morgan Chase & Co., 2.250%, 01/23/2020	7,875,000	7,983,305	0.4%
Keybank National Association, 1.193%, 06/01/2018 ∞	8,000,000	7,983,896	0.4%
Principal Life Global Funding II, 3.000%, 04/18/2026 (Acquired 04/11/2016, Cost \$6,981,380)*	7,000,000	7,139,517	0.3%
Skandinaviska Enskilda Banken AB, 2.450%, 05/27/2020 (Acquired 05/19/2015, Cost \$8,486,910)* f	8,500,000	8,683,940	0.4%
Standard Chartered PLC, 1.273%, 04/17/2018 (Acquired 04/13/2015, Cost \$8,500,000)* f ∞	8,500,000	8,402,590	0.4%

The accompanying notes are an integral part of these financial statements.

Baird Intermediate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
WEA Finance LLC / Westfield UK & Europe Finance PLC, 3.250%, 10/05/2020 (Acquired 09/28/2015, Cost \$7,474,275)*	\$ 7,500,000	\$ 7,805,213	0.4%
Wells Fargo & Co., Class N, 2.150%, 01/30/2020	7,000,000	7,118,748	0.3%
Other Finance#-		<u>406,243,527</u>	<u>19.5%</u>
Total Finance (Cost \$489,616,026)		500,658,394	24.0%
Utility			
Other Utility#-		<u>23,646,421</u>	<u>1.1%</u>
Total Utility (Cost \$22,780,081)		23,646,421	1.1%
Industrials			
Anheuser-Busch InBev Finance, Inc., 3.300%, 02/01/2023	9,300,000	9,799,131	0.5%
AT&T, Inc., 3.600%, 02/17/2023 @	9,000,000	9,388,611	0.5%
Charter Communications Operating LLC / Charter Communications Operating Capital, 4.464%, 07/23/2022 (Acquired 07/09/2015, Cost \$7,150,000)*	7,150,000	7,684,362	0.4%
Diamond 1 Finance Corp. / Diamond 2 Finance Corp., 3.480%, 06/01/2019 (Acquired 05/17/2016, Cost \$6,906,340)*	6,900,000	7,068,429	0.3%
Georgia-Pacific LLC, 5.400%, 11/01/2020 (Acquired 06/09/2016, Cost \$7,641,599)*	6,797,000	7,698,371	0.4%
Sysco Corp., 2.600%, 10/01/2020	7,600,000	7,847,456	0.4%
The Mosaic Co., 4.250%, 11/15/2023	8,606,000	9,269,153	0.5%
Valero Energy Corp., 9.375%, 03/15/2019	5,898,000	7,048,246	0.3%
Verizon Communications, Inc., 5.150%, 09/15/2023	6,100,000	7,104,219	0.3%
Waste Management, Inc., 2.400%, 05/15/2023	7,000,000	7,100,989	0.3%
Other Industrials#-		<u>348,441,911</u>	<u>16.7%</u>
Total Industrials (Cost \$417,380,158)		428,450,878	20.6%
Total Corporate Bonds (Cost \$929,776,265)		952,755,693	45.7%

The accompanying notes are an integral part of these financial statements.

Baird Intermediate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Other Government Related Securities			
Electricite de France SA, 2.350%, 10/13/2020 (Acquired 10/07/2015, Cost \$8,800,006)*@ f	\$ 8,875,000	\$ 9,069,123	0.4%
Other Government Related Securities#-		41,772,899	2.0%
Total Other Government Related Securities (Cost \$49,002,526)		50,842,022	2.4%
Taxable Municipal Bonds			
City of Bristol VA, 3.668%, 10/01/2022 (Callable 10/01/2020)	7,500,000	7,802,400	0.4%
North Carolina Housing Finance Agency, 3.000%, 01/01/2033 (Callable 01/01/2025)	6,995,000	7,125,876	0.4%
Other Taxable Municipal Bonds#		44,515,295	2.0%
Total Taxable Municipal Bonds (Cost \$59,032,153)		59,443,571	2.8%
Residential Mortgage-Backed Securities			
U.S. Government Agency Issues			
Federal Home Loan Mortgage Corp. (FHLMC), 1.375%, 05/01/2020 @	10,000,000	10,150,760	0.5%
Other U.S. Government Agency Issues#		4,466,663	0.2%
Total U.S. Government Agency Issues (Cost \$14,000,238)		14,617,423	0.7%
Non-U.S. Government Agency Issues			
MortgageIT Trust, Series 2005-3, Class A1, 0.753%, 08/25/2035∞	8,881,504	8,192,742	0.4%
Thornburg Mortgage Securities Trust, Series 2003-5, Class 3A, 2.418%, 10/25/2043∞	6,881,309	6,893,921	0.3%
Wells Fargo Mortgage Backed Securities, Series 2005-AR10, Class 2A17, 2.880%, 06/25/2035∞	7,083,847	7,161,096	0.4%
Other Non-U.S. Government Agency Issues#		23,515,481	1.1%
Total Non-U.S. Government Agency Issues (Cost \$46,034,837)		45,763,240	2.2%
Asset Backed Securities			
Capital Auto Receivables Asset Trust, Series 2015-2, Class A2, 1.390%, 09/20/2018	10,125,000	10,139,259	0.5%
Dell Equipment Finance Trust, Series 2015-1, Class A2, 1.010%, 07/24/2017 (Acquired 04/15/2015, Cost \$9,787,475)*	9,787,828	9,784,273	0.5%

The accompanying notes are an integral part of these financial statements.

Baird Intermediate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Ford Credit Auto Owner Trust:			
Series 2014-1, Class A, 2.260%, 11/15/2025 (Acquired 10/07/2014 through 10/09/2014, Cost \$10,897,836)*	\$ 10,859,000	\$ 11,077,393	0.5%
Series 2014-2, Class A, 2.310%, 04/15/2026 (Acquired 10/07/2014, Cost \$11,745,689)*	11,750,000	12,002,875	0.6%
Kubota Credit Owner Trust,			
Series 2015-1A, Class A3, 1.540%, 03/15/2019 (Acquired 01/22/2015, Cost \$10,048,597)*	10,050,000	10,100,491	0.5%
Specialty Underwriting & Residential Finance Trust,			
Series 2006-BC1, Class A2D, 0.753%, 12/25/2036∞	7,617,879	7,511,265	0.4%
Springleaf Funding Trust,			
Series 2014-AA, Class A, 2.410%, 12/15/2022 (Acquired 10/26/2015, Cost \$7,532,728)*	7,528,878	7,533,418	0.4%
Synchrony Credit Card Master Note Trust,			
Series 2012-2, Class A, 2.220%, 01/15/2022	8,250,000	8,406,388	0.4%
TCF Auto Receivables Owner Trust,			
Series 2014-1A, Class A4, 1.560%, 01/15/2020 (Acquired 05/29/2015 through 06/12/2015, Cost \$15,598,877)*	15,575,000	15,605,803	0.7%
Other Asset Backed Securities#-		73,862,212	3.5%
Total Asset Backed Securities (Cost \$164,984,863)		166,023,377	8.0%
Commercial Mortgage-Backed Securities			
U.S. Government Agency Issues			
FHLMC Multifamily Structured Pass Through Certificates:			
Series K708, Class A2, 2.130%, 01/25/2019	8,300,000	8,499,701	0.4%
Series K003, Class A4, 5.053%, 01/25/2019	9,000,000	9,783,329	0.5%
Series K004, Class A2, 4.186%, 08/25/2019	6,825,000	7,400,098	0.3%
1.083%-4.317%, 02/25/2018-07/25/2020	15,075,380	15,937,818	0.8%
Total U.S. Government Agency Issues (Cost \$40,090,084)		41,620,946	2.0%
Non-U.S. Government Agency Issues			
J.P. Morgan Chase Commercial Mortgage Securities Trust,			
Series 2012-C8, Class ASB, 2.379%, 10/15/2045	8,004,000	8,222,918	0.4%
Wells Fargo Commercial Mortgage Trust:			
Series 2014-LC18, Class ASB, 3.244%, 12/15/2047	16,400,000	17,362,493	0.8%
Series 2015-P2, Class ASB, 3.656%, 12/15/2048	10,400,000	11,298,243	0.5%
WFRBS Commercial Mortgage Trust:			
Series 2012-C6, Class A4, 3.440%, 04/15/2045	8,000,000	8,599,018	0.4%
Series 2014-C21, Class A2, 2.917%, 08/15/2047	2,435,234	2,535,295	0.1%
Series 2014-C24, Class ASB, 3.324%, 11/15/2047	8,652,000	9,188,201	0.5%
Series 2013-C12, Class ASB, 2.838%, 03/15/2048	8,500,000	8,867,991	0.4%

The accompanying notes are an integral part of these financial statements.

Baird Intermediate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Other Non-U.S. Government Agency Issues#		\$ 13,771,352	0.6%
Total Non-U.S. Government Agency Issues (Cost \$77,929,244)		79,845,511	3.8%
Total Long-Term Investments (Cost \$2,012,223,580)		2,063,759,307	98.9%

Short-Term Investments

	<u>Shares</u>		
Money Market Mutual Funds			
Dreyfus Institutional Cash Advantage Fund, Institutional Class, 0.39%«	834,543	834,543	0.0%
Short-Term Investments Trust – Liquid Assets Portfolio, Institutional Class, 0.43%«	41,000,000	41,000,000	2.0%
Total Short-Term Investments (Cost \$41,834,543)		41,834,543	2.0%

Investment Purchased with Cash Proceeds from Securities Lending

Investment Company			
Mount Vernon Securities Lending Trust Prime Portfolio, 0.56%«	54,964,493	54,964,493	2.7%
Total Investment Company (Cost \$54,964,493)		54,964,493	2.7%
Total Investment Purchased With Cash Proceeds From Securities Lending (Cost \$54,964,493)		54,964,493	2.7%
Total Investments (Cost \$2,109,022,616)		2,160,558,343	103.6%
Liabilities in Excess of Other Assets		(74,185,983)	(3.6)%
TOTAL NET ASSETS		\$2,086,372,360	100.0%

Notes to Summary Schedule of Investments

* Restricted security as defined in Rule 144 under the Securities Act of 1933 and determined to be liquid. Purchased in a private placement transaction; resale to the public may require registration or may extend only to qualified institutional buyers. At June 30, 2016, the value of these securities total \$152,946,888 which represents 7.33% of total net assets.

@ This security or portion of this security is out on loan at June 30, 2016.

f Foreign Security

∞ Variable or Floating rate security. Floating rate securities are securities whose yields vary with a designated index rate. These securities rates are as of June 30, 2016.

Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.

~ Groupings contain, in aggregate, restricted securities totaling \$279,151,246 representing 13.38% of net assets.

« 7-Day Yield

The accompanying notes are an integral part of these financial statements.

Baird Intermediate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Summary of Fair Value Exposure at June 30, 2016 (Unaudited)

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Unadjusted quoted prices in active markets for identical unrestricted securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, quoted prices in inactive markets, dealer indications, interest rates, yield curves, prepayment speeds, credit risk, default rates, inputs corroborated by observable market data, etc.).

Level 3 – Significant unobservable inputs (including the Fund’s own assumptions about the factors that market participants would use in valuing the security) based on the best information available.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The accompanying notes are an integral part of these financial statements.

Baird Intermediate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Summary of Fair Value Exposure at June 30, 2016 (Unaudited) (cont.)

The following is a summary of the inputs used to value the Fund's investments as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Long-Term Investments				
U.S. Treasury Securities	\$ —	\$ 652,847,524	\$ —	\$ 652,847,524
Corporate Bonds	—	952,755,693	—	952,755,693
Other Government Related Securities	—	50,842,022	—	50,842,022
Taxable Municipal Bonds	—	59,443,571	—	59,443,571
Residential Mortgage-Backed Securities – U.S. Government Agency Issues	—	14,617,423	—	14,617,423
Residential Mortgage-Backed Securities – Non-U.S. Government Agency Issues	—	45,763,240	—	45,763,240
Asset Backed Securities	—	166,023,377	—	166,023,377
Commercial Mortgage-Backed Securities – U.S. Government Agency Issues	—	41,620,946	—	41,620,946
Commercial Mortgage-Backed Securities – Non-U.S. Government Agency Issues	—	79,845,511	—	79,845,511
Total Long-Term Investments	<u>—</u>	<u>2,063,759,307</u>	<u>—</u>	<u>2,063,759,307</u>
Short-Term Investments				
Money Market Mutual Funds	41,834,543	—	—	41,834,543
Total Short-Term Investments	41,834,543	—	—	41,834,543
Investment Purchased with Cash				
Proceeds from Securities Lending				
Investment Company	54,964,493	—	—	54,964,493
Total Investment Purchased with Cash				
Proceeds from Securities Lending	54,964,493	—	—	54,964,493
Total Investments	<u>\$96,799,036</u>	<u>\$2,063,759,307</u>	<u>\$ —</u>	<u>\$2,160,558,343</u>

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the reporting period, as compared to their classification from the prior year's annual report. See the Fund's valuation policy in Note 2a to the financial statements.

Level 3 Reconciliation Disclosure

Following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value.

<u>Description</u>	<u>Investments in Securities</u>
Balance as of December 31, 2015	\$ 17,673
Accrued discounts/premiums	—
Realized gain (loss)	(61,400)
Change in unrealized appreciation (depreciation)	56,083
Purchases	—
Sales	(12,356)
Transfers in and/or out of Level 3*	—
Balance as of June 30, 2016	<u>\$ —</u>

* Transfers between levels are recognized at the end of the reporting period.

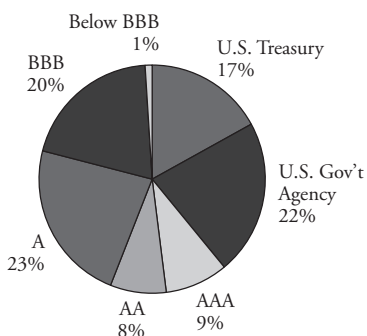
The accompanying notes are an integral part of these financial statements.

Baird Aggregate Bond Fund

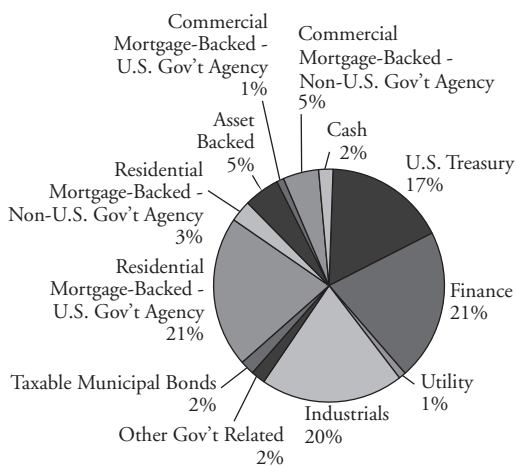
June 30, 2016 (Unaudited)

Portfolio Characteristics

Quality Distribution⁽¹⁾⁽²⁾



Sector Weightings⁽¹⁾



Net Assets	\$8,736,666,204
SEC 30-Day Yield⁽³⁾	
Institutional Class	2.28%
Investor Class	2.03%
Average Effective Duration	5.47 years
Average Effective Maturity	7.35 years
Annualized Expense Ratio	
Institutional Class	0.30%
Investor Class	0.55% ⁽⁴⁾
Portfolio Turnover Rate	20.7% ⁽⁵⁾
Number of Holdings	899

- (1) Percentages shown are based on the Fund's total investments (less investments purchased with cash proceeds from securities lending).
- (2) The quality profile is calculated on a market value-weighted basis using the highest credit quality rating for each security held by the Fund given by S&P, Moody's or Fitch, each of which is a Nationally Recognized Statistical Rating Organization (NRSRO). NRSROs rate the credit quality of securities using a scale that generally ranges from AAA (highest) to D (lowest).
- (3) SEC yields are based on SEC guidelines and are calculated for the 30 days ended June 30, 2016.
- (4) Includes 0.25% 12b-1 fee.
- (5) Not annualized.

Baird Aggregate Bond Fund

June 30, 2016 (Unaudited)

Total Returns

<i>For the Periods Ended June 30, 2016</i>	Six Months	One Year	Average Annual		
			Five Years	Ten Years	Since Inception ⁽¹⁾
Institutional Class Shares	5.66%	6.11%	4.78%	5.47%	5.84%
Investor Class Shares	5.64%	5.95%	4.54%	5.21%	5.59%
Barclays U.S. Aggregate Bond Index ⁽²⁾	5.31%	6.00%	3.76%	5.13%	5.34%

(1) For the period from September 29, 2000 (inception date) through June 30, 2016.

(2) The Barclays U.S. Aggregate Bond Index is an unmanaged, market value weighted index of investment grade, fixed-rate debt issues, including government, corporate, asset-backed and mortgage-backed securities, with maturities of at least one year. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in an index is not possible.

The returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The Fund's gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".

The Fund maintains securities with longer maturities in order to provide a greater potential for return. Generally, the longer a bond's maturity, the greater the interest rate risk. The Fund may also invest in U.S. dollar denominated foreign securities which involve additional risks such as political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund may also invest in mortgage- and asset-backed securities, which include interest rate and prepayment risks more pronounced than those of other fixed income securities.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit www.bairdfunds.com. Mutual fund performance changes over time and current performance may be lower or higher than that stated.

Baird Aggregate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

This schedule summarizes the Fund's holdings by asset type. Details are reported for each of the Fund's 50 largest individual holdings and for investments that, in total for any issuer, represent more than 1% of the Fund's net assets. The total value of smaller holdings is reported as a single amount within each category.

The Fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter end. For the second and fourth fiscal quarters, the complete listing of the Fund's holdings is available electronically in the Fund's Form N-CSR at <http://www.bairdfunds.com/prospectuses-reports> and on the Securities and Exchange Commission's website (www.sec.gov) or you can have it mailed to you without charge by calling 1-866-44BAIRD. For the first and third fiscal quarters, the Fund files the lists with the SEC on Form N-Q. Shareholders can look up the Fund's Forms N-CSR and N-Q on the SEC's website (www.sec.gov).

Long-Term Investments

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
U.S. Treasury Securities			
U.S. Treasury Bonds:			
2.625%, 08/15/2020	\$140,475,000	\$ 150,176,484	1.7%
1.750%, 03/31/2022	403,705,000	417,124,961	4.8%
2.500%, 05/15/2024	164,675,000	178,858,952	2.0%
5.250%, 11/15/2028	77,576,500	109,194,975	1.3%
3.500%, 02/15/2039	351,355,900	443,422,038	5.1%
2.875%, 05/15/2043	164,600,000	185,091,383	2.1%
2.500%, 02/15/2045@	15,525,000	16,163,590	0.2%
Total U.S. Treasury Securities (Cost \$1,422,511,400)		1,500,032,383	17.2%
Corporate Bonds			
Finance			
Comerica Bank, 2.500%, 06/02/2020	29,000,000	29,847,351	0.4%
Compass Bank, 2.750%, 09/29/2019	31,216,000	30,827,704	0.4%
First Horizon National Corp., 3.500%, 12/15/2020	29,078,000	29,344,267	0.3%
Massachusetts Mutual Life Insurance Co., 8.875%, 06/01/2039 (Acquired 05/27/2009 through 03/31/2016, Cost \$29,839,678)*	20,177,000	30,193,650	0.4%
Regions Financial Corp., 3.200%, 02/08/2021	25,000,000	25,732,450	0.3%
Voya Financial, Inc., 5.500%, 07/15/2022	23,802,000	27,091,151	0.3%
Other Finance#-		1,709,383,072	19.5%
Total Finance (Cost \$1,841,068,868)		1,882,419,645	21.6%
Utility			
Other Utility#-		80,892,300	0.9%
Total Utility (Cost \$77,217,876)		80,892,300	0.9%

The accompanying notes are an integral part of these financial statements.

Baird Aggregate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Industrials			
AT&T, Inc., 3.400%, 05/15/2025	\$ 28,200,000	\$ 28,845,978	0.3%
Forest Laboratories, Inc., 5.000%, 12/15/2021 (Acquired 08/26/2014 through 04/24/2015, Cost \$25,941,520)*	24,000,000	26,859,192	0.3%
General Motors Financial Co., Inc., 4.200%, 03/01/2021	30,000,000	31,384,560	0.4%
Mylan NV, 3.950%, 06/15/2026 (Acquired 05/31/2016 through 06/30/2016, Cost \$28,880,488)*@ f	28,925,000	29,271,753	0.3%
Pentair Finance SA, 3.625%, 09/15/2020 f	26,620,000	27,288,934	0.3%
Verizon Communications, Inc., 6.400%, 09/15/2033	29,640,000	37,832,585	0.4%
Zoetis, Inc., 3.250%, 02/01/2023	34,200,000	34,850,518	0.4%
Other Industrials#~		<u>1,547,250,678</u>	<u>17.8%</u>
Total Industrials (Cost \$1,719,891,699)		1,763,584,198	20.2%
Total Corporate Bonds (Cost \$3,638,178,443)		3,726,896,143	42.7%
Other Government Related Securities			
Other Government Related Securities#~		<u>131,510,932</u>	<u>1.5%</u>
Total Other Government Related Securities (Cost \$127,942,880)		131,510,932	1.5%
Taxable Municipal Bonds			
Other Taxable Municipal Bonds#		<u>152,170,797</u>	<u>1.8%</u>
Total Taxable Municipal Bonds (Cost \$143,452,305)		152,170,797	1.8%
Residential Mortgage-Backed Securities			
U.S. Government Agency Issues			
Federal Gold Loan Mortgage Corp. (FGLMC):			
3.500%, 07/01/2032	38,395,353	41,147,451	0.5%
4.000%, 01/01/2041	26,154,027	28,097,792	0.3%
3.000%, 08/01/2042	25,267,663	26,264,593	0.3%
3.000%, 11/01/2042	53,790,978	56,360,304	0.6%
3.000%, 06/01/2043	26,551,185	27,578,111	0.3%
3.500%, 05/01/2044	61,665,654	65,972,310	0.8%
3.500%, 01/01/2046	52,866,433	56,180,793	0.6%
2.500%-6.500%, 06/01/2020-04/01/2046	343,573,058	368,382,346	4.3%

The accompanying notes are an integral part of these financial statements.

Baird Aggregate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
Federal National Mortgage Association (FNMA):			
3.000%, 12/01/2030	\$ 34,852,912	\$ 36,770,464	0.4%
4.500%, 10/01/2033	31,056,088	34,106,024	0.4%
5.000%, 10/01/2033	32,805,620	36,621,613	0.4%
3.500%, 03/01/2041	35,819,451	37,882,890	0.4%
4.000%, 06/01/2041	29,485,306	31,691,127	0.4%
3.500%, 12/01/2041	33,344,610	35,337,998	0.4%
4.000%, 08/01/2042	29,201,624	31,448,697	0.4%
3.000%, 05/01/2043	30,812,199	32,043,090	0.4%
4.500%, 09/01/2043	23,540,131	25,785,116	0.3%
3.500%, 04/01/2045	48,543,614	51,621,343	0.6%
2.500%-6.000%, 01/01/2020-05/01/2046	509,629,274	568,243,127	6.5%
Government National Mortgage Association (GNMA):			
3.500%, 01/20/2043	39,652,193	42,263,168	0.5%
3.000%, 04/20/2045	50,868,369	53,255,126	0.6%
3.500%, 04/20/2045	51,806,851	55,027,955	0.6%
4.000%, 08/20/2045	26,671,730	28,521,096	0.3%
3.500%-6.000%, 11/20/2033-09/20/2042	43,291,958	46,486,661	0.5%
Other U.S. Government Agency Issues#~		37,405,912	0.4%
Total U.S. Government Agency Issues (Cost \$1,813,996,330)		1,854,495,107	21.2%
Non-U.S. Government Agency Issues			
Bank of America Alternative Loan Trust,			
Series 2004-7, Class 1A1, 6.000%, 08/25/2034	25,786,975	26,989,179	0.3%
Thornburg Mortgage Securities Trust,			
Series 2003-5, Class 3A, 2.418%, 10/25/2043∞	26,668,662	26,717,540	0.3%
Wells Fargo Mortgage Backed Securities,			
Series 2005-AR10, Class 2A17, 2.880%, 06/25/2035∞	26,418,642	26,706,737	0.3%
Other Non-U.S. Government Agency Issues#		176,115,542	2.0%
Total Non-U.S. Government Agency Issues (Cost \$259,174,035)		256,528,998	2.9%
Asset Backed Securities			
Ford Credit Auto Owner Trust:			
Series 2014-2, Class A, 2.310%, 04/15/2026 (Acquired 02/20/2015 through 03/23/2016, Cost \$27,208,283)*	27,030,000	27,611,721	0.3%
Series 2016-1, Class A, 2.310%, 08/15/2027 (Acquired 02/23/2016 through 05/24/2016, Cost \$28,349,066)*	28,325,000	28,917,151	0.4%
OneMain Financial Issuance Trust,			
Series 2014-2A, Class A, 2.470%, 09/18/2024 (Acquired 11/16/2015 through 01/29/2016, Cost \$29,564,059)*	29,657,000	29,721,400	0.3%

The accompanying notes are an integral part of these financial statements.

Baird Aggregate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Other Asset Backed Securities#~		\$ 394,201,526	4.5%
Total Asset Backed Securities (Cost \$478,358,382)		480,451,798	5.5%
Commercial Mortgage-Backed Securities			
U.S. Government Agency Issues			
Other U.S. Government Agency Issues#		55,562,572	0.6%
Total U.S. Government Agency Issues (Cost \$53,840,589)		55,562,572	0.6%
Non-U.S. Government Agency Issues			
COMM Mortgage Trust, Series 2013-CR9, Class A3, 4.022%, 07/10/2045	\$ 25,725,000	28,609,899	0.3%
GS Mortgage Securities Corp. II, Series 2012-GCJ9, Class A3, 2.773%, 11/10/2045	36,997,320	38,668,489	0.4%
Morgan Stanley Bank of America Merrill Lynch Trust, Series 2012-C5, Class A4, 3.176%, 08/15/2045	37,550,000	40,000,813	0.5%
Wells Fargo Commercial Mortgage Trust, Series 2015-P2, Class A3, 3.541%, 12/15/2048	31,100,000	33,588,075	0.4%
Other Non-U.S. Government Agency Issues#		329,496,116	3.8%
Total Non-U.S. Government Agency Issues (Cost \$452,557,207)		470,363,392	5.4%
Total Long-Term Investments (Cost \$8,390,011,571)		8,628,012,122	98.8%

Short-Term Investments

	<u>Shares</u>		
Money Market Mutual Funds			
Dreyfus Institutional Cash Advantage Fund, Institutional Class, 0.39%«	20,260,216	20,260,216	0.2%
Short-Term Investments Trust – Liquid Assets Portfolio, Institutional Class, 0.43%«	172,000,000	172,000,000	2.0%
Total Short-Term Investments (Cost \$192,260,216)		192,260,216	2.2%

The accompanying notes are an integral part of these financial statements.

Baird Aggregate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Investment Purchased with Cash Proceeds from Securities Lending

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
Investment Company			
Mount Vernon Securities Lending Trust Prime Portfolio, 0.56%«	164,963,964	\$ 164,963,964	1.9%
Total Investment Company (Cost \$164,963,964)		164,963,964	1.9%
Total Investment Purchased With Cash			
Proceeds From Securities Lending (Cost \$164,963,964)		164,963,964	1.9%
Total Investments (Cost \$8,747,235,751)		8,985,236,302	102.9%
Liabilities in Excess of Other Assets		(248,570,098)	(2.9)%
TOTAL NET ASSETS		\$8,736,666,204	100.0%

Notes to Summary Schedule of Investments

* Restricted security as defined in Rule 144 under the Securities Act of 1933 and determined to be liquid. Purchased in a private placement transaction; resale to the public may require registration or may extend only to qualified institutional buyers. At June 30, 2016, the value of these securities total \$172,574,867, which represents 1.98% of total net assets.

@ This security or portion of this security is out on loan at June 30, 2016.

f Foreign Security

∞ Variable or Floating rate security. Floating rate securities are securities whose yields vary with a designated index rate. These securities rates are as of June 30, 2016.

Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.

- Groupings contain, in aggregate, restricted securities totaling \$1,243,754,096 representing 14.24% of net assets.

« 7-Day Yield

Summary of Fair Value Exposure at June 30, 2016 (Unaudited)

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

The accompanying notes are an integral part of these financial statements.

Baird Aggregate Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Summary of Fair Value Exposure at June 30, 2016 (Unaudited) (cont.)

Level 1 – Unadjusted quoted prices in active markets for identical unrestricted securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, quoted prices in inactive markets, dealer indications, interest rates, yield curves, prepayment speeds, credit risk, default rates, inputs corroborated by observable market data, etc.).

Level 3 – Significant unobservable inputs (including the Fund's own assumptions about the factors that market participants would use in valuing the security) based on the best information available.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund's investments as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Long-Term Investments				
U.S. Treasury Securities	\$ —	\$ 1,500,032,383	\$ —	\$ 1,500,032,383
Corporate Bonds	—	3,726,896,143	—	3,726,896,143
Other Government Related Securities	—	131,510,932	—	131,510,932
Taxable Municipal Bonds	—	152,170,797	—	152,170,797
Residential Mortgage-Backed Securities – U.S. Government Agency Issues	—	1,854,495,107	—	1,854,495,107
Residential Mortgage-Backed Securities – Non-U.S. Government Agency Issues	—	256,528,998	—	256,528,998
Asset Backed Securities	—	480,451,798	—	480,451,798
Commercial Mortgage-Backed Securities – U.S. Government Agency Issues	—	55,562,572	—	55,562,572
Commercial Mortgage-Backed Securities – Non-U.S. Government Agency Issues	—	470,363,392	—	470,363,392
Total Long-Term Investments	<u>—</u>	<u>8,628,012,122</u>	<u>—</u>	<u>8,628,012,122</u>
Short-Term Investments				
Money Market Mutual Funds	192,260,216	—	—	192,260,216
Total Short-Term Investments	<u>192,260,216</u>	<u>—</u>	<u>—</u>	<u>192,260,216</u>
Investment Purchased with Cash				
Proceeds from Securities Lending				
Investment Company	164,963,964	—	—	164,963,964
Total Investment Purchased with Cash				
Proceeds from Securities Lending	<u>164,963,964</u>	<u>—</u>	<u>—</u>	<u>164,963,964</u>
Total Investments	<u>\$357,224,180</u>	<u>\$8,628,012,122</u>	<u>\$ —</u>	<u>\$8,985,236,302</u>

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the reporting period, as compared to their classification from the prior year's annual report. See the Fund's valuation policy in Note 2a to the financial statements.

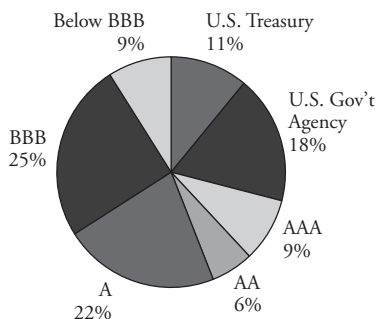
The accompanying notes are an integral part of these financial statements.

Baird Core Plus Bond Fund

June 30, 2016 (Unaudited)

Portfolio Characteristics

Quality Distribution⁽¹⁾⁽²⁾



Net Assets \$11,223,358,097

SEC 30-Day Yield⁽³⁾

Institutional Class 2.61%
Investor Class 2.36%

Average Effective Duration 5.36 years

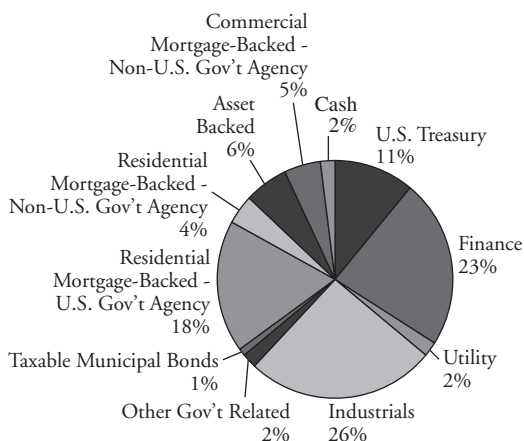
Average Effective Maturity 7.18 years

Annualized Expense Ratio
Institutional Class 0.30%
Investor Class 0.55%⁽⁴⁾

Portfolio Turnover Rate 20.0%⁽⁵⁾

Number of Holdings 1,122

Sector Weightings⁽¹⁾



(1) Percentages shown are based on the Fund's total investments (less investments purchased with cash proceeds from securities lending).

(2) The quality profile is calculated on a market value-weighted basis using the highest credit quality rating for each security held by the Fund given by S&P, Moody's or Fitch, each of which is a Nationally Recognized Statistical Rating Organization (NRSRO). NRSROs rate the credit quality of securities using a scale that generally ranges from AAA (highest) to D (lowest).

(3) SEC yields are based on SEC guidelines and are calculated for the 30 days ended June 30, 2016.

(4) Includes 0.25% 12b-1 fee.

(5) Not annualized.

Baird Core Plus Bond Fund

June 30, 2016 (Unaudited)

Total Returns

<i>For the Periods Ended June 30, 2016</i>	Six Months	One Year	Average Annual		
			Five Years	Ten Years	Since Inception ⁽¹⁾
Institutional Class Shares	6.11%	6.03%	4.66%	6.20%	6.31%
Investor Class Shares	6.02%	5.72%	4.40%	5.93%	6.04%
Barclays U.S. Universal Bond Index ⁽²⁾	5.68%	5.82%	4.01%	5.30%	5.56%

(1) For the period from September 29, 2000 (inception date) through June 30, 2016.

(2) The Barclays U.S. Universal Bond Index is an unmanaged, market value weighted index of fixed income securities issued in U.S. dollars, including U.S. government and investment grade debt, non-investment grade debt, asset-backed and mortgage-backed securities, Eurobonds, 144A securities and emerging market debt, with maturities of at least one year. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in an index is not possible.

The returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The Fund's gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".

The Fund may invest up to 20% of its net assets in non-investment grade debt securities (commonly referred to as "high yield" bonds). While these types of debt securities typically offer higher yields than investment grade securities, they also include greater risks including increased credit risk and the increased risk of default or bankruptcy. The Fund maintains securities with longer maturities in order to provide a greater potential for return. Generally, the longer a bond's maturity, the greater the interest rate risk. The Fund may also invest in U.S. dollar denominated foreign securities which involve additional risks such as political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund may also invest in mortgage- and asset-backed securities, which include interest rate and prepayment risks more pronounced than those of other fixed income securities.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit www.bairdfunds.com. Mutual fund performance changes over time and current performance may be lower or higher than that stated.

Baird Core Plus Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

This schedule summarizes the Fund's holdings by asset type. Details are reported for each of the Fund's 50 largest individual holdings and for investments that, in total for any issuer, represent more than 1% of the Fund's net assets. The total value of smaller holdings is reported as a single amount within each category.

The Fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter end. For the second and fourth fiscal quarters, the complete listing of the Fund's holdings is available electronically in the Fund's Form N-CSR at <http://www.bairdfunds.com/prospectuses-reports> and on the Securities and Exchange Commission's website (www.sec.gov) or you can have it mailed to you without charge by calling 1-866-44BAIRD. For the first and third fiscal quarters, the Fund files the lists with the SEC on Form N-Q. Shareholders can look up the Fund's Forms N-CSR and N-Q on the SEC's website (www.sec.gov).

Long-Term Investments

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
U.S. Treasury Securities			
U.S. Treasury Bonds:			
2.625%, 08/15/2020	\$181,775,000	\$ 194,328,745	1.7%
1.750%, 03/31/2022	141,350,000	146,048,757	1.3%
2.500%, 05/15/2024	73,950,000	80,319,535	0.7%
3.500%, 02/15/2039	377,695,000	476,662,799	4.3%
2.875%, 05/15/2043	237,900,000	267,516,647	2.4%
2.500%, 02/15/2045@	36,550,000	38,053,411	0.3%
Total U.S. Treasury Securities (Cost \$1,127,156,255)		1,202,929,894	10.7%
Corporate Bonds			
Finance			
Capital One Bank (USA) National Association, 3.375%, 02/15/2023	32,638,000	33,336,486	0.3%
Citizens Bank National Association, 2.450%, 12/04/2019	36,000,000	36,477,360	0.3%
Compass Bank, 2.750%, 09/29/2019	38,994,000	38,508,954	0.4%
HSBC Finance Corp., 6.676%, 01/15/2021	32,693,000	36,632,637	0.3%
LeasePlan Corp. NV, 2.500%, 05/16/2018 (Acquired 05/07/2013 through 08/27/2015, Cost \$35,310,998)* f	35,204,000	35,217,800	0.3%
Massachusetts Mutual Life Insurance Co., 8.875%, 06/01/2039 (Acquired 10/03/2012 through 01/22/2016, Cost \$44,577,985)*	29,340,000	43,905,520	0.4%
Other Finance#-		2,336,146,640	20.8%
Total Finance (Cost \$2,506,689,626)		2,560,225,397	22.8%
Utility			
Other Utility#-		184,532,359	1.6%
Total Utility (Cost \$175,690,839)		184,532,359	1.6%

The accompanying notes are an integral part of these financial statements.

Baird Core Plus Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Industrials			
Forest Laboratories, Inc., 5.000%, 12/15/2021 (Acquired 08/26/2014 through 05/11/2016, Cost)@	\$ 41,397,000	\$ 46,328,749	0.4%
Hewlett-Packard Co., 4.650%, 12/09/2021	32,425,000	35,063,357	0.3%
Solvay Finance America LLC, 3.400%, 12/03/2020 (Acquired 11/30/2015 through 01/14/2016, Cost \$39,205,876)*	39,226,000	41,078,683	0.4%
TSMC Global Ltd., 1.625%, 04/03/2018 (Acquired 03/27/2013 through 03/14/2016, Cost \$37,051,154)* f	37,405,000	37,506,517	0.3%
Verizon Communications, Inc., 6.400%, 09/15/2033	30,175,000	38,515,461	0.3%
Other Industrials#~		<u>2,715,264,988</u>	<u>24.3%</u>
Total Industrials (Cost \$2,868,948,683)		2,913,757,755	26.0%
Total Corporate Bonds (Cost \$5,551,329,148)			
		5,658,515,511	50.4%
Other Government Related Securities			
Other Government Related Securities#~		<u>218,231,320</u>	<u>1.9%</u>
Total Other Government Related Securities (Cost \$214,543,835)		218,231,320	1.9%
Taxable Municipal Bonds			
Other Taxable Municipal Bonds#		<u>135,811,177</u>	<u>1.2%</u>
Total Taxable Municipal Bonds (Cost \$130,434,156)		135,811,177	1.2%
Residential Mortgage-Backed Securities			
U.S. Government Agency Issues			
Federal Gold Loan Mortgage Corp. (FGLMC):			
3.000%, 10/01/2030	54,935,828	57,997,286	0.5%
3.500%, 05/01/2032	41,242,413	44,199,570	0.4%
5.500%, 01/01/2039	31,819,629	36,004,077	0.3%
3.500%, 07/01/2042	35,461,018	37,443,911	0.3%
3.000%, 08/01/2042	29,960,372	31,142,452	0.3%
3.000%, 11/01/2042	71,977,975	75,416,003	0.7%
3.500%, 08/01/2044	43,640,505	46,025,045	0.4%
4.000%, 10/01/2044	34,769,273	37,636,048	0.3%
3.500%, 06/01/2045	39,507,223	42,212,702	0.4%
3.500%, 01/01/2046	47,160,370	50,116,999	0.4%
3.000%-6.500%, 12/01/2020-01/01/2046	205,444,082	208,401,500	1.9%

The accompanying notes are an integral part of these financial statements.

Baird Core Plus Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
Federal National Mortgage Association (FNMA):			
3.500%, 07/01/2028	\$ 47,387,882	\$ 50,248,068	0.4%
3.000%, 08/01/2030	43,568,774	45,937,276	0.4%
4.000%, 11/01/2031	31,850,699	34,493,035	0.3%
4.500%, 10/01/2033	42,831,857	47,038,261	0.4%
4.000%, 09/01/2034	31,247,030	33,830,342	0.3%
4.500%, 08/01/2040	31,313,808	34,312,707	0.3%
3.500%, 09/01/2041	53,559,420	56,656,639	0.5%
4.000%, 01/01/2042	47,887,219	51,428,564	0.5%
3.000%, 05/01/2043	39,772,098	41,360,921	0.4%
3.000%, 06/01/2043	41,184,913	42,832,833	0.4%
4.000%, 02/01/2045	37,851,896	41,031,765	0.4%
2.500%-7.500%, 12/25/2019-03/01/2045	470,143,104	653,726,084	5.8%
Government National Mortgage Association (GNMA):			
3.500%, 04/20/2045	48,283,881	51,285,944	0.4%
4.000%, 05/20/2045	38,428,173	41,097,516	0.4%
3.500%, 06/20/2045	43,208,803	45,909,520	0.4%
3.000%-6.500%, 12/20/2028-06/20/2045	59,636,358	83,985,974	0.8%
Other U.S. Government Agency Issues#~		41,063,772	0.4%
Total U.S. Government Agency Issues (Cost \$2,013,917,993)		2,062,834,814	18.4%
Non-U.S. Government Agency Issues			
Other Non-U.S. Government Agency Issues#~		495,086,301	4.4%
Total Non-U.S. Government Agency Issues (Cost \$504,684,216)		495,086,301	4.4%
Asset Backed Securities			
Chase Issuance Trust, Series 2015-A5, Class A5, 1.360%, 04/15/2020	35,796,000	36,010,042	0.3%
Citicorp Residential Mortgage Trust, Series 2007-2, Class A4, 5.436%, 06/25/2037	49,733,363	51,368,033	0.4%
Ford Credit Auto Owner Trust, Series 2016-1, Class A, 2.310%, 08/15/2027 (Acquired 02/23/2016 through 05/27/2016, Cost \$37,668,385)*	37,625,000	38,411,573	0.3%
Other Asset Backed Securities#~		520,750,242	4.8%
Total Asset Backed Securities (Cost \$647,245,665)		646,539,890	5.8%
Commercial Mortgage-Backed Securities			
Non-U.S. Government Agency Issues			
COMM Mortgage Trust, Series 2012-CR2, Class A4, 3.147%, 08/15/2045	30,063,000	32,001,667	0.3%
GS Mortgage Securities Corp. II, Series 2012-GCJ9, Class A3, 2.773%, 11/10/2045	41,464,000	43,336,929	0.4%

The accompanying notes are an integral part of these financial statements.

Baird Core Plus Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
JPMBB Commercial Mortgage Securities Trust, Series 2014-C25, Class A5, 3.672%, 11/15/2047	\$ 34,585,000	\$ 37,683,885	0.4%
Morgan Stanley Bank of America Merrill Lynch Trust: Series 2012-C5, Class A4, 3.176%, 08/15/2045	40,030,000	42,642,678	0.4%
Series 2012-C6, Class A4, 2.858%, 11/15/2045	32,035,000	33,580,647	0.3%
Series 2013-C10, Class A3, 4.104%, 07/15/2046	43,985,000	48,958,261	0.4%
Other Non-U.S. Government Agency Issues#		<u>356,355,420</u>	<u>3.1%</u>
Total Non-U.S. Government Agency Issues (Cost \$571,733,100)		594,559,487	5.3%
Total Long-Term Investments (Cost \$10,761,044,368)		11,014,508,394	98.1%

Short-Term Investment

	<u>Shares</u>		
Money Market Mutual Funds			
Dreyfus Institutional Cash Advantage Fund, Institutional Class, 0.39%«	184,638,042	184,638,042	1.6%
Short-Term Investments Trust – Liquid Assets Portfolio, Institutional Class, 0.43%«	221,000,000	<u>221,000,000</u>	<u>2.0%</u>
Total Short-Term Investments (Cost \$405,638,042)		405,638,042	3.6%

Investment Purchased with Cash Proceeds from Securities Lending

Investment Company

Mount Vernon Securities Lending Trust Prime Portfolio, 0.56%«	276,410,416	<u>276,410,416</u>	<u>2.5%</u>
Total Investment Company (Cost \$276,410,416)		276,410,416	2.5%

Total Investment Purchased With Cash

Proceeds From Securities Lending (Cost \$276,410,416)		276,410,416	2.5%
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Total Investments

(Cost \$11,443,092,826)		11,696,556,852	104.2%
Liabilities in Excess of Other Assets		<u>(473,198,755)</u>	<u>(4.2)%</u>
TOTAL NET ASSETS		\$11,223,358,097	100.0%

Notes to Summary Schedule of Investments

* Restricted security as defined in Rule 144 under the Securities Act of 1933 and determined to be liquid. Purchased in a private placement transaction; resale to the public may require registration or may extend only to qualified institutional buyers. At June 30, 2016, the value of these securities total \$242,448,842, which represents 2.16% of total net assets.

@ This security or portion of this security is out on loan at June 30, 2016.

The accompanying notes are an integral part of these financial statements.

Baird Core Plus Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

f Foreign Security

∞ Variable or Floating rate security. Floating rate securities are securities whose yields vary with a designated index rate. These securities rates are as of June 30, 2016.

Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.

- Groupings contain, in aggregate, restricted securities totaling \$1,739,106,822 representing 15.50% of net assets.

« 7-Day Yield

Summary of Fair Value Exposure at June 30, 2016 (Unaudited)

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Unadjusted quoted prices in active markets for identical unrestricted securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, quoted prices in inactive markets, dealer indications, interest rates, yield curves, prepayment speeds, credit risk, default rates, inputs corroborated by observable market data, etc.).

Level 3 – Significant unobservable inputs (including the Fund’s own assumptions about the factors that market participants would use in valuing the security) based on the best information available.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The accompanying notes are an integral part of these financial statements.

Baird Core Plus Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Summary of Fair Value Exposure at June 30, 2016 (Unaudited) (cont.)

The following is a summary of the inputs used to value the Fund's investments as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Long-Term Investments				
U.S. Treasury Securities	\$ —	\$ 1,202,929,894	\$ —	\$ 1,202,929,894
Corporate Bonds	—	5,658,515,511	—	5,658,515,511
Other Government Related Securities	—	218,231,320	—	218,231,320
Taxable Municipal Bonds	—	135,811,177	—	135,811,177
Residential Mortgage-Backed Securities – U.S. Government Agency Issues	—	2,062,834,814	—	2,062,834,814
Residential Mortgage-Backed Securities – Non-U.S. Government Agency Issues	—	495,086,301	—	495,086,301
Asset Backed Securities	—	646,539,890	—	646,539,890
Commercial Mortgage-Backed Securities – Non-U.S. Government Agency Issues	—	594,559,487	—	594,559,487
Total Long-Term Investments	<u>—</u>	<u>11,014,508,394</u>	<u>—</u>	<u>11,014,508,394</u>
Short-Term Investments				
Money Market Mutual Funds	405,638,042	—	—	405,638,042
Total Short-Term Investments	<u>405,638,042</u>	<u>—</u>	<u>—</u>	<u>405,638,042</u>
Investment Purchased with Cash				
Proceeds from Securities Lending				
Investment Company	<u>276,410,416</u>	<u>—</u>	<u>—</u>	<u>276,410,416</u>
Total Investment Purchased with Cash	<u>276,410,416</u>	<u>—</u>	<u>—</u>	<u>276,410,416</u>
Total Investments	<u>\$682,048,458</u>	<u>\$11,014,508,394</u>	<u>\$ —</u>	<u>\$11,696,556,852</u>

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the reporting period, as compared to their classification from the prior year's annual report. See the Fund's valuation policy in Note 2a to the financial statements.

Level 3 Reconciliation Disclosure

Following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value.

<u>Description</u>	<u>Investments in Securities</u>
Balance as of December 31, 2015	\$ 14,727
Accrued discounts/premiums	—
Realized gain (loss)	(12,810)
Change in unrealized appreciation (depreciation)	8,379
Purchases	—
Sales	(10,296)
Transfers in and/or out of Level 3*	<u>—</u>
Balance as of June 30, 2016	<u>\$ —</u>

* Transfers between levels are recognized at the end of the reporting period.

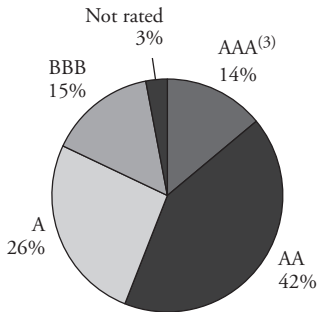
The accompanying notes are an integral part of these financial statements.

Baird Short-Term Municipal Bond Fund

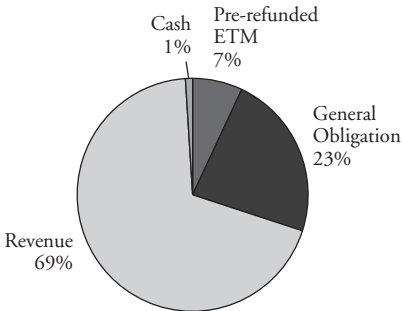
June 30, 2016 (Unaudited)

Portfolio Characteristics

Quality Distribution⁽¹⁾⁽²⁾



Sector Weightings⁽¹⁾



Net Assets	\$25,036,643
SEC 30-Day Yield ⁽⁴⁾	
Institutional Class	1.24%
Investor Class	0.99%
Average Effective Duration	2.32 years
Average Effective Maturity	2.65 years
Annualized Expense Ratio	
Institutional Class	0.30%
Investor Class	0.55% ⁽⁵⁾
Portfolio Turnover Rate	13.5% ⁽⁶⁾
Number of Holdings	299

(1) Percentages shown are based on the Fund's total investments.

(2) The quality profile is calculated on a market value-weighted basis using the highest credit quality rating for each security held by the Fund given by S&P, Moody's or Fitch, each of which is a Nationally Recognized Statistical Rating Organization (NRSRO). NRSROs rate the credit quality of securities using a scale that generally ranges from AAA (highest) to D (lowest).

(3) Includes pre-refunded and escrowed-to-maturity (ETM) bonds.

(4) SEC yields are based on SEC guidelines and are calculated for the 30 days ended June 30, 2016.

(5) Includes 0.25% 12b-1 fee.

(6) Not annualized.

Baird Short-Term Municipal Bond Fund

June 30, 2016 (Unaudited)

Total Returns

<i>For the Periods Ended June 30, 2016</i>	Six Months	Since Inception ⁽¹⁾
Institutional Class Shares	1.76%	2.71%
Investor Class Shares	1.56%	2.43%
Barclays Short (1-5 Year) Municipal Index ⁽²⁾	1.37%	1.77%

(1) For the period from August 31, 2015 (inception date) through June 30, 2016.

(2) The Barclays Short (1-5 Year) Municipal Bond Index is an unmanaged, market value weighted index that measures the performance of investment-grade, tax-exempt, and fixed-rated municipal securities with time to maturity of more than one year and less than five years. Securities must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. This Index does not reflect any deduction for fees, expenses or taxes. A direct investment in an index is not possible.

The returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The Fund's gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".

The Fund may invest up to 25% of its total assets in municipal obligations issued by persons in the same state. As a result, changes in economic, business or political conditions of a particular state may have a disproportionate impact on the Fund's share price. Municipal securities investments are not appropriate for all investors, especially those taxed at lower rates.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit www.bairdfunds.com. Mutual fund performance changes over time and current performance may be lower or higher than that stated.

Baird Short-Term Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

This schedule summarizes the Fund's holdings by asset type. Details are reported for each of the Fund's 50 largest individual holdings and for investments that, in total for any issuer, represent more than 1% of the Fund's net assets. The total value of smaller holdings is reported as a single amount within each category.

The Fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter end. For the second and fourth fiscal quarters, the complete listing of the Fund's holdings is available electronically in the Fund's Form N-CSR at <http://www.bairdfunds.com/prospectuses-reports> and on the Securities and Exchange Commission's website (www.sec.gov) or you can have it mailed to you without charge by calling 1-866-44BAIRD. For the first and third fiscal quarters, the Fund files the lists with the SEC on Form N-Q. Shareholders can look up the Fund's Forms N-CSR and N-Q on the SEC's website (www.sec.gov).

Long-Term Investments

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
Municipal Bonds			
Alabama			
Total Alabama (Cost \$139,946)#		\$ 141,248	0.6%
Alaska			
Total Alaska (Cost \$56,586)#		57,100	0.2%
Arizona			
Arizona Transportation Board			
5.000%, 07/01/2017	\$ 25,000	26,092	0.1%
5.000%, 07/01/2025 (Pre-refunded to 07/01/2019)	250,000	281,317	1.1%
BluePath 2016-1 TE Trust			
2.750%, 09/01/2026 (Callable 08/27/2021)	250,000	249,995	1.0%
Maricopa County Industrial Development Authority			
2.550%, 07/01/2021	175,000	176,720	0.7%
2.625%, 07/01/2021	100,000	101,051	0.4%
Vistancia Community Facilities District			
5.000%, 07/15/2021 (Callable 07/15/2020)	150,000	173,228	0.7%
Other Arizona#		228,716	0.9%
Total Arizona (Cost \$1,221,082)		1,237,119	4.9%
Arkansas			
City of Jacksonville AR Wastewater Revenue			
4.000%, 12/01/2025 (Callable 06/01/2021)	110,000	122,290	0.5%
Other Arkansas#		223,066	0.9%
Total Arkansas (Cost \$339,645)		345,356	1.4%
California			
Total California (Cost \$975,963)#		982,059	3.9%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Colorado			
Colorado Educational & Cultural Facilities Authority			
4.000%, 07/01/2018	\$120,000	\$ 126,891	0.5%
4.000%, 10/01/2020	125,000	136,969	0.6%
3.000%, 12/15/2018	75,000	78,331	0.3%
4.000%, 06/01/2020 ⁽³⁾	100,000	109,441	0.4%
Other Colorado#		<u>547,134</u>	<u>2.2%</u>
Total Colorado (Cost \$993,874)		998,766	4.0%
Connecticut			
Connecticut Housing Finance Authority			
4.000%, 11/15/2045 (Callable 05/15/2025)	200,000	219,476	0.9%
Other Connecticut#		<u>104,251</u>	<u>0.4%</u>
Total Connecticut (Cost \$322,357)		323,727	1.3%
District of Columbia			
District of Columbia			
5.450%, 07/15/2035 (Pre-refunded to 07/15/2018) (Insured by AGM)	100,000	109,326	0.4%
5.250%, 07/15/2038 (Pre-refunded to 07/15/2018)	295,000	321,877	1.3%
5.250%, 07/15/2045 (Pre-refunded to 07/15/2018) (Insured by AGM)	170,000	185,489	0.8%
Total District of Columbia (Cost \$612,087)		616,692	2.5%
Florida			
City of Port St. Lucie FL			
5.250%, 09/01/2022	100,000	122,025	0.5%
Florida Housing Finance Corp.			
4.000%, 07/01/2047 (Callable 07/01/2025)	150,000	165,883	0.7%
Other Florida#		<u>574,521</u>	<u>2.3%</u>
Total Florida (Cost \$855,406)		862,429	3.5%
Georgia			
Bartow County Development Authority			
2.375%, 09/01/2029 (Mandatory Tender Date 08/10/2017)	185,000	187,579	0.8%
Main Street Natural Gas, Inc.			
5.000%, 03/15/2019	125,000	137,158	0.5%
Other Georgia#		<u>110,006</u>	<u>0.4%</u>
Total Georgia (Cost \$433,548)		434,743	1.7%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Idaho			
Total Idaho			
(Cost \$26,903)#		\$ 27,037	0.1%
Illinois			
Danville Public Building Commission			
4.000%, 12/01/2019	\$115,000	124,183	0.5%
Illinois Finance Authority			
4.000%, 10/01/2016	125,000	125,877	0.5%
6.250%, 05/01/2022 (Callable 05/01/2020)	45,000	53,125	0.2%
1.670%, 05/01/2036 (Callable 11/01/2020)			
(Mandatory Tender Date 05/01/2021) ⁽¹⁾	100,000	100,078	0.4%
1.300%, 07/01/2042			
(Mandatory Tender Date 05/08/2017)	65,000	65,103	0.3%
Kane County School District No. 131 Aurora East Side			
1.250%, 06/01/2036 (Callable 08/02/2016) ⁽¹⁾	250,000	250,003	1.0%
Lake County Community High School			
District No. 117 Antioch			
0.000%, 12/01/2019	140,000	130,701	0.5%
Lake County Community High School			
District No. 127 Grayslake			
0.000%, 02/01/2020	150,000	142,359	0.6%
Metropolitan Pier & Exposition Authority			
5.300%, 06/15/2018			
(Callable 06/15/2017) (Insured by NPFGC)	120,000	126,140	0.5%
Ogle & Winnebago Counties			
Community Unit School District			
5.000%, 12/01/2021 (Insured by BAM)	150,000	174,689	0.7%
State of Illinois			
5.000%, 06/01/2019	100,000	108,506	0.5%
5.000%, 03/01/2020	90,000	97,674	0.4%
5.000%, 04/01/2020	30,000	32,602	0.1%
5.000%, 01/01/2022 (Callable 01/01/2020)	100,000	107,984	0.4%
6.500%, 06/15/2022	45,000	52,182	0.2%
5.000%, 01/01/2025 (Callable 08/01/2016)	50,000	50,202	0.2%
Other Illinois #		1,946,193	7.7%
Total Illinois			
(Cost \$3,654,137)		3,687,601	14.7%
Indiana			
Total Indiana			
(Cost \$396,112)#		396,996	1.6%
Iowa			
Total Iowa			
(Cost \$100,406)#		100,481	0.4%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Kansas			
State of Kansas Department of Transportation 0.706%, 09/01/2019 ⁽¹⁾	\$125,000	\$ 124,301	0.5%
Total Kansas (Cost \$123,631)		124,301	0.5%
Kentucky			
Total Kentucky (Cost \$60,050)#		60,061	0.2%
Louisiana			
Total Louisiana (Cost \$89,655)#		89,486	0.4%
Maine			
Maine State Housing Authority 3.500%, 11/15/2045 (Callable 05/15/2025)	50,000	53,777	0.2%
4.000%, 11/15/2045 (Callable 11/15/2025)	250,000	274,885	1.1%
Total Maine (Cost \$327,376)		328,662	1.3%
Maryland			
Total Maryland (Cost \$118,772)#		121,218	0.5%
Massachusetts			
Total Massachusetts (Cost \$258,906)#		258,873	1.0%
Michigan			
Saginaw MI City School District 5.000%, 05/01/2024 (Insured by Q-SBLF)	100,000	121,452	0.5%
Other Michigan#		769,581	3.1%
Total Michigan (Cost \$872,693)		891,033	3.6%
Minnesota			
Total Minnesota (Cost \$101,891)#		105,869	0.4%
Mississippi			
Total Mississippi (Cost \$139,048)#		143,332	0.6%
Missouri			
Jasper County Reorganized School District No. R-9/MO 2.000%, 04/01/2018	150,000	152,679	0.6%
Total Missouri (Cost \$152,463)		152,679	0.6%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Nebraska			
Total Nebraska (Cost \$105,265)#		\$ 105,525	0.4%
Nevada			
Total Nevada (Cost \$101,898)#		102,032	0.4%
New Jersey			
Total New Jersey (Cost \$1,026,448)#		1,043,644	4.2%
New Mexico			
Total New Mexico (Cost \$178,352)#		178,491	0.7%
New York			
Metropolitan Transportation Authority, 0.891%, 11/01/2022 (Callable 07/07/2016) (Insured by AGM) ⁽¹⁾⁽²⁾	\$250,000	241,771	1.0%
New York City Transitional Finance Authority Future Tax Secured Revenue 5.000%, 11/01/2018	50,000	54,974	0.2%
0.600%, 08/01/2022 (Optional Put Date 07/01/2016) (Callable 07/01/2016) ⁽¹⁾	300,000	300,000	1.2%
New York State Dormitory Authority 4.000%, 05/15/2017	25,000	25,733	0.1%
5.000%, 07/01/2017	25,000	26,065	0.1%
1.157%, 05/01/2018 (Callable 07/01/2016) ⁽¹⁾	210,000	209,231	0.9%
5.000%, 12/15/2021	45,000	54,298	0.2%
State of New York Mortgage Agency 4.000%, 10/01/2046 (Callable 04/01/2025)	250,000	275,458	1.1%
Town of Oyster Bay NY 3.000%, 03/01/2020 (Insured by AGM)	250,000	258,850	1.0%
Other New York#		<u>328,973</u>	<u>1.3%</u>
Total New York (Cost \$1,783,436)		1,775,353	7.1%
North Carolina			
Total North Carolina (Cost \$300,698)#		304,539	1.2%
North Dakota			
City of Mandan ND 2.750%, 09/01/2041 (Callable 09/01/2016) ⁽³⁾	150,000	150,021	0.6%
Jamestown Park District/ND 2.900%, 07/01/2035 (Callable 01/01/2017)	150,000	150,229	0.6%
Other North Dakota#		<u>160,122</u>	<u>0.6%</u>
Total North Dakota (Cost \$459,952)		460,372	1.8%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Ohio			
County of Summit OH Development Finance Authority 0.000%, 05/15/2018(3)	\$135,000	\$ 138,210	0.6%
Other Ohio#		<u>450,389</u>	<u>1.8%</u>
Total Ohio (Cost \$583,561)		588,599	2.4%
Oklahoma			
Total Oklahoma (Cost \$147,056)#		148,573	0.6%
Oregon			
Total Oregon (Cost \$67,718)#		68,553	0.3%
Pennsylvania			
Pennsylvania Economic Development Financing Authority 5.000%, 03/01/2019	130,000	142,215	0.6%
Pennsylvania Housing Finance Agency 3.700%, 10/01/2042 (Callable 10/01/2021)	100,000	105,802	0.4%
3.500%, 10/01/2046 (Callable 10/01/2025) ⁽³⁾	250,000	268,282	1.1%
West Mifflin Sanitary Sewer Municipal Authority 4.000%, 08/01/2020 (Insured by BAM)	200,000	218,506	0.9%
Other Pennsylvania#		<u>604,474</u>	<u>2.4%</u>
Total Pennsylvania (Cost \$1,326,310)		1,339,279	5.4%
Puerto Rico			
Puerto Rico Public Finance Corp. 6.000%, 08/01/2026 (ETM)	150,000	204,638	0.8%
Other Puerto Rico#		<u>96,037</u>	<u>0.4%</u>
Total Puerto Rico (Cost \$296,865)		300,675	1.2%
Rhode Island			
Total Rhode Island (Cost \$303,975)#		306,777	1.2%
South Carolina			
South Carolina State Housing Finance & Development Authority 4.000%, 07/01/2036 (Callable 07/01/2025)	250,000	274,022	1.1%
Other South Carolina#		<u>198,188</u>	<u>0.8%</u>
Total South Carolina (Cost \$469,667)		472,210	1.9%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Tennessee			
Metropolitan Government Nashville & Davidson County Health & Educational Facilities, 0.900%, 04/01/2019 (Mandatory Tender Date 04/01/2018)	\$150,000	\$ 150,439	0.6%
Other Tennessee#		<u>57,794</u>	<u>0.2%</u>
Total Tennessee (Cost \$207,140)		208,233	0.8%
Texas			
City of Bullard TX 3.000%, 09/01/2020 (Insured by BAM) ⁽³⁾	135,000	143,655	0.6%
Fort Bend County Municipal Utility District No. 58 5.000%, 04/01/2019 (Insured by BAM)	150,000	164,910	0.7%
Generation Park Management District 3.000%, 09/01/2018	160,000	165,754	0.7%
Northside Independent School District 2.000%, 06/01/2046 (Mandatory Tender Date 06/01/2021) (PSF Guaranteed)	200,000	207,912	0.8%
SA Energy Acquisition Public Facility Corp. 5.500%, 08/01/2022	100,000	121,182	0.5%
Texas State Refunding 0.000%, 08/01/2025 (Mandatory Tender Date 08/01/2019) ⁽³⁾	200,000	202,162	0.8%
Other Texas#		<u>1,981,107</u>	<u>7.8%</u>
Total Texas (Cost \$2,950,947)		2,986,682	11.9%
Utah			
Total Utah (Cost \$107,291)#		108,307	0.4%
Vermont			
Total Vermont (Cost \$28,680)#		28,200	0.1%
VI			
Total VI (Cost \$250,791)#		252,552	1.0%
Virginia			
Total Virginia (Cost \$50,062)#		50,004	0.2%
Washington			
Washington Economic Development Finance Authority 1.250%, 11/01/2017	250,000	251,375	1.0%
Other Washington#		<u>195,244</u>	<u>0.8%</u>
Total Washington (Cost \$445,476)		446,619	1.8%

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Wisconsin			
City of Two Rivers WI 4.000%, 04/01/2018	\$125,000	\$ 129,350	0.5%
Milwaukee Redevelopment Authority 1.250%, 12/01/2038 (Optional Put Date 07/01/2016) (Callable 07/01/2016) ⁽¹⁾	140,000	140,000	0.6%
Wisconsin Health & Educational Facilities Authority 5.000%, 09/01/2016	245,000	246,700	1.0%
3.000%, 07/01/2017	100,000	102,376	0.4%
5.250%, 08/15/2017 (Pre-refunded to 08/15/2016)	25,000	25,127	0.1%
5.000%, 08/15/2020	35,000	39,953	0.2%
4.000%, 09/15/2023 (Callable 09/15/2022)	50,000	55,857	0.2%
5.250%, 04/15/2024 (Callable 04/15/2020)	50,000	57,291	0.2%
Other Wisconsin#		<u>178,471</u>	<u>0.7%</u>
Total Wisconsin (Cost \$967,794)		975,125	3.9%
Total Long-Term Investments (Cost \$24,531,919)		24,737,212	98.8%

Short-Term Investments

	<u>Shares</u>		
Money Market Mutual Funds			
Goldman Sachs Financial Square Funds, Institutional Class, 0.25%«	1,100,000	1,100,000	4.4%
Wells Fargo Advantage Municipal Cash Management Money Market Fund/NC, Institutional Class, 0.30%«	3,750	<u>3,750</u>	<u>0.0%</u>
Total Short-Term Investments (Cost \$1,103,750)		1,103,750	4.4%
Total Investments (Cost \$25,635,669)		25,840,962	103.2%
Liabilities in Excess of Other Assets		(804,319)	(3.2)%
TOTAL NET ASSETS		<u>\$25,036,643</u>	<u>100.0%</u>

Notes to Summary Schedule of Investments

AGM – Assured Guaranty Municipal

BAM – Build America Mutual Assurance Co.

ETM – Escrowed to Maturity

NPFGC – National Public Finance Guarantee Corp.

Q-SBLF – Qualified School Building Loan Fund

(1) Variable or floating rate security. Floating rate securities are securities whose yields vary with a designated index rate. These securities rates are as of June 30, 2016.

(2) Auction Rate Security. An Auction Rate Security is a debt instrument with a long nominal maturity for which the interest rate is regularly reset through a Dutch auction. The rate presented is either the rate set through the auction or the maximum interest rate provided for in the security issuance provision.

The accompanying notes are an integral part of these financial statements.

Baird Short-Term Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

(3) Security or a portion of the security purchased on a when-issued or delayed delivery basis.

Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.

« 7-Day Yield

Summary of Fair Value Exposure at June 30, 2016 (Unaudited)

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Unadjusted quoted prices in active markets for identical unrestricted securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, quoted prices in inactive markets, dealer indications, interest rates, yield curves, prepayment speeds, credit risk, default rates, inputs corroborated by observable market data, etc.).

Level 3 – Significant unobservable inputs (including the Fund’s own assumptions about the factors that market participants would use in valuing the security) based on the best information available.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Municipal Bonds				
Municipal Bonds	\$ —	\$24,737,212	\$ —	\$24,737,212
Total Municipal Bonds	—	24,737,212	—	24,737,212
Short-Term Investments				
Money Market Mutual Funds	1,103,750	—	—	1,103,750
Total Short-Term Investments	1,103,750	—	—	1,103,750
Total Investments	<u>\$1,103,750</u>	<u>\$24,737,212</u>	<u>\$ —</u>	<u>\$25,840,962</u>

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the reporting period, as compared to their classification from the prior year’s annual report. See the Fund’s valuation policy in Note 2a to the financial statements.

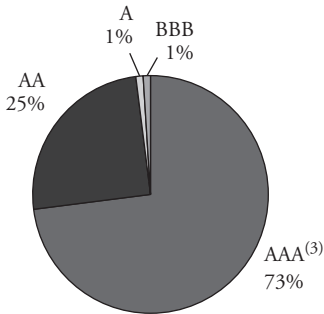
The accompanying notes are an integral part of these financial statements.

Baird Quality Intermediate Municipal Bond Fund

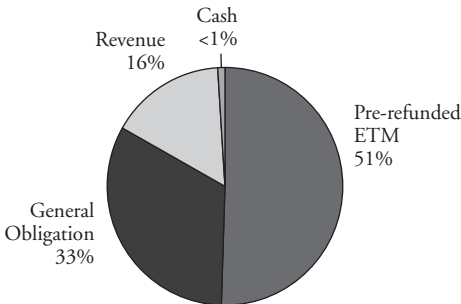
June 30, 2016 (Unaudited)

Portfolio Characteristics

Quality Distribution⁽¹⁾⁽²⁾



Sector Weightings⁽¹⁾



Net Assets	\$1,237,435,218
SEC 30-Day Yield ⁽⁴⁾	
Institutional Class	1.33%
Investor Class	1.08%
Average Effective Duration	4.42 years
Average Effective Maturity	4.93 years
Annualized Expense Ratio	
Institutional Class	0.30%
Investor Class	0.55% ⁽⁵⁾
Portfolio Turnover Rate	6.2% ⁽⁶⁾
Number of Holdings	327

(1) Percentages shown are based on the Fund's total investments.

(2) The quality profile is calculated on a market value-weighted basis using the highest credit quality rating for each security held by the Fund given by S&P, Moody's or Fitch, each of which is a Nationally Recognized Statistical Rating Organization (NRSRO). NRSROs rate the credit quality of securities using a scale that generally ranges from AAA (highest) to D (lowest).

(3) Includes pre-refunded and escrowed-to-maturity (ETM) bonds.

(4) SEC yields are based on SEC guidelines and are calculated for the 30 days ended June 30, 2016.

(5) Includes 0.25% 12b-1 fee.

(6) Not annualized.

Baird Quality Intermediate Municipal Bond Fund⁽¹⁾

June 30, 2016 (Unaudited)

Total Returns

For the Periods Ended June 30, 2016	Six Months	One Year	Average Annual		
			Five Years	Ten Years	Since Inception ⁽²⁾
Institutional Class Shares	2.54%	4.79%	3.15%	4.33%	4.43%
Investor Class Shares	2.45%	4.51%	2.88%	4.05%	4.16%
Barclays Quality Intermediate Municipal Bond Index ⁽³⁾	2.98%	5.42%	3.82%	4.63%	4.44%
Barclays 7-Year General Obligation Bond Index ⁽⁴⁾	3.08%	6.17%	4.13%	5.05%	4.83%

- (1) Effective September 1, 2015, the Fund changed its name from the Baird Intermediate Municipal Bond Fund to the Baird Quality Intermediate Municipal Bond Fund.
- (2) For the period from March 30, 2001 (inception date) through June 30, 2016.
- (3) The Barclays Quality Intermediate Municipal Bond Index is an unmanaged, market value weighted index consisting of tax-exempt, fixed-rate securities that are rated A3 or better, with maturities between 2 and 12 years. Securities must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990. This Index does not reflect any deduction for fees, expenses or taxes. A direct investment in an index is not possible. The Fund changed its benchmark from the Barclays 7-Year General Obligation Bond Index to the Barclays Quality Intermediate Municipal Bond Index effective September 1, 2015 because the Fund's investment advisor believes that the Barclays Quality Intermediate Municipal Bond Index is more representative of the investment approach used to manage the Fund.
- (4) The Barclays 7-Year General Obligation Bond Index is an unmanaged, market value weighted index comprised of investment grade state and local general obligation bonds that have been issued as part of an offering of at least \$50 million, have a minimum amount outstanding of \$5 million, have been issued in the last 5 years and have a maturity of six to eight years. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in an index is not possible.

The returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The Fund's gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".

The Fund may invest up to 25% of its total assets in municipal obligations issued by persons in the same state. As a result, changes in economic, business or political conditions of a particular state may have a disproportionate impact on the Fund's share price. Municipal securities investments are not appropriate for all investors, especially those taxed at lower rates.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit www.bairdfunds.com. Mutual fund performance changes over time and current performance may be lower or higher than that stated.

Baird Quality Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

This schedule summarizes the Fund's holdings by asset type. Details are reported for each of the Fund's 50 largest individual holdings and for investments that, in total for any issuer, represent more than 1% of the Fund's net assets. The total value of smaller holdings is reported as a single amount within each category.

The Fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter end. For the second and fourth fiscal quarters, the complete listing of the Fund's holdings is available electronically in the Fund's Form N-CSR at <http://www.bairdfunds.com/prospectuses-reports> and on the Securities and Exchange Commission's website (www.sec.gov) or you can have it mailed to you without charge by calling 1-866-44BAIRD. For the first and third fiscal quarters, the Fund files the lists with the SEC on Form N-Q. Shareholders can look up the Fund's Forms N-CSR and N-Q on the SEC's website (www.sec.gov).

Long-Term Investments

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
Municipal Bonds			
Alabama			
Total Alabama (Cost \$2,139,430)#		\$ 2,264,698	0.2%
Arizona			
Total Arizona (Cost \$1,006,468)#		1,045,950	0.1%
Arkansas			
Total Arkansas (Cost \$1,086,246)#		1,081,510	0.1%
California			
Bakersfield California Certificates Participation 0.000%, 04/15/2021 (ETM)	\$12,380,000	11,664,807	0.9%
San Joaquin Hills California Transportation Corridor Agency Toll Road Revenue 0.000%, 01/01/2020 (ETM)	6,865,000	6,667,288	0.5%
0.000%, 01/01/2023 (ETM)	14,000,000	12,946,360	1.1%
San Marcos California Public Facilities Authority Revenue 0.000%, 09/01/2019 (ETM)	17,495,000	16,921,514	1.4%
Other California#		4,315,801	0.3%
Total California (Cost \$47,656,533)		52,515,770	4.2%
Colorado			
Dawson Ridge Metropolitan District No. 1 Colorado 0.000%, 10/01/2022 (ETM)	32,895,000	29,819,975	2.4%
0.000%, 10/01/2022 (ETM)	22,540,000	20,432,961	1.7%
Regional Transportation District Colorado Sales Tax Revenue, 5.000%, 11/01/2036 (Pre-refunded to 11/01/2016) (Insured by AMBAC)	6,785,000	6,882,026	0.6%
Other Colorado#		10,457,532	0.8%
Total Colorado (Cost \$64,110,099)		67,592,494	5.5%

The accompanying notes are an integral part of these financial statements.

Baird Quality Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Connecticut			
Total Connecticut (Cost \$4,865,637)#		\$ 5,071,152	0.4%
Delaware			
Total Delaware (Cost \$2,263,358)#		2,305,680	0.2%
District of Columbia			
Total District of Columbia (Cost \$162,541)#		163,667	0.0%
Florida			
Broward County Florida School Board			
5.250%, 07/01/2022 (Callable 07/01/2021)	\$ 8,390,000	10,034,272	0.8%
5.250%, 07/01/2023 (Callable 07/01/2021)	4,915,000	5,857,206	0.5%
County of St. Lucie Florida			
6.000%, 10/01/2020 (ETM)	6,520,000	7,563,070	0.6%
Florida State Board of Education			
5.000%, 06/01/2022 (Callable 06/01/2019)	13,800,000	15,463,866	1.2%
Miami-Dade County Florida			
4.500%, 10/01/2020	7,100,000	8,124,885	0.7%
Other Florida#		<u>51,692,675</u>	<u>4.2%</u>
Total Florida (Cost \$92,318,159)		98,735,974	8.0%
Georgia			
Forsyth County Georgia Hospital Authority			
Revenue Anticipation Certificates			
6.375%, 10/01/2028 (ETM)	8,050,000	10,841,498	0.9%
Gwinnett County Georgia School District			
5.000%, 02/01/2026 (Pre-refunded to 02/01/2018)	7,500,000	8,018,325	0.6%
State of Georgia			
5.000%, 07/01/2020 (Callable 07/01/2017)	12,570,000	13,113,024	1.1%
Other Georgia#		<u>7,827,590</u>	<u>0.6%</u>
Total Georgia (Cost \$38,253,838)		39,800,437	3.2%
Illinois			
Chicago Illinois Board of Education			
5.000%, 12/01/2017			
(Callable 12/01/2016) (Insured by AGM)	4,345,000	4,425,165	0.3%
6.000%, 01/01/2020 (Insured by NPFGC)	14,745,000	15,657,716	1.3%
Illinois Finance Authority			
0.000%, 07/15/2023 (ETM)	25,120,000	22,381,418	1.8%
0.000%, 07/15/2025 (ETM)	31,660,000	26,668,801	2.2%
6.625%, 11/01/2039 (Pre-refunded to 05/01/2019)	395,000	460,463	0.0%

The accompanying notes are an integral part of these financial statements.

Baird Quality Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Kendall Kane & Will Counties			
Community Unit School District No. 308 0.000%, 02/01/2021 (Insured by AGM)	\$13,625,000	\$ 12,418,234	1.0%
Other Illinois#		<u>62,524,192</u>	<u>5.1%</u>
Total Illinois (Cost \$137,705,982)		144,535,989	11.7%
Indiana			
Total Indiana (Cost \$12,102,529)#		12,710,035	1.0%
Kansas			
Total Kansas (Cost \$4,440,241)#		4,624,571	0.4%
Kentucky			
Louisville & Jefferson County Metropolitan Government 6.125%, 02/01/2037 (Pre-refunded to 02/01/2018)	13,980,000	15,180,043	1.2%
Other Kentucky#		<u>3,833,564</u>	<u>0.3%</u>
Total Kentucky (Cost \$18,827,174)		19,013,607	1.5%
Louisiana			
Louisiana Public Facilities Authority 6.750%, 07/01/2039 (Pre-refunded to 07/01/2019)	6,155,000	7,223,508	0.6%
Louisiana Public Facilities Authority Revenue 5.500%, 05/15/2027 (Pre-refunded to 05/15/2026)	10,390,000	13,930,289	1.1%
5.500%, 05/15/2032 (Pre-refunded to 05/15/2026)	21,985,000	29,799,348	2.4%
State of Louisiana 5.000%, 11/15/2018	1,775,000	1,945,737	0.2%
5.000%, 11/15/2020 (Callable 05/15/2020)	10,000,000	11,489,600	0.9%
Other Louisiana#		<u>3,690,025</u>	<u>0.3%</u>
Total Louisiana (Cost \$60,429,972)		68,078,507	5.5%
Maine			
Total Maine (Cost \$2,196,076)#		2,203,001	0.2%
Maryland			
Total Maryland (Cost \$3,694,275)#		3,790,701	0.3%
Massachusetts			
Massachusetts State 4.000%, 12/01/2022 (Callable 12/01/2019)	15,000,000	16,602,750	1.3%
Other Massachusetts#		<u>7,970,214</u>	<u>0.7%</u>
Total Massachusetts (Cost \$23,821,165)		24,572,964	2.0%

The accompanying notes are an integral part of these financial statements.

Baird Quality Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Michigan			
Michigan Finance Authority			
5.000%, 01/01/2019	\$ 7,000,000	\$ 7,740,530	0.6%
Other Michigan#		<u>30,590,428</u>	<u>2.5%</u>
Total Michigan (Cost \$36,812,511)		38,330,958	3.1%
Minnesota			
University of Minnesota			
5.500%, 07/01/2021 (ETM)	10,380,000	12,170,861	1.0%
Other Minnesota#		<u>4,602,263</u>	<u>0.3%</u>
Total Minnesota (Cost \$16,349,558)		16,773,124	1.3%
Missouri			
Total Missouri (Cost \$2,267,222)#		2,368,770	0.2%
Nebraska			
Total Nebraska (Cost \$2,056,820)#		2,095,934	0.2%
New Hampshire			
Total New Hampshire (Cost \$3,158,697)#		3,250,930	0.3%
New Jersey			
Total New Jersey (Cost \$19,077,909)#		19,878,491	1.6%
New Mexico			
Total New Mexico (Cost \$4,331,450)#		4,425,144	0.4%
New York			
Metropolitan Transit Authority New York			
6.000%, 04/01/2020 (ETM)	13,615,000	15,164,387	1.2%
New York State Dormitory Authority			
5.000%, 12/15/2023 (Callable 12/15/2022)	11,685,000	14,429,573	1.2%
Westchester Tobacco Asset Securitization/NY			
6.950%, 07/15/2039 (Pre-refunded to 07/15/2017)	13,075,000	14,053,533	1.1%
Other New York#		<u>24,818,476</u>	<u>2.0%</u>
Total New York (Cost \$65,829,137)		68,465,969	5.5%
North Carolina			
North Carolina Eastern Municipal Power Agency			
5.000%, 01/01/2017 (ETM)	1,460,000	1,492,076	0.1%
5.000%, 01/01/2021 (ETM) ⁽²⁾	10,150,000	11,737,765	0.9%

The accompanying notes are an integral part of these financial statements.

Baird Quality Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
North Carolina Eastern Municipal Power Agency (cont.)			
6.400%, 01/01/2021 (ETM)	\$ 4,062,000	\$ 4,597,697	0.4%
4.500%, 01/01/2024 (Pre-refunded to 01/01/2022)	11,740,000	13,646,341	1.1%
6.000%, 01/01/2026 (Pre-refunded to 01/01/2022)	2,635,000	3,326,977	0.3%
Other North Carolina#		<u>518,963</u>	<u>0.0%</u>
Total North Carolina (Cost \$34,065,363)		35,319,819	2.8%
North Dakota			
Total North Dakota (Cost \$1,775,010)#		1,784,685	0.1%
Ohio			
State of Ohio			
5.000%, 06/15/2021	6,740,000	8,040,281	0.7%
Other Ohio#		<u>18,147,190</u>	<u>1.4%</u>
Total Ohio (Cost \$25,216,061)		26,187,471	2.1%
Oregon			
Total Oregon (Cost \$7,482,961)#		7,526,761	0.6%
Pennsylvania			
Pennsylvania Convention Center Authority Revenue Bonds			
6.000%, 09/01/2019 (ETM)	14,055,000	15,571,253	1.3%
Other Pennsylvania#		<u>18,568,847</u>	<u>1.5%</u>
Total Pennsylvania (Cost \$33,670,034)		34,140,100	2.8%
Puerto Rico			
Total Puerto Rico (Cost \$20,776,147)#		18,744,488	1.5%
Rhode Island			
Total Rhode Island (Cost \$5,893,993)#		6,329,650	0.5%
South Carolina			
Piedmont Municipal Power Agency South Carolina Electric Revenue			
6.750%, 01/01/2020 (ETM)	6,450,000	7,732,260	0.6%
Other South Carolina#		<u>5,785,999</u>	<u>0.5%</u>
Total South Carolina (Cost \$12,539,208)		13,518,259	1.1%

The accompanying notes are an integral part of these financial statements.

Baird Quality Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
South Dakota			
Total South Dakota			
(Cost \$2,429,329)#		\$ 2,438,078	0.2%
Tennessee			
Total Tennessee			
(Cost \$10,818,612)#		11,145,424	0.9%
Texas			
Alvin Independent School District/TX			
5.000%, 02/15/2027			
(Callable 02/15/2026) (PSF Guaranteed)	\$ 8,110,000	10,489,717	0.9%
City of Houston TX Combined Utility System Revenue			
0.000%, 12/01/2019 (ETM) (Insured by AGM)	13,355,000	12,896,256	1.1%
5.500%, 12/01/2029 (ETM)	16,050,000	22,662,760	1.8%
5.500%, 12/01/2024 (ETM)	1,735,000	2,238,098	0.2%
Harris County Health Facilities Development Corp.			
5.750%, 07/01/2027 (ETM)	5,000,000	6,563,050	0.6%
Harris County Texas			
5.750%, 10/01/2028 (Pre-refunded to 10/01/2018)	6,930,000	7,693,547	0.6%
5.000%-5.750%, 10/01/2019-10/01/2026	5,855,000	7,328,822	0.6%
Lamar Consolidated Independent School District			
5.000%, 02/15/2026			
(Callable 02/15/2025) (PSF Guaranteed)	5,860,000	7,477,829	0.6%
North East Independent School District/TX			
5.000%, 08/01/2021 (PSF Guaranteed)	6,095,000	7,270,543	0.6%
5.000%, 08/01/2023 (PSF Guaranteed)	5,805,000	7,251,200	0.6%
5.000%, 02/01/2024 (PSF Guaranteed)	2,930,000	3,699,447	0.3%
San Antonio Texas Electric & Gas Revenue			
5.650%, 02/01/2019 (ETM)	9,765,000	10,596,880	0.9%
Tarrant County Texas Health Facilities Revenue			
6.000%, 09/01/2024 (ETM)	7,385,000	8,835,783	0.7%
Texas State			
5.000%, 10/01/2018	6,285,000	6,887,920	0.6%
Tomball Independent School District			
5.000%, 02/15/2025 (PSF Guaranteed)	5,865,000	7,549,663	0.6%
University of Texas System			
5.000%, 08/15/2022	9,530,000	11,694,454	0.9%
Other Texas#		<u>133,084,694</u>	<u>10.6%</u>
Total Texas			
(Cost \$260,088,984)		274,220,663	22.2%
Utah			
Total Utah			
(Cost \$8,798,947)#		9,460,216	0.8%

The accompanying notes are an integral part of these financial statements.

Baird Quality Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Virginia			
Total Virginia			
(Cost \$4,371,879)#		\$ 4,471,799	0.4%
Washington			
Washington Health Care Facilities Authority			
6.250%, 08/01/2028 (Pre-refunded to 08/01/2018)	\$ 1,355,000	1,504,470	0.1%
6.125%, 11/15/2031 (Pre-refunded to 05/15/2021)	610,000	757,553	0.0%
6.250%, 08/01/2036 (Pre-refunded to 08/01/2018)	8,100,000	8,993,511	0.7%
6.250%, 11/15/2041 (Pre-refunded to 05/15/2021)	4,750,000	5,927,097	0.5%
Washington State			
5.000%, 01/01/2021	10,000,000	11,716,900	1.0%
5.500%, 07/01/2023	5,040,000	6,259,025	0.5%
Other Washington#		27,197,181	2.2%
Total Washington			
(Cost \$59,963,050)		62,355,737	5.0%
West Virginia			
Total West Virginia			
(Cost \$1,208,667)#		1,227,011	0.1%
Wisconsin			
Total Wisconsin			
(Cost \$4,326,238)#		4,370,059	0.3%
Total Long-Term Investments			
(Cost \$1,160,387,510)		1,218,936,247	98.5%

Short-Term Investment

	<u>Shares</u>		
Money Market Mutual Fund			
Goldman Sachs Financial Square Funds, Institutional Class, 0.25%«	16,931,307	16,931,307	1.4%
Total Short-Term Investment			
(Cost \$16,931,307)		16,931,307	1.4%
Total Investments			
(Cost \$1,177,318,817)		1,235,867,554	99.9%
Other Assets in Excess of Liabilities		1,567,664	0.1%
TOTAL NET ASSETS		\$1,237,435,218	100.0%

Notes to Summary Schedule of Investments

AGM – Assured Guaranty Municipal
 AMBAC – Ambac Assurance Corporation
 ETM – Escrowed to Maturity
 NPFGC – National Public Finance Guarantee Corp.
 PSF – Texas Permanent School Fund

The accompanying notes are an integral part of these financial statements.

Baird Quality Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

- # Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.
- (1) Variable or floating rate security. Floating rate securities are securities whose yields vary with a designated index rate. These securities rates are as of June 30, 2016.
 - (2) Security or a portion of the security purchased on a when-issued or delayed delivery basis.
 - « 7-Day Yield

Summary of Fair Value Exposure at June 30, 2016 (Unaudited)

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

- Level 1 – Unadjusted quoted prices in active markets for identical unrestricted securities.
- Level 2 – Other significant observable inputs (including quoted prices for similar securities, quoted prices in inactive markets, dealer indications, interest rates, yield curves, prepayment speeds, credit risk, default rates, inputs corroborated by observable market data, etc.).
- Level 3 – Significant unobservable inputs (including the Fund’s own assumptions about the factors that market participants would use in valuing the security) based on the best information available.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Municipal Bonds				
Municipal Bonds	\$ —	\$1,218,936,247	\$ —	\$1,218,936,247
Total Municipal Bonds	—	1,218,936,247	—	1,218,936,247
Short-Term Investment				
Money Market Mutual Fund	16,931,307	—	—	16,931,307
Total Short-Term Investment	16,931,307	—	—	16,931,307
Total Investments	<u>\$16,931,307</u>	<u>\$1,218,936,247</u>	<u>\$ —</u>	<u>\$1,235,867,554</u>

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the reporting period, as compared to their classification from the prior year’s annual report. See the Fund’s valuation policy in Note 2a to the financial statements.

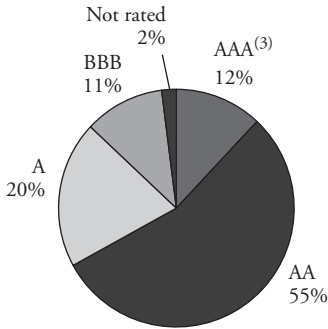
The accompanying notes are an integral part of these financial statements.

Baird Core Intermediate Municipal Bond Fund

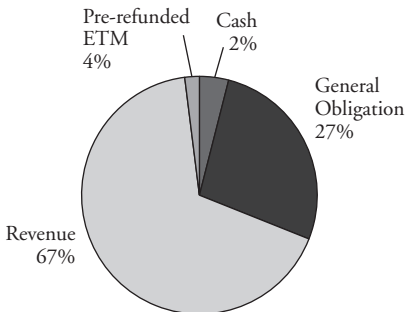
June 30, 2016 (Unaudited)

Portfolio Characteristics

Quality Distribution⁽¹⁾⁽²⁾



Sector Weightings⁽¹⁾



Net Assets	\$71,426,566
SEC 30-Day Yield ⁽⁴⁾	
Institutional Class	1.55%
Investor Class	1.30%
Average Effective Duration	4.48 years
Average Effective Maturity	5.02 years
Annualized Expense Ratio	
Institutional Class	0.30%
Investor Class	0.55% ⁽⁵⁾
Portfolio Turnover Rate	55.5% ⁽⁶⁾
Number of Holdings	272

(1) Percentages shown are based on the Fund's total investments.

(2) The quality profile is calculated on a market value-weighted basis using the highest credit quality rating for each security held by the Fund given by S&P, Moody's or Fitch, each of which is a Nationally Recognized Statistical Rating Organization (NRSRO). NRSROs rate the credit quality of securities using a scale that generally ranges from AAA (highest) to D (lowest).

(3) Includes pre-refunded and escrowed-to-maturity (ETM) bonds.

(4) SEC yields are based on SEC guidelines and are calculated for the 30 days ended June 30, 2016.

(5) Includes 0.25% 12b-1 fee.

(6) Not annualized.

Baird Core Intermediate Municipal Bond Fund

June 30, 2016 (Unaudited)

Total Returns

<i>For the Periods Ended June 30, 2016</i>	Six Months	Since Inception ⁽¹⁾
Institutional Class Shares	4.05%	6.11%
Investor Class Shares	3.93%	5.91%
Barclays Municipal Bond (1-15 Year) Index ⁽²⁾	3.38%	5.28%

(1) For the period from August 31, 2015 (inception date) through June 30, 2016.

(2) The Barclays Municipal Bond (1-15 Year) Index is an unmanaged, market value weighted index of investment-grade, tax-exempt, and fixed-rate securities with maturities between 1 and 17 years. Securities must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. This Index does not reflect any deduction for fees, expenses or taxes. A direct investment in an index is not possible.

The returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The Fund's gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".

The Fund may invest up to 25% of its total assets in municipal obligations issued by persons in the same state. As a result, changes in economic, business or political conditions of a particular state may have a disproportionate impact on the Fund's share price. Municipal securities investments are not appropriate for all investors, especially those taxed at lower rates.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit www.bairdfunds.com. Mutual fund performance changes over time and current performance may be lower or higher than that stated.

Baird Core Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

This schedule summarizes the Fund's holdings by asset type. Details are reported for each of the Fund's 50 largest individual holdings and for investments that, in total for any issuer, represent more than 1% of the Fund's net assets. The total value of smaller holdings is reported as a single amount within each category.

The Fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter end. For the second and fourth fiscal quarters, the complete listing of the Fund's holdings is available electronically in the Fund's Form N-CSR at <http://www.bairdfunds.com/prospectuses-reports> and on the Securities and Exchange Commission's website (www.sec.gov) or you can have it mailed to you without charge by calling 1-866-44BAIRD. For the first and third fiscal quarters, the Fund files the lists with the SEC on Form N-Q. Shareholders can look up the Fund's Forms N-CSR and N-Q on the SEC's website (www.sec.gov).

Long-Term Investments

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Municipal Bonds			
Alabama			
Total Alabama		\$ 1,001,791	1.4%
Alaska			
Alaska Municipal Bond Bank Authority			
5.000%, 08/01/2027 (Callable 08/01/2023)	\$ 500,000	615,075	0.9%
City of Valdez AK			
5.000%, 01/01/2021	435,000	501,020	0.7%
Other Alaska#		359,195	0.5%
Total Alaska		1,475,290	2.1%
Arizona			
BluePath 2016-1 TE Trust			
2.750%, 09/01/2026 (Callable 08/27/2021)	500,000	499,990	0.7%
City of El Mirage AZ			
5.000%, 07/01/2026 (Callable 07/01/2020)	400,000	462,368	0.6%
City of Tucson AZ Water System Revenue			
5.000%, 07/01/2032 (Callable 07/01/2025)	500,000	626,550	0.9%
Other Arizona#		948,939	1.4%
Total Arizona		2,537,847	3.6%
Arkansas			
Total Arkansas		988,355	1.4%
California			
Corona-Norca Unified School District			
0.000%, 08/01/2039			
(Callable 08/01/2027) (Insured by AGM)	350,000	484,533	0.7%
East Bay Municipal Utility District Water System Revenue			
5.000%, 06/01/2033 (Callable 06/01/2024)	475,000	593,636	0.8%

The accompanying notes are an integral part of these financial statements.

Baird Core Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
Redondo Beach Unified School District 0.000%, 08/01/2034 (Callable 08/01/2026)	\$ 455,000	\$ 607,652	0.9%
San Bernardino City Unified School District 5.000%, 08/01/2027 (Callable 08/01/2023) (Insured by AGM)	450,000	540,878	0.8%
San Diego Unified School District/CA 4.000%, 07/01/2033 (Callable 07/01/2026)	500,000	584,690	0.8%
Westlands Water District 5.000%, 09/01/2030 (Callable 09/01/2022) (Insured by AGM)	500,000	604,110	0.8%
Other California#		<u>4,218,019</u>	<u>5.9%</u>
Total California (Cost \$7,270,227)		7,633,518	10.7%
Colorado			
Total Colorado (Cost \$1,309,056)#		1,321,665	1.8%
Connecticut			
Connecticut Housing Finance Authority 4.000%, 11/15/2045 (Callable 05/15/2025)	700,000	768,166	1.1%
Other Connecticut#		<u>200,000</u>	<u>0.3%</u>
Total Connecticut (Cost \$964,556)		968,166	1.4%
District of Columbia			
Total District of Columbia (Cost \$859,873)#		884,702	1.2%
Florida			
City of Orlando FL 5.250%, 11/01/2026 (Callable 05/01/2024)	500,000	639,115	0.9%
5.000%, 10/01/2027 (Pre-refunded to 10/01/2020)	100,000	117,139	0.2%
County of Escambia FL 0.550%, 04/01/2039 (Optional Put Date 07/01/2016) (Callable 07/01/2016) ⁽¹⁾	600,000	600,000	0.8%
Other Florida#		<u>1,684,301</u>	<u>2.4%</u>
Total Florida (Cost \$2,953,715)		3,040,555	4.3%
Georgia			
Total Georgia (Cost \$1,167,338)#		1,187,901	1.7%
Illinois			
Bureau County Township High School District No. 502 6.625%, 10/01/2043 (Callable 12/01/2023) (Insured by BAM)	370,000	482,158	0.7%

The accompanying notes are an integral part of these financial statements.

Baird Core Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Chicago O'Hare International Airport: 5.000%, 01/01/2020 (Callable 01/01/2017) (Insured by AGM)	\$ 100,000	\$ 102,029	0.1%
5.500%, 01/01/2031 (Callable 01/01/2021)	500,000	585,035	0.8%
City of Chicago IL Waterworks Revenue 5.000%, 11/01/2028 (Callable 11/01/2018) (Insured by AGM)	450,000	477,697	0.7%
Illinois State University 5.000%, 04/01/2023 (Callable 04/01/2021)	440,000	498,498	0.7%
Ogle & Winnebago Counties Community Unit School District: 5.000%, 12/01/2023 (Insured by BAM)	400,000	478,232	0.7%
5.000%, 12/01/2024 (Insured by BAM)	175,000	211,507	0.3%
St. Clair County IL Community Consolidated School District 0.000%, 12/01/2020	500,000	466,120	0.6%
State of Illinois 5.000%, 06/01/2019	400,000	434,024	0.6%
5.000%, 01/01/2022 (Callable 01/01/2020)	215,000	232,165	0.3%
5.000%, 01/01/2025 (Callable 08/01/2016)	225,000	225,907	0.3%
Town of Cicero IL 5.000%, 01/01/2019 (Insured by AGM)	400,000	432,712	0.6%
Village of Franklin Park IL 5.000%, 04/01/2023 (Insured by BAM)	400,000	467,024	0.7%
Other Illinois#		<u>4,425,337</u>	<u>6.2%</u>
Total Illinois (Cost \$9,300,966)		9,518,445	13.3%
Indiana			
Total Indiana (Cost \$646,582)#		654,917	0.9%
Iowa			
Total Iowa (Cost \$100,406)#		100,481	0.1%
Kansas			
Total Kansas (Cost \$113,744)#		114,357	0.2%
Kentucky			
Paducah Electric Plant Board 5.000%, 10/01/2026 (Insured by AGM)	450,000	560,237	0.8%
Other Kentucky#		<u>89,158</u>	<u>0.1%</u>
Total Kentucky (Cost \$634,645)		649,395	0.9%

The accompanying notes are an integral part of these financial statements.

Baird Core Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Louisiana			
Total Louisiana			
(Cost \$51,914)#		\$ 52,073	0.1%
Maine			
Maine State Housing Authority			
3.500%, 11/15/2045 (Callable 05/15/2025)	\$ 300,000	322,659	0.4%
4.000%, 11/15/2045 (Callable 11/15/2025)	450,000	494,793	0.7%
Total Maine			
(Cost \$811,293)		817,452	1.1%
Maryland			
Total Maryland			
(Cost \$25,064)#		25,075	0.0%
Massachusetts			
Total Massachusetts			
(Cost \$500,048)#		500,589	0.7%
Michigan			
Total Michigan			
(Cost \$1,651,094)#		1,705,712	2.4%
Minnesota			
Total Minnesota			
(Cost \$160,196)#		171,905	0.2%
Mississippi			
Mississippi Development Bank			
5.500%, 10/01/2019	550,000	608,190	0.8%
Other Mississippi#		133,833	0.2%
Total Mississippi			
(Cost \$724,203)		742,023	1.0%
Missouri			
Total Missouri			
(Cost \$570,018)#		590,873	0.8%
Montana			
Montana Board of Housing			
3.600%, 12/01/2030 (Callable 06/01/2022)	510,000	531,624	0.7%
Total Montana			
(Cost \$527,278)		531,624	0.7%
Nebraska			
Total Nebraska			
(Cost \$164,658)#		165,475	0.2%

The accompanying notes are an integral part of these financial statements.

Baird Core Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Nevada			
Las Vegas Valley Water District			
0.590%, 06/01/2036 (Callable 07/18/2016) ⁽¹⁾	\$ 500,000	\$ 500,000	0.7%
Other Nevada#		<u>406,954</u>	<u>0.6%</u>
Total Nevada		906,954	1.3%
(Cost \$906,627)			
New Jersey			
New Jersey State Turnpike Authority			
5.000%, 01/01/2026 (Callable 01/01/2023)	500,000	608,465	0.8%
Other New Jersey#		<u>2,843,857</u>	<u>4.0%</u>
Total New Jersey		3,452,322	4.8%
(Cost \$3,319,684)			
New York			
Metropolitan Transportation Authority			
0.891%, 11/01/2022			
(Callable 07/07/2016) (Insured by AGM) ⁽¹⁾⁽²⁾	475,000	459,365	0.6%
New York City Municipal Water Finance Authority			
0.500%, 06/15/2032			
(Optional Put Date 07/01/2016) (Callable 07/15/2016) ⁽¹⁾	600,000	600,000	0.8%
New York City Transitional Finance			
Authority Future Tax Secured Revenue			
0.600%, 11/01/2022 (Optional Put Date 07/01/2016) ⁽¹⁾	500,000	500,000	0.7%
State of New York Mortgage Agency			
4.000%, 10/01/2046 (Callable 04/01/2025)	500,000	550,915	0.8%
Other New York#		<u>980,593</u>	<u>1.4%</u>
Total New York		3,090,873	4.3%
(Cost \$3,067,144)			
North Carolina			
Total North Carolina			
(Cost \$532,616)#		538,517	0.8%
North Dakota			
Jamestown Park District/ND			
2.900%, 07/01/2035 (Callable 01/01/2017)	500,000	500,765	0.7%
Other North Dakota#		<u>885,415</u>	<u>1.2%</u>
Total North Dakota		1,386,180	1.9%
(Cost \$1,384,932)			
Ohio			
City of Cleveland OH			
5.000%, 10/01/2023	430,000	530,835	0.7%
Other Ohio#		<u>2,817,529</u>	<u>4.0%</u>
Total Ohio		3,348,364	4.7%
(Cost \$3,251,151)			

The accompanying notes are an integral part of these financial statements.

Baird Core Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Oklahoma			
Total Oklahoma			
(Cost \$356,884)#		\$ 375,803	0.5%
Pennsylvania			
Pennsylvania Housing Finance Agency			
3.500%, 10/01/2046 (Callable 10/01/2025) ⁽³⁾	\$ 550,000	590,222	0.8%
Pennsylvania Turnpike Commission:			
5.000%, 12/01/2023 (Pre-refunded to 12/01/2019)	200,000	228,286	0.3%
0.000%, 12/01/2028	100,000	113,019	0.1%
0.000%, 12/01/2030 (Callable 12/01/2027)	205,000	261,857	0.4%
0.000%, 12/01/2030 (Callable 12/01/2027)	205,000	259,435	0.4%
Other Pennsylvania#		<u>1,171,017</u>	<u>1.7%</u>
Total Pennsylvania			
(Cost \$2,571,986)		2,623,836	3.7%
Puerto Rico			
Puerto Rico Public Finance Corp.			
5.500%, 08/01/2027 (ETM) (Insured by AMBAC)	500,000	668,290	0.9%
Other Puerto Rico#		<u>502,047</u>	<u>0.7%</u>
Total Puerto Rico			
(Cost \$1,143,693)		1,170,337	1.6%
Rhode Island			
Total Rhode Island			
(Cost \$336,259)#		339,817	0.5%
South Carolina			
Scago Educational Facilities Corp. for Union School District			
5.000%, 12/01/2023 (Insured by BAM)	500,000	608,100	0.9%
Other South Carolina#		<u>866,030</u>	<u>1.2%</u>
Total South Carolina			
(Cost \$1,396,558)		1,474,130	2.1%
South Dakota			
South Dakota Housing Development Authority			
3.500%, 11/01/2046 (Callable 11/01/2025)	500,000	541,795	0.8%
Other South Dakota#		<u>372,603</u>	<u>0.5%</u>
Total South Dakota			
(Cost \$898,844)		914,398	1.3%
Tennessee			
Total Tennessee			
(Cost \$545,234)#		562,102	0.8%
Texas			
Allen Independent School District			
5.000%, 02/15/2023 (PSF Guaranteed)	350,000	432,747	0.6%

The accompanying notes are an integral part of these financial statements.

Baird Core Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<u>Principal Amount</u>	<u>Value</u>	<u>% of Net Assets</u>
Mesquite Independent School District 5.000%, 08/15/2029 (Callable 08/15/2025) (PSF Guaranteed)	\$ 500,000	\$ 637,710	0.9%
Washington County Junior College District 5.000%, 10/01/2028 (Callable 04/01/2026) (Insured by BAM)	500,000	625,060	0.9%
Other Texas#		<u>5,487,187</u>	<u>7.7%</u>
Total Texas (Cost \$6,904,624)		7,182,704	10.1%
Utah			
Utah Charter School Finance Authority 5.000%, 10/15/2035 (Callable 10/15/2025)	400,000	472,864	0.7%
Utah Housing Corp. 4.000%, 01/01/2045 (Callable 01/01/2026)	500,000	541,535	0.7%
Other Utah#		<u>188,989</u>	<u>0.3%</u>
Total Utah (Cost \$1,172,723)		1,203,388	1.7%
Virgin Islands			
Virgin Islands Public Finance Authority 5.000%, 10/01/2017	20,000	20,859	0.0%
5.000%, 09/01/2020	400,000	452,388	0.7%
Total Virgin Islands (Cost \$467,505)		473,247	0.7%
Virginia			
Fredericksburg Economic Development Authority 2.310%, 08/01/2038 (Callable 08/01/2016) (Mandatory Tender Date 02/01/2017) ⁽¹⁾	430,000	430,030	0.6%
Other Virginia#		<u>250,000</u>	<u>0.4%</u>
Total Virginia (Cost \$680,181)		680,030	1.0%
Washington			
City of Tacoma WA Solid Waste Utility Revenue 5.000%, 12/01/2027 (Callable 06/01/2026) ⁽³⁾	400,000	497,240	0.7%
Other Washington#		<u>249,987</u>	<u>0.3%</u>
Total Washington (Cost \$735,520)		747,227	1.0%
Wisconsin			
State of Wisconsin 5.000%, 05/01/2029 (Callable 05/01/2024)	350,000	438,592	0.6%
Wisconsin Center District 5.000%, 12/15/2030 (Callable 12/15/2022)	395,000	453,666	0.6%

The accompanying notes are an integral part of these financial statements.

Baird Core Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Long-Term Investments (cont.)

	<i>Principal Amount</i>	<i>Value</i>	<i>% of Net Assets</i>
Wisconsin Health & Educational Facilities Authority:			
5.000%, 09/01/2018 (Callable 09/01/2017)	\$ 175,000	\$ 182,485	0.3%
5.000%, 07/01/2026 (Callable 07/01/2024)	50,000	58,919	0.1%
5.000%, 12/15/2030 (Callable 12/15/2024)	350,000	427,231	0.6%
5.000%, 09/15/2037 (Callable 09/15/2022)	250,000	279,097	0.4%
Total Wisconsin (Cost \$1,738,775)		1,839,990	2.6%
Total Long-Term Investments (Cost \$67,727,853)		69,690,405	97.6%

Short-Term Investment

	<i>Shares</i>		
Money Market Mutual Fund			
Goldman Sachs Financial Square Funds, Institutional Class, 0.25%«	1,913,669	1,913,669	2.7%
Total Short-Term Investment (Cost \$1,913,669)		1,913,669	2.7%
Total Investments (Cost \$69,641,522)		71,604,074	100.3%
Liabilities in Excess of Other Assets		(177,508)	(0.3)%
TOTAL NET ASSETS		\$71,426,566	100.0%

Notes to Summary Schedule of Investments

AGM – Assured Guaranty Municipal

AMBAC – Ambac Assurance Corp.

BAM – Build America Mutual Assurance Co.

ETM – Escrowed to Maturity

PSF – Texas Permanent School Fund

(1) Variable or floating rate security. Floating rate securities are securities whose yields vary with a designated index rate. These securities rates are as of June 30, 2016.

(2) Auction Rate Security. An Auction Rate Security is a debt instrument with a long nominal maturity for which the interest rate is regularly reset through a Dutch auction. The rate presented is either the rate set through the auction or the maximum interest rate provided for in the security issuance provision.

(3) Security or a portion of the security purchased on a when-issued or delayed delivery basis.

Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.

« 7-Day Yield

The accompanying notes are an integral part of these financial statements.

Baird Core Intermediate Municipal Bond Fund

Summary Schedule of Investments, June 30, 2016 (Unaudited)

Summary of Fair Value Exposure at June 30, 2016 (Unaudited)

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Unadjusted quoted prices in active markets for identical unrestricted securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, quoted prices in inactive markets, dealer indications, interest rates, yield curves, prepayment speeds, credit risk, default rates, inputs corroborated by observable market data, etc.).

Level 3 – Significant unobservable inputs (including the Fund’s own assumptions about the factors that market participants would use in valuing the security) based on the best information available.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Municipal Bonds				
Municipal Bonds	\$ —	\$69,690,405	\$ —	\$69,690,405
Total Municipal Bonds	—	69,690,405	—	69,690,405
Short-Term Investment				
Money Market Mutual Fund	1,913,669	—	—	1,913,669
Total Short-Term Investment	1,913,669	—	—	1,913,669
Total Investments	<u>\$1,913,669</u>	<u>\$69,690,405</u>	<u>\$ —</u>	<u>\$71,604,074</u>

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the reporting period, as compared to their classification from the prior year’s annual report. See the Fund’s valuation policy in Note 2a to the financial statements.

The accompanying notes are an integral part of these financial statements.

Additional Information on Fund Expenses

June 30, 2016 (Unaudited)

As a shareholder of a mutual fund, you incur two types of costs: (1) transaction costs, which may include sales charges (loads) on purchase payments, reinvested dividends, or other distributions; redemption fees; and exchange fees; and (2) ongoing costs, such as management fees; distribution and/or service (12b-1) fees; and other fund expenses. Although the Funds do not charge any sales loads, redemption fees, or other transaction fees, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, the Funds' transfer agent. If you request that a redemption be made by wire transfer, currently the Funds' transfer agent charges a \$15.00 fee.

This Example is intended to help you understand your ongoing costs (in dollars) of investing in each Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (1/1/16 – 6/30/16).

Actual Expenses

The third and fourth columns of the following table provide information about account values based on actual returns and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the fourth column entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The fifth and sixth columns of the following table provide information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Funds' actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other mutual funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other mutual funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the sixth column of the table (entitled "Expenses Paid During Period") is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different mutual funds. In addition, if these transactional costs were included, your costs could have been higher.

Additional Information on Fund Expenses

June 30, 2016 (Unaudited)

Actual vs. Hypothetical Returns

	Fund's Annualized Expense Ratio ⁽¹⁾	Beginning Account Value 1/1/16	Actual		Hypothetical (5% return before expenses)	
			Ending Account Value 6/30/16	Expenses Paid During Period ⁽¹⁾	Ending Account Value 6/30/16	Expenses Paid During Period ⁽¹⁾
Baird Ultra Short Bond Fund						
Institutional Class	0.15%	\$1,000.00	\$1,009.20	\$0.75	\$1,024.12	\$0.75
Investor Class	0.40%	\$1,000.00	\$1,008.00	\$2.00	\$1,022.87	\$2.01
Baird Short-Term Bond Fund						
Institutional Class	0.30%	\$1,000.00	\$1,023.30	\$1.51	\$1,023.37	\$1.51
Investor Class	0.55%	\$1,000.00	\$1,022.20	\$2.77	\$1,022.13	\$2.77
Baird Intermediate Bond Fund						
Institutional Class	0.30%	\$1,000.00	\$1,045.10	\$1.53	\$1,023.37	\$1.51
Investor Class	0.55%	\$1,000.00	\$1,042.90	\$2.79	\$1,022.13	\$2.77
Baird Aggregate Bond Fund						
Institutional Class	0.30%	\$1,000.00	\$1,056.60	\$1.53	\$1,023.37	\$1.51
Investor Class	0.55%	\$1,000.00	\$1,056.40	\$2.81	\$1,022.13	\$2.77
Baird Core Plus Bond Fund						
Institutional Class	0.30%	\$1,000.00	\$1,061.10	\$1.54	\$1,023.37	\$1.51
Investor Class	0.55%	\$1,000.00	\$1,060.20	\$2.82	\$1,022.13	\$2.77
Baird Short-Term Municipal Bond Fund						
Institutional Class	0.30%	\$1,000.00	\$1,017.60	\$1.50	\$1,023.37	\$1.51
Investor Class	0.55%	\$1,000.00	\$1,015.60	\$2.76	\$1,022.13	\$2.77
Baird Quality Intermediate Municipal Bond Fund						
Institutional Class	0.30%	\$1,000.00	\$1,025.40	\$1.51	\$1,023.37	\$1.51
Investor Class	0.55%	\$1,000.00	\$1,024.50	\$2.77	\$1,022.13	\$2.77
Baird Core Intermediate Municipal Bond Fund						
Institutional Class	0.30%	\$1,000.00	\$1,040.50	\$1.52	\$1,023.37	\$1.51
Investor Class	0.55%	\$1,000.00	\$1,039.30	\$2.79	\$1,022.13	\$2.77

(1) Expenses are equal to the Fund's annualized net expense ratio multiplied by the average account value over the period, 182 days and divided by 366 to reflect the one-half year period.

Statements of Assets and Liabilities

June 30, 2016 (Unaudited)

	Baird Ultra Short Bond Fund	Baird Short-Term Bond Fund	Baird Intermediate Bond Fund
ASSETS:			
Investments, at value (cost \$228,160,144, \$3,591,642,379 and \$2,109,022,616, respectively)*	\$228,026,904	\$3,617,834,484	\$2,160,558,343
Interest receivable	1,092,350	21,959,382	14,065,218
Receivable for investments sold	—	—	31
Receivable for Fund shares sold	316,006	27,774,180	2,200,996
Uninvested cash	1	—	—
Receivable for Securities Lending	78	14,834	17,573
Other assets	—	—	12,412
Total assets	<u>229,435,339</u>	<u>3,667,582,880</u>	<u>2,176,854,573</u>
LIABILITIES:			
Payable for collateral received for securities loaned (Note 6)	—	39,767,555	54,964,493
Payable for securities purchased	1,234,949	34,806,157	33,454,641
Payable for Fund shares repurchased	2,000	22,155,180	1,383,097
Payable to Advisor and Distributor, net	28,805	921,039	553,478
Other liabilities	210	80,953	126,504
Total liabilities	<u>1,265,964</u>	<u>97,730,884</u>	<u>90,482,213</u>
NET ASSETS	<u>\$228,169,375</u>	<u>\$3,569,851,996</u>	<u>\$2,086,372,360</u>
NET ASSETS CONSIST OF:			
Capital stock	\$228,412,253	\$3,542,817,784	\$2,029,913,755
Accumulated undistributed net investment income	81,631	913,667	823,439
Accumulated net realized gain (loss) on investments sold	(191,269)	(71,560)	4,099,439
Net unrealized appreciation/depreciation on investments	(133,240)	26,192,105	51,535,727
NET ASSETS	<u>\$228,169,375</u>	<u>\$3,569,851,996</u>	<u>\$2,086,372,360</u>
INSTITUTIONAL CLASS SHARES			
Net Assets	\$226,114,234	\$3,501,027,739	\$1,981,179,094
Shares outstanding (\$0.01 par value, unlimited shares authorized)	22,562,475	359,112,479	175,338,962
Net asset value, offering and redemption price per share	<u>\$ 10.02</u>	<u>\$ 9.75</u>	<u>\$ 11.30</u>
INVESTOR CLASS SHARES			
Net Assets	\$ 2,055,141	\$ 68,824,257	\$ 105,193,266
Shares outstanding (\$0.01 par value, unlimited shares authorized)	205,071	7,060,477	8,934,225
Net asset value, offering and redemption price per share	<u>\$ 10.02</u>	<u>\$ 9.75</u>	<u>\$ 11.77</u>

* Includes securities out on loan to brokers with a market value of \$0, \$38,960,156 and \$53,842,395, respectively.

The accompanying notes are an integral part of these financial statements.

Statements of Assets and Liabilities

June 30, 2016 (Unaudited)

	Baird Aggregate Bond Fund	Baird Core Plus Bond Fund
ASSETS:		
Investments, at value (cost \$8,747,235,751 and \$11,443,092,826, respectively)*	\$8,985,236,302	\$11,696,556,852
Interest receivable	53,646,507	78,884,810
Receivable for investments sold	17,122,074	32,851,379
Receivable for Fund shares sold	18,462,265	50,156,690
Uninvested cash	354,874	436,340
Receivable for securities lending	25,145	80,091
Total assets	<u>9,074,847,167</u>	<u>11,858,966,162</u>
LIABILITIES:		
Payable for collateral received for securities loaned (Note 6)	164,963,964	276,410,416
Payable for securities purchased	163,313,755	345,167,949
Payable for Fund shares repurchased	7,541,217	10,310,103
Payable to Advisor and Distributor, net	2,361,767	3,719,597
Other liabilities	260	—
Total liabilities	<u>338,180,963</u>	<u>635,608,065</u>
NET ASSETS	<u>\$8,736,666,204</u>	<u>\$11,223,358,097</u>
NET ASSETS CONSIST OF:		
Capital stock	\$8,473,320,854	\$10,939,246,021
Accumulated undistributed net investment income (distributions in excess of)	(2,014,099)	677,585
Accumulated net realized gain on investments sold	27,358,898	29,970,465
Net unrealized appreciation on investments	<u>238,000,551</u>	<u>253,464,026</u>
NET ASSETS	<u>\$8,736,666,204</u>	<u>\$11,223,358,097</u>
INSTITUTIONAL CLASS SHARES		
Net Assets	\$8,152,081,742	\$ 8,769,894,445
Shares outstanding (\$0.01 par value, unlimited shares authorized)	735,596,122	772,123,220
Net asset value, offering and redemption price per share	<u>\$ 11.08</u>	<u>\$ 11.36</u>
INVESTOR CLASS SHARES		
Net Assets	\$ 584,584,462	\$ 2,453,463,652
Shares outstanding (\$0.01 par value, unlimited shares authorized)	51,113,061	207,966,428
Net asset value, offering and redemption price per share	<u>\$ 11.44</u>	<u>\$ 11.80</u>

* Includes securities out on loan to brokers with a market value of \$161,602,769 and \$271,561,442, respectively.

The accompanying notes are an integral part of these financial statements.

Statements of Assets and Liabilities

June 30, 2016 (Unaudited)

	Baird Short-Term Municipal Bond Fund	Baird Quality Intermediate Municipal Bond Fund	Baird Core Intermediate Municipal Bond Fund
ASSETS:			
Investments, at value (cost \$25,635,669, \$1,177,318,817 and \$69,641,522, respectively)	\$25,840,962	\$1,235,867,554	\$71,604,074
Interest receivable	187,558	14,055,028	624,387
Receivable for investments sold	—	408,928	1,156,780
Receivable for Fund shares sold	50,000	1,941,745	1,011,500
Total assets	<u>26,078,520</u>	<u>1,252,273,255</u>	<u>74,396,741</u>
LIABILITIES:			
Payable for securities purchased	1,035,903	13,538,748	2,930,536
Payable for Fund shares repurchased	—	897,354	22,285
Payable to Advisor and Distributor, net	5,974	401,913	17,351
Accrued expenses and other liabilities	—	22	3
Total liabilities	<u>1,041,877</u>	<u>14,838,037</u>	<u>2,970,175</u>
NET ASSETS	<u>\$25,036,643</u>	<u>\$1,237,435,218</u>	<u>\$71,426,566</u>
NET ASSETS CONSIST OF:			
Capital stock	\$24,801,621	\$1,180,289,193	\$68,965,552
Accumulated undistributed net investment income	7,912	444,949	20,189
Accumulated net realized gain (loss) on investments sold	21,817	(1,847,661)	478,273
Net unrealized appreciation on investments	<u>205,293</u>	<u>58,548,737</u>	<u>1,962,552</u>
NET ASSETS	<u>\$25,036,643</u>	<u>\$1,237,435,218</u>	<u>\$71,426,566</u>
INSTITUTIONAL CLASS SHARES			
Net Assets	\$24,451,271	\$1,077,367,841	\$70,807,546
Shares outstanding (\$0.01 par value, unlimited shares authorized)	2,408,975	90,549,175	6,776,912
Net asset value, offering and redemption price per share	<u>\$ 10.15</u>	<u>\$ 11.90</u>	<u>\$ 10.45</u>
INVESTOR CLASS SHARES			
Net Assets	\$ 585,372	\$ 160,067,377	\$ 619,020
Shares outstanding (\$0.01 par value, unlimited shares authorized)	57,720	13,152,865	59,261
Net asset value, offering and redemption price per share	<u>\$ 10.14</u>	<u>\$ 12.17</u>	<u>\$ 10.45</u>

The accompanying notes are an integral part of these financial statements.

Statement of Operations

Six Months Ended June 30, 2016 (Unaudited)

	Baird Ultra Short Bond Fund	Baird Short-Term Bond Fund	Baird Intermediate Bond Fund
INVESTMENT INCOME:			
Interest income, net of paydowns	\$1,171,546	\$30,904,580	\$24,890,299
Income from securities lending (Note 6)	1,095	114,782	102,047
Other income	593	7,330	26,015
Total investment income	<u>1,173,234</u>	<u>31,026,692</u>	<u>25,018,361</u>
EXPENSES:			
Investment advisory fees	239,357	4,137,156	2,455,339
Administration fees	47,871	827,431	491,068
Interest expense (Note 7)	144	—	—
Distribution expense –			
Investor Class Shares (Note 8)	<u>1,662</u>	<u>63,509</u>	<u>130,264</u>
Total expenses	<u>289,034</u>	<u>5,028,096</u>	<u>3,076,671</u>
Fee waiver by Advisor (Note 5)	(143,451)	—	—
Net expenses	<u>145,583</u>	<u>5,028,096</u>	<u>3,076,671</u>
NET INVESTMENT INCOME	<u>1,027,651</u>	<u>25,998,596</u>	<u>21,941,690</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:			
Net realized gain (loss) on investments	(96,086)	2,981,279	4,799,998
Change in unrealized appreciation on investments	<u>843,084</u>	<u>48,911,609</u>	<u>60,172,731</u>
Net realized and unrealized gain on investments	<u>746,998</u>	<u>51,892,888</u>	<u>64,972,729</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$1,774,649</u>	<u>\$77,891,484</u>	<u>\$86,914,419</u>

The accompanying notes are an integral part of these financial statements.

Statement of Operations

Six Months Ended June 30, 2016 (Unaudited)

	Baird Aggregate Bond Fund	Baird Core Plus Bond Fund
INVESTMENT INCOME:		
Interest income, net of paydowns	\$101,011,845	\$152,053,269
Income from securities lending (Note 6)	207,702	480,522
Other income	23,471	13,277
Total investment income	<u>101,243,018</u>	<u>152,547,068</u>
EXPENSES:		
Investment advisory fees	9,585,190	12,687,715
Administration fees	1,917,038	2,537,543
Distribution expense – Investor Class Shares (Note 8)	608,476	2,852,377
Total expenses	<u>12,110,704</u>	<u>18,077,635</u>
NET INVESTMENT INCOME	<u>89,132,314</u>	<u>134,469,433</u>
REALIZED AND UNREALIZED GAIN ON INVESTMENTS:		
Net realized gain on investments	29,496,801	33,801,350
Change in unrealized appreciation on investments	<u>312,331,153</u>	<u>437,783,471</u>
Net realized and unrealized gain on investments	<u>341,827,954</u>	<u>471,584,821</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$430,960,268</u>	<u>\$606,054,254</u>

The accompanying notes are an integral part of these financial statements.

Statement of Operations

Six Months Ended June 30, 2016 (Unaudited)

	Baird Short-Term Municipal Bond Fund	Baird Quality Intermediate Municipal Bond Fund	Baird Core Intermediate Municipal Bond Fund
INVESTMENT INCOME:			
Interest income, net of paydowns	\$156,315	\$16,026,244	\$ 633,511
Other income	522	—	6,927
Total investment income	<u>156,837</u>	<u>16,026,244</u>	<u>640,438</u>
EXPENSES:			
Investment advisory fees	23,065	1,484,354	75,058
Administration fees	4,613	296,871	15,011
Distribution expense – Investor Class Shares (Note 8)	364	198,482	498
Total expenses	<u>28,042</u>	<u>1,979,707</u>	<u>90,567</u>
NET INVESTMENT INCOME	<u>128,795</u>	<u>14,046,537</u>	<u>549,871</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:			
Net realized gain (loss) on investments	11,058	(581,895)	374,518
Change in unrealized appreciation on investments	<u>168,209</u>	<u>16,549,464</u>	<u>1,487,766</u>
Net realized and unrealized gain on investments	<u>179,267</u>	<u>15,967,569</u>	<u>1,862,284</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$308,062</u>	<u>\$30,014,106</u>	<u>\$2,412,155</u>

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

Baird Ultra Short Bond Fund

	Six Months Ended June 30, 2016 (Unaudited)	Year Ended December 31, 2015
OPERATIONS:		
Net investment income	\$ 1,027,651	\$ 1,199,495
Net realized gain (loss) on investments	(96,086)	20,975
Change in unrealized appreciation/depreciation on investments	<u>843,084</u>	<u>(791,398)</u>
Net increase in net assets resulting from operations	<u>1,774,649</u>	<u>429,072</u>
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	167,455,755	184,101,859
Shares issued to holders in reinvestment of distributions	923,092	1,160,831
Cost of shares redeemed	<u>(131,544,150)</u>	<u>(79,248,259)</u>
Net increase in net assets resulting from capital share transactions	<u>36,834,697</u>	<u>106,014,431</u>
DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:		
From net investment income	<u>(958,158)</u>	<u>(1,283,032)</u>
Total Distributions	<u>(958,158)</u>	<u>(1,283,032)</u>
DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:		
From net investment income	<u>(5,241)</u>	<u>(5,607)</u>
Total Distributions	<u>(5,241)</u>	<u>(5,607)</u>
TOTAL INCREASE IN NET ASSETS	37,645,947	105,154,864
NET ASSETS:		
Beginning of period	<u>190,523,428</u>	<u>85,368,564</u>
End of period (including accumulated undistributed net investment income of \$81,631 and \$17,379, respectively)	<u>\$228,169,375</u>	<u>\$190,523,428</u>

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

Baird Short-Term Bond Fund

	Six Months Ended June 30, 2016 (Unaudited)	Year Ended December 31, 2015
OPERATIONS:		
Net investment income	\$ 25,998,596	\$ 37,079,091
Net realized gain on investments	2,981,279	4,894,794
Change in unrealized appreciation/depreciation on investments	48,911,609	(17,981,848)
Net increase in net assets resulting from operations	<u>77,891,484</u>	<u>23,992,037</u>
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	1,065,157,501	1,344,761,825
Shares issued to holders in reinvestment of distributions	22,090,453	39,526,909
Cost of shares redeemed	(586,609,423)	(1,022,131,532)
Net increase in net assets resulting from capital share transactions	<u>500,638,531</u>	<u>362,157,202</u>
DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:		
From net investment income	(24,947,578)	(44,451,797)
From net realized gains	—	(1,279,663)
Total Distributions	<u>(24,947,578)</u>	<u>(45,731,460)</u>
DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:		
From net investment income	(339,596)	(499,196)
From net realized gains	—	(17,313)
Total Distributions	<u>(339,596)</u>	<u>(516,509)</u>
TOTAL INCREASE IN NET ASSETS	553,242,841	339,901,270
NET ASSETS:		
Beginning of period	<u>3,016,609,155</u>	<u>2,676,707,885</u>
End of period (including accumulated undistributed net investment income of \$913,667 and \$202,243, respectively)	<u>\$3,569,851,996</u>	<u>\$3,016,609,155</u>

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

Baird Intermediate Bond Fund

	Six Months Ended June 30, 2016 (Unaudited)	Year Ended December 31, 2015
OPERATIONS:		
Net investment income	\$ 21,941,690	\$ 37,098,867
Net realized gain on investments	4,799,998	6,368,705
Change in unrealized appreciation/depreciation on investments	60,172,731	(29,926,270)
Net increase in net assets resulting from operations	<u>86,914,419</u>	<u>13,541,302</u>
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	284,747,527	579,672,473
Shares issued to holders in reinvestment of distributions	18,268,351	38,528,099
Cost of shares redeemed	(172,612,394)	(280,699,940)
Net increase in net assets resulting from capital share transactions	<u>130,403,484</u>	<u>337,500,632</u>
DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:		
From net investment income	(20,316,363)	(36,711,858)
From net realized gains	—	(5,444,825)
Total Distributions	<u>(20,316,363)</u>	<u>(42,156,683)</u>
DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:		
From net investment income	(956,947)	(2,032,634)
From net realized gains	—	(303,761)
Total Distributions	<u>(956,947)</u>	<u>(2,336,395)</u>
TOTAL INCREASE IN NET ASSETS	196,044,593	306,548,856
NET ASSETS:		
Beginning of period	<u>1,890,327,767</u>	<u>1,583,778,911</u>
End of period (including accumulated undistributed net investment income of \$823,439 and \$155,059, respectively)	<u>\$2,086,372,360</u>	<u>\$1,890,327,767</u>

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

Baird Aggregate Bond Fund

	Six Months Ended June 30, 2016 (Unaudited)	Year Ended December 31, 2015
OPERATIONS:		
Net investment income	\$ 89,132,314	\$ 121,685,194
Net realized gain on investments	29,496,801	21,969,042
Change in unrealized appreciation/depreciation on investments	312,331,153	(152,187,244)
Net increase (decrease) in net assets resulting from operations	430,960,268	(8,533,008)
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	2,291,371,959	4,245,682,244
Shares issued to holders in reinvestment of distributions	76,853,138	111,982,131
Cost of shares redeemed	(719,229,070)	(1,155,475,332)
Net increase in net assets resulting from capital share transactions	1,648,996,027	3,202,189,043
DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:		
From net investment income	(86,225,609)	(125,932,125)
Total Distributions	(86,225,609)	(125,932,125)
DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:		
From net investment income	(5,127,302)	(9,901,008)
Total Distributions	(5,127,302)	(9,901,008)
TOTAL INCREASE IN NET ASSETS	1,988,603,384	3,057,822,902
NET ASSETS:		
Beginning of period	6,748,062,820	3,690,239,918
End of period (including distributions in excess of net investment income and accumulated undistributed net investment income of \$(2,014,099) and \$206,498, respectively)	\$8,736,666,204	\$6,748,062,820

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

Baird Core Plus Bond Fund

	Six Months Ended June 30, 2016 (Unaudited)	Year Ended December 31, 2015
OPERATIONS:		
Net investment income	\$ 134,469,433	\$ 208,299,299
Net realized gain on investments	33,801,350	33,091,952
Change in unrealized appreciation/depreciation on investments	<u>437,783,471</u>	<u>(263,684,236)</u>
Net increase (decrease) in net assets resulting from operations	<u>606,054,254</u>	<u>(22,292,985)</u>
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	2,205,638,699	4,831,257,948
Shares issued to holders in reinvestment of distributions	125,528,307	220,307,283
Cost of shares redeemed	<u>(963,004,756)</u>	<u>(2,128,911,254)</u>
Net increase in net assets resulting from capital share transactions	<u>1,368,162,250</u>	<u>2,922,653,977</u>
DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:		
From net investment income	<u>(107,255,852)</u>	<u>(177,376,139)</u>
Total Distributions	<u>(107,255,852)</u>	<u>(177,376,139)</u>
DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:		
From net investment income	<u>(26,932,051)</u>	<u>(56,262,268)</u>
Total Distributions	<u>(26,932,051)</u>	<u>(56,262,268)</u>
TOTAL INCREASE IN NET ASSETS	1,840,028,601	2,666,722,585
NET ASSETS:		
Beginning of period	<u>9,383,329,496</u>	<u>6,716,606,911</u>
End of period (including accumulated undistributed net investment income of \$677,585 and \$396,055, respectively)	<u>\$11,223,358,097</u>	<u>\$9,383,329,496</u>

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

Baird Short-Term Municipal Bond Fund

	Six Months Ended June 30, 2016 (Unaudited)	August 31, 2015 [^] through December 31, 2015
OPERATIONS:		
Net investment income	\$ 128,795	\$ 45,049
Net realized gain on investments	11,058	13,112
Change in unrealized appreciation on investments	168,209	37,084
Net increase in net assets resulting from operations	308,062	95,245
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	14,710,174	12,347,906
Shares issued to holders in reinvestment of distributions	92,030	32,065
Cost of shares redeemed	(2,350,749)	(13,607)
Net increase in net assets resulting from capital share transactions	12,451,455	12,366,364
DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:		
From net investment income	(127,567)	(44,658)
From net realized gains	—	(10,100)
Total Distributions	(127,567)	(54,758)
DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:		
From net investment income	(1,921)	(190)
From net realized gains	—	(47)
Total Distributions	(1,921)	(237)
TOTAL INCREASE IN NET ASSETS	12,630,029	12,406,614
NET ASSETS:		
Beginning of period	12,406,614	—
End of period (including accumulated undistributed net investment income of \$7,912 and \$8,605, respectively)	\$25,036,643	\$12,406,614

[^] Inception was the close of business on August 31, 2015.

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

Baird Quality Intermediate Municipal Bond Fund

	Six Months Ended June 30, 2016 (Unaudited)	Year Ended December 31, 2015
OPERATIONS:		
Net investment income	\$ 14,046,537	\$ 27,130,248
Net realized loss on investments	(581,895)	(364,295)
Change in unrealized appreciation/depreciation on investments	16,549,464	(2,897,788)
Net increase in net assets resulting from operations	30,014,106	23,868,165
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	199,333,231	350,569,939
Shares issued to holders in reinvestment of distributions	12,153,368	23,964,903
Cost of shares redeemed	(139,225,221)	(328,099,203)
Net increase in net assets resulting from capital share transactions	72,261,378	46,435,639
DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:		
From net investment income	(12,011,379)	(23,455,666)
Total Distributions	(12,011,379)	(23,455,666)
DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:		
From net investment income	(1,612,391)	(3,677,285)
Total Distributions	(1,612,391)	(3,677,285)
TOTAL INCREASE IN NET ASSETS	88,651,714	43,170,853
NET ASSETS:		
Beginning of period	1,148,783,504	1,105,612,651
End of period (including accumulated undistributed net investment income of \$444,949 and \$22,182, respectively)	\$1,237,435,218	\$1,148,783,504

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

Baird Core Intermediate Municipal Bond Fund

	Six Months Ended June 30, 2016 (Unaudited)	August 31, 2015 [^] through December 31, 2015
OPERATIONS:		
Net investment income	\$ 549,871	\$ 259,616
Net realized gain on investments	374,518	153,970
Change in unrealized appreciation on investments	1,487,766	474,786
Net increase in net assets resulting from operations	2,412,155	888,372
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	21,996,544	52,495,493
Shares issued to holders in reinvestment of distributions	194,499	126,064
Cost of shares redeemed	(3,709,359)	(2,137,689)
Net increase in net assets resulting from capital share transactions	18,481,684	50,483,868
DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:		
From net investment income	(526,497)	(262,655)
From net realized gains	—	(46,564)
Total Distributions	(526,497)	(309,219)
DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:		
From net investment income	(3,185)	(450)
From net realized gains	—	(162)
Total Distributions	(3,185)	(612)
TOTAL INCREASE IN NET ASSETS	20,364,157	51,062,409
NET ASSETS:		
Beginning of period	51,062,409	—
End of period (including accumulated undistributed net investment income of \$20,189 and \$0, respectively)	\$71,426,566	\$51,062,409

[^] Inception was the close of business on August 31, 2015.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Ultra Short Bond Fund – Institutional Class

	Six Months	Year Ended	
	Ended June 30, 2016 (Unaudited)	December 31, 2015	2014 [^]
Per Share Data:			
Net asset value, beginning of period	\$ 9.98	\$10.03	\$10.00
Income from investment operations:			
Net investment income	0.05 ⁽¹⁾	0.08 ⁽¹⁾	0.09
Net realized and unrealized gains (losses) on investments	0.04	(0.05)	0.03 ⁽²⁾
Total from investment operations	0.09	0.03	0.12
Less distributions:			
Distributions from net investment income	(0.05)	(0.08)	(0.09)
Total distributions	(0.05)	(0.08)	(0.09)
Net asset value, end of period	\$10.02	\$ 9.98	\$10.03
Total return	0.92% ⁽³⁾	0.30%	1.21%
Supplemental data and ratios:			
Net assets, end of period (millions)	\$226.1	\$189.3	\$84.5
Ratio of expenses to average net assets	0.15% ⁽⁴⁾	0.15%	0.15%
Ratio of expenses to average net assets (before waivers)	0.30% ⁽⁴⁾	0.30%	0.30%
Ratio of net investment income to average net assets	1.07% ⁽⁴⁾	0.78%	0.93%
Ratio of net investment income to average net assets (before waivers)	0.92% ⁽⁴⁾	0.63%	0.78%
Portfolio turnover rate ⁽⁵⁾	63.50% ⁽³⁾	65.5%	57.6%

[^] Inception was the close of business on December 31, 2013.

- (1) Calculated using average shares outstanding during the period.
- (2) Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the statement of operations.
- (3) Not Annualized.
- (4) Annualized.
- (5) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Ultra Short Bond Fund – Investor Class

	Six Months	Year Ended	
	Ended June 30, 2016 (Unaudited)	December 31, 2015	2014 [^]
Per Share Data:			
Net asset value, beginning of period	\$ 9.98	\$10.02	\$10.00
Income from investment operations:			
Net investment income	0.04 ⁽¹⁾	0.05 ⁽¹⁾	0.07
Net realized and unrealized gains (losses) on investments	0.04	(0.03)	0.02 ⁽²⁾
Total from investment operations	0.08	0.02	0.09
Less distributions:			
Distributions from net investment income	(0.04)	(0.06)	(0.07)
Total distributions	(0.04)	(0.06)	(0.07)
Net asset value, end of period	\$10.02	\$ 9.98	\$10.02
Total return	0.80% ⁽³⁾	0.16%	0.88%
Supplemental data and ratios:			
Net assets, end of period (millions)	\$2.1	\$1.2	\$0.9
Ratio of expenses to average net assets	0.40% ⁽⁴⁾	0.40%	0.40%
Ratio of expenses to average net assets (before waivers)	0.55% ⁽⁴⁾	0.55%	0.55%
Ratio of net investment income to average net assets	0.82% ⁽⁴⁾	0.53%	0.68%
Ratio of net investment income to average net assets (before waivers)	0.67% ⁽⁴⁾	0.38%	0.53%
Portfolio turnover rate ⁽⁵⁾	63.50% ⁽³⁾	65.5%	57.6%

[^] Inception was the close of business on December 31, 2013.

- (1) Calculated using average shares outstanding during the period.
- (2) Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the statement of operations.
- (3) Not Annualized.
- (4) Annualized.
- (5) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Short-Term Bond Fund – Institutional Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2016 (Unaudited)	2015	2014	2013	2012	2011
Per Share Data:						
Net asset value, beginning of period	\$ 9.60	\$ 9.67	\$ 9.69	\$ 9.75	\$ 9.59	\$ 9.68
Income from						
investment operations:						
Net investment income	0.08 ⁽¹⁾	0.13 ⁽¹⁾	0.16	0.17 ⁽¹⁾	0.22	0.23
Net realized and unrealized gains (losses) on investments	0.14	(0.05)	(0.01)	(0.04)	0.17	(0.03)
Total from investment operations	0.22	0.08	0.15	0.13	0.39	0.20
Less distributions:						
Distributions from net investment income	(0.07)	(0.15)	(0.16)	(0.17)	(0.22)	(0.23)
Distributions from net realized gains	—	(0.00) ⁽²⁾	(0.01)	(0.02)	(0.01)	(0.06)
Total distributions	(0.07)	(0.15)	(0.17)	(0.19)	(0.23)	(0.29)
Net asset value, end of period	<u>\$ 9.75</u>	<u>\$ 9.60</u>	<u>\$ 9.67</u>	<u>\$ 9.69</u>	<u>\$ 9.75</u>	<u>\$ 9.59</u>
Total return	2.33% ⁽³⁾	0.89%	1.49%	1.33%	4.16%	2.08%
Supplemental data and ratios:						
Net assets, end of period (millions)	\$3,501.0	\$2,976.0	\$2,640.9	\$1,985.0	\$1,295.7	\$1,017.2
Ratio of expenses to average net assets	0.30% ⁽⁴⁾	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of net investment income to average net assets	1.57% ⁽⁴⁾	1.30%	1.56%	1.71%	2.23%	2.40%
Portfolio turnover rate ⁽⁵⁾	20.0% ⁽³⁾	37.8%	51.2%	45.1%	40.1%	61.1%

(1) Calculated using average shares outstanding during the period.

(2) Amount is less than \$0.005.

(3) Not Annualized.

(4) Annualized.

(5) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Short-Term Bond Fund – Investor Class

	Six Months Ended June 30, 2016 (Unaudited)	Year Ended December 31, 2015	2014	2013	September 19, 2012 [^] through December 31, 2012
Per Share Data:					
Net asset value, beginning of period	\$ 9.60	\$ 9.67	\$ 9.69	\$ 9.75	\$ 9.77
Income from investment operations:					
Net investment income	0.06 ⁽¹⁾	0.10 ⁽¹⁾	0.14	0.15 ⁽¹⁾	0.06
Net realized and unrealized gains (losses) on investments	0.15	(0.04)	(0.02)	(0.04)	0.00 ⁽²⁾
Total from investment operations	0.21	0.06	0.12	0.11	0.06
Less distributions:					
Distributions from net investment income	(0.06)	(0.13)	(0.13)	(0.15)	(0.07)
Distributions from net realized gains	—	(0.00) ⁽²⁾	(0.01)	(0.02)	(0.01)
Total distributions	(0.06)	(0.13)	(0.14)	(0.17)	(0.08)
Net asset value, end of period	<u>\$ 9.75</u>	<u>\$ 9.60</u>	<u>\$ 9.67</u>	<u>\$ 9.69</u>	<u>\$ 9.75</u>
Total return	2.22% ⁽³⁾	0.64%	1.25%	1.11%	0.68% ⁽³⁾
Supplemental data and ratios:					
Net assets, end of period (millions)	\$68.8	\$40.6	\$35.8	\$2.5	\$1.5
Ratio of expenses to average net assets	0.55% ⁽⁴⁾	0.55%	0.55%	0.55%	0.55% ⁽⁴⁾
Ratio of net investment income to average net assets	1.33% ⁽⁴⁾	1.05%	1.31%	1.46%	1.98% ⁽⁴⁾
Portfolio turnover rate ⁽⁵⁾	20.0% ⁽³⁾	37.8%	51.2%	45.1%	40.1% ⁽³⁾

[^] Inception date.

(1) Calculated using average shares outstanding during the period.

(2) Amount is less than \$0.005.

(3) Not Annualized.

(4) Annualized.

(5) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Intermediate Bond Fund – Institutional Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2016 (Unaudited)	2015	2014	2013	2012	2011
Per Share Data:						
Net asset value, beginning of period	\$10.93	\$11.10	\$11.00	\$11.31	\$11.06	\$10.87
Income from						
investment operations:						
Net investment income	0.12 ⁽¹⁾	0.24 ⁽¹⁾	0.26 ⁽¹⁾	0.27	0.33 ⁽¹⁾	0.39
Net realized and unrealized gains (losses) on investments	0.37	(0.13)	0.13	(0.29)	0.38	0.27
Total from investment operations	0.49	0.11	0.39	(0.02)	0.71	0.66
Less distributions:						
Distributions from net investment income	(0.12)	(0.25)	(0.27)	(0.27)	(0.33)	(0.39)
Distributions from net realized gains	—	(0.03)	(0.02)	(0.02)	(0.13)	(0.08)
Total distributions	(0.12)	(0.28)	(0.29)	(0.29)	(0.46)	(0.47)
Net asset value, end of period	<u>\$11.30</u>	<u>\$10.93</u>	<u>\$11.10</u>	<u>\$11.00</u>	<u>\$11.31</u>	<u>\$11.06</u>
Total return	4.51% ⁽²⁾	0.99%	3.50%	(0.17)%	6.52%	6.14%
Supplemental data and ratios:						
Net assets, end of period (millions)	\$1,981.2	\$1,787.0	\$1,468.2	\$1,113.7	\$867.5	\$703.2
Ratio of expenses to average net assets	0.30% ⁽³⁾	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of net investment income to average net assets	2.25% ⁽³⁾	2.14%	2.37%	2.45%	2.95%	3.49%
Portfolio turnover rate ⁽⁴⁾	14.8% ⁽²⁾	39.0%	29.2%	45.1%	45.1%	24.1%

(1) Calculated using average shares outstanding during the period.

(2) Not Annualized.

(3) Annualized.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Intermediate Bond Fund – Investor Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2016 (Unaudited)	2015	2014	2013	2012	2011
Per Share Data:						
Net asset value, beginning of period	\$11.39	\$11.56	\$11.43	\$11.74	\$11.47	\$11.26
Income from						
investment operations:						
Net investment income	0.12 ⁽¹⁾	0.22 ⁽¹⁾	0.25 ⁽¹⁾	0.25	0.32 ⁽¹⁾	0.37
Net realized and unrealized gains (losses) on investments	0.37	(0.14)	0.14	(0.29)	0.39	0.28
Total from investment operations	0.49	0.08	0.39	(0.04)	0.71	0.65
Less distributions:						
Distributions from net investment income	(0.11)	(0.22)	(0.24)	(0.25)	(0.31)	(0.36)
Distributions from net realized gains	—	(0.03)	(0.02)	(0.02)	(0.13)	(0.08)
Total distributions	(0.11)	(0.25)	(0.26)	(0.27)	(0.44)	(0.44)
Net asset value, end of period	<u>\$11.77</u>	<u>\$11.39</u>	<u>\$11.56</u>	<u>\$11.43</u>	<u>\$11.74</u>	<u>\$11.47</u>
Total return	4.29% ⁽²⁾	0.79%	3.29%	(0.41)%	6.20%	5.84%
Supplemental data and ratios:						
Net assets, end of period (millions)	\$105.2	\$103.4	\$115.6	\$42.1	\$26.7	\$14.7
Ratio of expenses to average net assets	0.55% ⁽³⁾	0.55%	0.55%	0.55%	0.55%	0.55%
Ratio of net investment income to average net assets	2.00% ⁽³⁾	1.89%	2.12%	2.20%	2.70%	3.24%
Portfolio turnover rate ⁽⁴⁾	14.8% ⁽²⁾	39.0%	29.2%	45.1%	45.1%	24.1%

(1) Calculated using average shares outstanding during the period.

(2) Not Annualized.

(3) Annualized.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Aggregate Bond Fund – Institutional Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2016 (Unaudited)	2015	2014	2013	2012	2011
Per Share Data:						
Net asset value, beginning of period	\$10.61	\$10.81	\$10.41	\$10.89	\$10.65	\$10.52
Income from						
investment operations:						
Net investment income	0.13 ⁽¹⁾	0.24 ⁽¹⁾	0.30 ⁽²⁾	0.32 ⁽¹⁾	0.38 ⁽¹⁾	0.44 ⁽¹⁾
Net realized and unrealized gains (losses) on investments	0.47	(0.18)	0.41	(0.45)	0.45	0.36
Total from investment operations	0.60	0.06	0.71	(0.13)	0.83	0.80
Less distributions:						
Distributions from net investment income	(0.13)	(0.26)	(0.31)	(0.35)	(0.43)	(0.46)
Distributions from net realized gains	—	—	—	—	(0.16)	(0.21)
Total distributions	(0.13)	(0.26)	(0.31)	(0.35)	(0.59)	(0.67)
Net asset value, end of period	\$11.08	\$10.61	\$10.81	\$10.41	\$10.89	\$10.65
Total return	5.66% ⁽³⁾	0.55%	6.89%	(1.25)%	7.92%	7.85%
Supplemental data and ratios:						
Net assets, end of period (millions)	\$8,152.1	\$6,318.4	\$3,448.6	\$1,665.0	\$1,495.4	\$1,480.3
Ratio of expenses to average net assets	0.30% ⁽⁴⁾	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of net investment income to average net assets	2.34% ⁽⁴⁾	2.24%	2.81%	3.01%	3.51%	4.10%
Portfolio turnover rate ⁽⁵⁾	20.7% ⁽³⁾	39.6%	32.1%	28.4%	64.4%	45.9%

- (1) Calculated using average shares outstanding during the period.
- (2) Net investment income (loss) per share is calculated using ending balance prior to consideration of adjustments for permanent book and tax differences.
- (3) Not Annualized.
- (4) Annualized.
- (5) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Aggregate Bond Fund – Investor Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2016 (Unaudited)	2015	2014	2013	2012	2011
Per Share Data:						
Net asset value, beginning of period	\$10.94	\$11.15	\$10.72	\$11.21	\$10.94	\$10.80
Income from						
investment operations:						
Net investment income	0.12 ⁽¹⁾	0.22 ⁽¹⁾	0.28 ⁽²⁾	0.29 ⁽¹⁾	0.37 ⁽¹⁾	0.42 ⁽¹⁾
Net realized and unrealized gains (losses) on investments	0.49	(0.20)	0.43	(0.46)	0.46	0.37
Total from investment operations	0.61	0.02	0.71	(0.17)	0.83	0.79
Less distributions:						
Distributions from net investment income	(0.11)	(0.23)	(0.28)	(0.32)	(0.40)	(0.44)
Distributions from net realized gains	—	—	—	—	(0.16)	(0.21)
Total distributions	(0.11)	(0.23)	(0.28)	(0.32)	(0.56)	(0.65)
Net asset value, end of period	<u>\$11.44</u>	<u>\$10.94</u>	<u>\$11.15</u>	<u>\$10.72</u>	<u>\$11.21</u>	<u>\$10.94</u>
Total return	5.64% ⁽³⁾	0.21%	6.71%	(1.54)%	7.72%	7.46%
Supplemental data and ratios:						
Net assets, end of period (millions)	\$584.6	\$429.6	\$241.7	\$141.9	\$49.4	\$26.1
Ratio of expenses to average net assets	0.55% ⁽⁴⁾	0.55%	0.55%	0.55%	0.55%	0.55%
Ratio of net investment income to average net assets	2.09% ⁽⁴⁾	1.99%	2.56%	2.76%	3.26%	3.85%
Portfolio turnover rate ⁽⁵⁾	20.7% ⁽³⁾	39.6%	32.1%	28.4%	64.4%	45.9%

- (1) Calculated using average shares outstanding during the period.
- (2) Net investment income (loss) per share is calculated using ending balance prior to consideration of adjustments for permanent book and tax differences.
- (3) Not Annualized.
- (4) Annualized.
- (5) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Core Plus Bond Fund – Institutional Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2016 (Unaudited)	2015	2014	2013	2012	2011
Per Share Data:						
Net asset value, beginning of period	\$10.85	\$11.14	\$10.77	\$11.27	\$10.82	\$10.51
Income from						
investment operations:						
Net investment income	0.15 ⁽¹⁾	0.28 ⁽¹⁾	0.32 ⁽²⁾	0.31 ⁽²⁾	0.35 ⁽¹⁾	0.45 ⁽¹⁾
Net realized and unrealized gains (losses) on investments	0.51	(0.26)	0.38	(0.46)	0.50	0.36
Total from investment operations	0.66	0.02	0.70	(0.15)	0.85	0.81
Less distributions:						
Distributions from net investment income	(0.15)	(0.31)	(0.33)	(0.34)	(0.38)	(0.46)
Distributions from net realized gains	—	—	—	(0.01)	(0.02)	(0.04)
Total distributions	(0.15)	(0.31)	(0.33)	(0.35)	(0.40)	(0.50)
Net asset value, end of period	<u>\$11.36</u>	<u>\$10.85</u>	<u>\$11.14</u>	<u>\$10.77</u>	<u>\$11.27</u>	<u>\$10.82</u>
Total return	6.11% ⁽³⁾	0.14%	6.59%	(1.32)%	7.95%	7.89%
Supplemental data and ratios:						
Net assets, end of period (millions)	\$8,769.9	\$7,199.8	\$4,520.9	\$1,789.7	\$1,573.4	\$768.9
Ratio of expenses to average net assets	0.30% ⁽⁴⁾	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of net investment income to average net assets	2.71% ⁽⁴⁾	2.50%	2.89%	2.83%	3.12%	4.22%
Portfolio turnover rate ⁽⁵⁾	20.0% ⁽³⁾	34.2%	35.0%	35.5%	36.7%	34.6%

- (1) Calculated using average shares outstanding during the period.
- (2) Net investment income (loss) per share is calculated using ending balance prior to consideration of adjustments for permanent book and tax differences.
- (3) Not Annualized.
- (4) Annualized.
- (5) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Core Plus Bond Fund – Investor Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2016 (Unaudited)	2015	2014	2013	2012	2011
Per Share Data:						
Net asset value, beginning of period	\$11.26	\$11.55	\$11.16	\$11.67	\$11.18	\$10.85
Income from						
investment operations:						
Net investment income	0.14 ⁽¹⁾	0.26 ⁽¹⁾	0.29 ⁽²⁾	0.29 ⁽²⁾	0.33 ⁽¹⁾	0.44 ⁽¹⁾
Net realized and unrealized gains (losses) on investments	0.53	(0.27)	0.40	(0.48)	0.53	0.37
Total from investment operations	0.67	(0.01)	0.69	(0.19)	0.86	0.81
Less distributions:						
Distributions from net investment income	(0.13)	(0.28)	(0.30)	(0.31)	(0.35)	(0.44)
Distributions from net realized gains	—	—	—	(0.01)	(0.02)	(0.04)
Total distributions	(0.13)	(0.28)	(0.30)	(0.32)	(0.37)	(0.48)
Net asset value, end of period	\$11.80	\$11.26	\$11.55	\$11.16	\$11.67	\$11.18
Total return	6.02% ⁽³⁾	(0.11)%	6.27%	(1.61)%	7.80%	7.57%
Supplemental data and ratios:						
Net assets, end of period (millions)	\$2,453.5	\$2,183.5	\$2,195.7	\$1,044.1	\$1,036.0	\$331.9
Ratio of expenses to average net assets	0.55% ⁽⁴⁾	0.55%	0.55%	0.55%	0.55%	0.55%
Ratio of net investment income to average net assets	2.46% ⁽⁴⁾	2.25%	2.64%	2.58%	2.87%	3.97%
Portfolio turnover rate ⁽⁵⁾	20.0% ⁽³⁾	34.2%	35.0%	35.5%	36.7%	34.6%

- (1) Calculated using average shares outstanding during the period.
- (2) Net investment income (loss) per share is calculated using ending balance prior to consideration of adjustments for permanent book and tax differences.
- (3) Not Annualized.
- (4) Annualized.
- (5) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Short-Term Municipal Bond Fund – Institutional Class

	Six Months Ended	
	June 30, 2016	Period Ended
	(Unaudited)	December 31, 2015 [^]
Per Share Data:		
Net asset value, beginning of period	\$10.04	\$10.00
Income from investment operations:		
Net investment income	0.07 ⁽¹⁾	0.05 ⁽¹⁾
Net realized and unrealized gain on investments	0.11	0.04
Total from investment operations	0.18	0.09
Less distributions:		
Distributions from net investment income	(0.07)	(0.04)
Distributions from net realized gains	—	(0.01)
Total distributions	(0.07)	(0.05)
Net asset value, end of period	<u>\$10.15</u>	<u>\$10.04</u>
Total return	1.76% ⁽²⁾	0.94% ⁽²⁾
Supplemental data and ratios:		
Net assets, end of period (millions)	\$24.5	\$12.3
Ratio of expenses to average net assets	0.30% ⁽³⁾	0.30% ⁽³⁾
Ratio of net investment income to average net assets	1.39% ⁽³⁾	1.42% ⁽³⁾
Portfolio turnover rate ⁽⁴⁾	13.5% ⁽²⁾	41.4% ⁽²⁾

[^] Inception was close of business on August 31, 2015.

(1) Calculated using average shares outstanding during the period.

(2) Not annualized.

(3) Annualized.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Short-Term Municipal Bond Fund – Investor Class

	Six Months Ended	
	June 30, 2016	Period Ended
	(Unaudited)	December 31, 2015 [^]
Per Share Data:		
Net asset value, beginning of period	\$10.04	\$10.00
Income from investment operations:		
Net investment income	0.06 ⁽¹⁾	0.04 ⁽¹⁾
Net realized and unrealized gain on investments	0.10	0.05
Total from investment operations	0.16	0.09
Less distributions:		
Distributions from net investment income	(0.06)	(0.04)
Distributions from net realized gains	—	(0.01)
Total distributions	(0.06)	(0.05)
Net asset value, end of period	<u>\$10.14</u>	<u>\$10.04</u>
Total return	1.56% ⁽²⁾	0.86% ⁽²⁾
Supplemental data and ratios:		
Net assets, end of period (millions)	\$0.6	\$0.1
Ratio of expenses to average net assets	0.55% ⁽³⁾	0.55% ⁽³⁾
Ratio of net investment income to average net assets	1.15% ⁽³⁾	1.17% ⁽³⁾
Portfolio turnover rate ⁽⁴⁾	13.5% ⁽²⁾	41.4% ⁽²⁾

[^] Inception was close of business on August 31, 2015.

(1) Calculated using average shares outstanding during the period.

(2) Not annualized.

(3) Annualized.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Quality Intermediate Municipal Bond Fund – Institutional Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2016 (Unaudited)	2015	2014	2013	2012	2011
Per Share Data:						
Net asset value, beginning of period	<u>\$11.74</u>	<u>\$11.77</u>	<u>\$11.55</u>	<u>\$12.01</u>	<u>\$11.94</u>	<u>\$11.31</u>
Income from						
investment operations:						
Net investment income	0.14 ⁽¹⁾	0.28 ⁽¹⁾	0.30	0.32 ⁽¹⁾	0.30	0.32
Net realized and unrealized gains (losses) on investments	<u>0.16</u>	<u>(0.03)</u>	<u>0.22</u>	<u>(0.46)</u>	<u>0.07</u>	<u>0.64</u>
Total from investment operations	<u>0.30</u>	<u>0.25</u>	<u>0.52</u>	<u>(0.14)</u>	<u>0.37</u>	<u>0.96</u>
Less distributions:						
Distributions from net investment income	(0.14)	(0.28)	(0.30)	(0.32)	(0.30)	(0.32)
Distributions from net realized gains	—	—	—	—	—	(0.01)
Total distributions	<u>(0.14)</u>	<u>(0.28)</u>	<u>(0.30)</u>	<u>(0.32)</u>	<u>(0.30)</u>	<u>(0.33)</u>
Net asset value, end of period	<u>\$11.90</u>	<u>\$11.74</u>	<u>\$11.77</u>	<u>\$11.55</u>	<u>\$12.01</u>	<u>\$11.94</u>
Total return	2.54% ⁽²⁾	2.19%	4.54%	(1.19)%	3.12%	8.55%
Supplemental data and ratios:						
Net assets, end of period (millions)	\$1,077.4	\$988.4	\$918.9	\$801.4	\$963.1	\$836.1
Ratio of expenses to average net assets	0.30% ⁽³⁾	0.30%	0.30%	0.30%	0.30%	0.30%
Ratio of net investment income to average net assets	2.40% ⁽³⁾	2.42%	2.56%	2.65%	2.48%	2.74%
Portfolio turnover rate ⁽⁴⁾	6.20% ⁽²⁾	9.3%	4.7%	9.0%	5.1%	8.0%

(1) Calculated using average shares outstanding during the period.

(2) Not annualized.

(3) Annualized.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Quality Intermediate Municipal Bond Fund – Investor Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2016 (Unaudited)	2015	2014	2013	2012	2011
Per Share Data:						
Net asset value, beginning of period	\$12.00	\$12.03	\$11.80	\$12.26	\$12.18	\$11.53
Income from						
investment operations:						
Net investment income	0.13 ⁽¹⁾	0.26 ⁽¹⁾	0.28	0.29 ⁽¹⁾	0.27	0.29
Net realized and unrealized gains (losses) on investments	0.16	(0.04)	0.22	(0.46)	0.08	0.66
Total from investment operations	0.29	0.22	0.50	(0.17)	0.35	0.95
Less distributions:						
Distributions from net investment income	(0.12)	(0.25)	(0.27)	(0.29)	(0.27)	(0.29)
Distributions from net realized gains	—	—	—	—	—	(0.01)
Total distributions	(0.12)	(0.25)	(0.27)	(0.29)	(0.27)	(0.30)
Net asset value, end of period	<u>\$12.17</u>	<u>\$12.00</u>	<u>\$12.03</u>	<u>\$11.80</u>	<u>\$12.26</u>	<u>\$12.18</u>
Total return	2.45% ⁽²⁾	1.89%	4.27%	(1.42)%	2.88%	8.30%
Supplemental data and ratios:						
Net assets, end of period (millions)	\$160.1	\$160.3	\$186.7	\$205.6	\$258.5	\$257.9
Ratio of expenses to average net assets	0.55% ⁽³⁾	0.55%	0.55%	0.55%	0.55%	0.55%
Ratio of net investment income to average net assets	2.15% ⁽³⁾	2.17%	2.31%	2.40%	2.23%	2.49%
Portfolio turnover rate ⁽⁴⁾	6.20% ⁽²⁾	9.3%	4.7%	9.0%	5.1%	8.0%

(1) Calculated using average shares outstanding during the period.

(2) Not annualized.

(3) Annualized.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Core Intermediate Municipal Bond Fund – Institutional Class

	Six Months Ended	
	June 30, 2016	Period Ended
	(Unaudited)	December 31, 2015 [^]
Per Share Data:		
Net asset value, beginning of period	\$10.13	\$10.00
Income from investment operations:		
Net investment income	0.09 ⁽¹⁾	0.06 ⁽¹⁾
Net realized and unrealized gain on investments	0.32	0.14
Total from investment operations	0.41	0.20
Less distributions:		
Distributions from net investment income	(0.09)	(0.06)
Distributions from net realized gains	—	(0.01)
Total distributions	(0.09)	(0.07)
Net asset value, end of period	<u>\$10.45</u>	<u>\$10.13</u>
Total return	4.05% ⁽²⁾	1.98% ⁽²⁾
Supplemental data and ratios:		
Net assets, end of period (millions)	\$70.8	\$50.8
Ratio of expenses to average net assets	0.30% ⁽³⁾	0.30% ⁽³⁾
Ratio of net investment income to average net assets	1.83% ⁽³⁾	1.75% ⁽³⁾
Portfolio turnover rate ⁽⁴⁾	55.5% ⁽²⁾	108.3% ⁽²⁾

[^] Inception was close of business on August 31, 2015.

(1) Calculated using average shares outstanding during the period.

(2) Not annualized.

(3) Annualized.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Baird Core Intermediate Municipal Bond Fund – Investor Class

	Six Months Ended	
	June 30, 2016	Period Ended
	(Unaudited)	December 31, 2015 [^]
Per Share Data:		
Net asset value, beginning of period	\$10.13	\$10.00
Income from investment operations:		
Net investment income	0.08 ⁽¹⁾	0.05 ⁽¹⁾
Net realized and unrealized gain on investments	0.32	0.14
Total from investment operations	0.40	0.19
Less distributions:		
Distributions from net investment income	(0.08)	(0.05)
Distributions from net realized gains	—	(0.01)
Total distributions	(0.08)	(0.06)
Net asset value, end of period	\$10.45	\$10.13
Total return	3.93%⁽²⁾	1.91%⁽²⁾
Supplemental data and ratios:		
Net assets, end of period (millions)	\$0.6	\$0.2
Ratio of expenses to average net assets	0.55% ⁽³⁾	0.55% ⁽³⁾
Ratio of net investment income to average net assets	1.58% ⁽³⁾	1.50% ⁽³⁾
Portfolio turnover rate ⁽⁴⁾	55.5% ⁽²⁾	108.3% ⁽²⁾

[^] Inception was close of business on August 31, 2015.

(1) Calculated using average shares outstanding during the period.

(2) Not annualized.

(3) Annualized.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

June 30, 2016 (Unaudited)

1. Organization

Baird Funds, Inc. (the "Corporation") was incorporated on June 9, 2000 as a Wisconsin corporation and is registered as an open-end investment management company under the Investment Company Act of 1940, as amended (the "1940 Act"). The accompanying financial statements include the Baird Ultra Short Bond Fund, Baird Short-Term Bond Fund, Baird Intermediate Bond Fund, Baird Aggregate Bond Fund and Baird Core Plus Bond Fund, Baird Short-Term Municipal Bond Fund, Baird Quality Intermediate Municipal Bond Fund and Baird Core Intermediate Municipal Bond Fund (each, a "Fund" and collectively, the "Funds"), eight of the fifteen series comprising the Corporation, each of which is diversified within the meaning of the 1940 Act. Robert W. Baird & Co. Incorporated ("Baird" or the "Advisor") serves as investment advisor to the Funds.

The Baird Ultra Short Bond Fund commenced with the sale of both Institutional and Investor Class shares on December 31, 2013. The Baird Short-Term Bond Fund commenced with the sale of Institutional Class shares on August 31, 2004 while the Investor Class shares commenced on September 19, 2012. The Baird Intermediate Bond Fund, Baird Aggregate Bond Fund and Baird Core Plus Bond Fund commenced with the sale of both Institutional and Investor Class shares on September 29, 2000. The Baird Short-Term Municipal Bond Fund and Core Intermediate Municipal Bond Fund commenced with the sale of both Institutional and Investor Class shares on August 31, 2015. The Baird Quality Intermediate Municipal Bond Fund commenced with the sale of both Institutional and Investor Class shares on March 30, 2001. Institutional Class shares are not subject to a distribution and service (12b-1) fee, while Investor Class shares are subject to a distribution and service (12b-1) fee of 0.25%. See Note 8.

The investment objective of the Baird Ultra Short Bond Fund is to seek current income consistent with preservation of capital. The Fund's benchmark index, the Barclays U.S. Short-Term Government/Corporate Index, is an unmanaged, market value weighted index of investment grade, fixed debt including government and corporate securities with maturities less than one year.

The investment objective of the Baird Short-Term Bond Fund is to provide an annual rate of total return, before Fund expenses, greater than the annual rate of total return of the Barclays 1-3 Year U.S. Government/Credit Bond Index. The Barclays 1-3 Year U.S. Government/Credit Bond Index is an unmanaged, market value weighted index of investment grade, fixed-rate debt including government and corporate securities with maturities between one and three years.

The investment objective of the Baird Intermediate Bond Fund is to provide an annual rate of total return, before Fund expenses, greater than the annual rate of total return of the Barclays Intermediate U.S. Government/Credit Bond Index. The Barclays Intermediate U.S. Government/Credit Bond Index is an unmanaged, market value weighted index of investment grade, fixed-rate debt issues, including government and corporate securities, with maturities between one and ten years.

The investment objective of the Baird Aggregate Bond Fund is to provide an annual rate of total return, before Fund expenses, greater than the annual rate of total return of the Barclays U.S. Aggregate Bond Index. The Barclays U.S. Aggregate Bond Index is an unmanaged, market value weighted index of investment grade, fixed-rate debt issues, including government, corporate, asset-backed and mortgage-backed securities, with maturities of at least one year.

The investment objective of the Baird Core Plus Bond Fund is to provide an annual rate of total return, before Fund expenses, greater than the annual rate of total return of the Barclays U.S. Universal Bond Index. The Barclays U.S. Universal Bond Index is an unmanaged, market value weighted index of fixed income securities issued in U.S. dollars, including U.S. government and investment grade debt, non-investment grade debt, asset-backed and mortgage-backed securities, Eurobonds, 144A securities and emerging market debt, with maturities of at least one year.

The investment objective of the Baird Short-Term Municipal Bond Fund is to seek current income that is exempt from federal income tax and is consistent with the preservation of capital.

Notes to the Financial Statements

June 30, 2016 (Unaudited)

1. Organization (cont.)

The primary investment objective of the Baird Quality Intermediate Municipal Bond Fund is to provide current income that is substantially exempt from federal income tax. A secondary objective is to provide total return with relatively low volatility of principal.

The investment objective of the Baird Core Intermediate Municipal Bond Fund is to seek a high level of current income that is exempt from federal income tax and is consistent with preservation of capital.

2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America.

- a) **Investment Valuation** – Section 2(a)(41) of the 1940 Act, together with the rules and interpretations of the Securities and Exchange Commission, require the Funds, in computing net asset value, to value their portfolio securities using market quotations when they are “readily available.” When market quotations are not readily available (e.g., because there is no regular market quotation for such securities, the market for such security is limited, the validity of quotations is questionable or the Funds’ independent pricing service does not provide a price), the Board of Directors of the Corporation must value the securities at “fair value determined in good faith.” The Board has delegated such responsibility to the Advisor pursuant to pricing policies and procedures that the Board has adopted and regularly reviews. In general, the “fair value” of a security means the price that would be received to sell a security in an orderly transaction between market participants at the measurement date.

The Funds determine the fair value of their investments and compute their net asset value per share as of the close of regular trading of the New York Stock Exchange (4:00 p.m. EST).

Consistent with Section 2(a)(41) of the 1940 Act, the Funds price their securities as follows: debt securities are valued at their evaluated bid prices as provided by an independent pricing service using valuation methods that are designed to represent fair value, such as matrix pricing and other analytical pricing models, market transactions and dealer quotations. Debt securities purchased with maturities of 60 days or less are valued as described above unless an evaluated price is not available, in which case such security is valued at acquisition cost, plus or minus any amortized discount or premium (“amortized cost”), or, if the Advisor does not believe amortized cost is reflective of the value of the security, the security is priced at fair value as described below. Investments in mutual funds are valued at their stated net asset value. Common stocks that are listed on a securities exchange (other than NASDAQ) are valued at the last quoted sales price. Securities traded on Nasdaq are valued at the Nasdaq Official Closing Price. Price information on listed stocks is taken from the exchange where the security is primarily traded. Securities that were not traded on the valuation date, as well as stocks that are not listed on an exchange, including NASDAQ, are valued at the average of the current bid and asked price. Other assets and securities for which market quotations are not readily available are valued at fair value as determined in good faith by the Advisor in accordance with procedures approved by the Corporation’s Board of Directors. In accordance with such procedures, the Advisor may use broker quotes or prices obtained from alternative independent pricing services or, if broker quotes or prices from alternative pricing services are unavailable or deemed to be unreliable, fair value will be determined by a valuation committee of the Advisor. In determining fair value, the valuation committee takes into account all relevant factors and available information. Consequently, the price of the security used by a Fund to calculate its NAV may differ from quoted or published prices for the same security. Fair value pricing involves subjective judgments and there is no single standard for determining a security’s fair value. As a result, different mutual funds could reasonably arrive at a different fair value for the same security. It is possible that the fair value determined for a security is materially different from the value that could be realized upon the

Notes to the Financial Statements

June 30, 2016 (Unaudited)

2. Significant Accounting Policies (cont.)

sale of that security or from the values that other mutual funds may determine. In addition, given the volatility and periodic illiquidity experienced in recent years, the prices determined for any individual security on any given day may vary significantly from the amount that can be obtained in an actual sale of that security, and the Funds' NAVs may fluctuate significantly from day to day or from period to period.

- b) **Unregistered Securities** – Five of the Funds own certain investment securities which are unregistered and thus restricted with respect to resale. The value of such securities for the Baird Ultra Short Bond, Baird Short-Term Bond, Baird Intermediate Bond, Baird Aggregate Bond and Baird Core Plus Bond Funds were \$35,577,397 (15.59% of net assets), \$749,327,885 (20.99% of net assets), \$432,098,134 (20.71% of net assets), \$1,416,328,963 (16.21% of net assets), and \$1,981,555,664 (17.66% of net assets), respectively, at June 30, 2016. Restricted securities may be deemed to be liquid as determined by the Advisor based on several factors. All of the restricted securities held by the Funds as of June 30, 2016 consist of securities issued pursuant to Rule 144A under the Securities Act of 1933 and all have been deemed to be liquid.
- c) **Foreign Securities** – For purposes of these financial statements, foreign securities are defined as securities of issuers that are organized outside the United States. The Funds may invest in U.S. dollar-denominated debt obligations of foreign companies and foreign governments. Investing in securities of foreign companies and foreign governments involves special risks and considerations not typically associated with investing in U.S. companies and the U.S. government. These risks include foreign currency fluctuations, political and economic instability and differences in financial reporting standards and less strict regulation of securities markets. Moreover, securities of many foreign companies and foreign governments and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies and the U.S. government. Occasionally, events that affect these values and exchange rates may occur after the close of the exchange on which such securities are traded. If such events materially affect the value of a Fund's securities, these securities may be valued at their fair value pursuant to procedures adopted by the Board of Directors.
- d) **Income Tax Status** – The Funds intend to continue to qualify as regulated investment companies as provided in subchapter M of the Internal Revenue Code and to distribute substantially all of their taxable income to their shareholders in a manner which results in no tax expense to the Funds. Therefore, no federal income or excise tax provision is recorded.

There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended December 31, 2015, or for any other tax years which are open for exam. As of June 30, 2016, open tax years include the tax years ended December 31, 2012 through 2015. The Funds are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next 12 months. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as interest and other expense, respectively, in the Statement of Operations. During the period, the Funds did not incur any interest or penalties.

- e) **Allocation of Income and Expenses** – Each Fund is charged for those expenses directly attributable to it. Expenses directly attributable to a class of shares, such as Rule 12b-1 distribution fees, are charged to that class of shares. Income, expenses and realized and unrealized gains and losses are allocated to the classes based on their respective net assets. Expenses that are not directly attributable to a Fund are allocated among the Funds in the series in proportion to their assets or are divided equally amongst the Funds.
- f) **Distributions to Shareholders** – Dividends from net investment income are declared and paid monthly. Distributions of net realized capital gains, if any, are declared and paid at least annually. The book basis character of distributions may differ from their ultimate characterization for Federal income tax purposes.

Notes to the Financial Statements

June 30, 2016 (Unaudited)

2. Significant Accounting Policies (cont.)

- g) **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- h) **Securities Transactions and Investment Income** – Investment and shareholder transactions are recorded on the trade date. The Funds determine the gain or loss realized from investment transactions by comparing the original cost of the security lot sold with the net sales proceeds. Dividend income is recognized on the ex-dividend date and interest income is recognized on an accrual basis. Premiums and discounts on the purchase of securities are amortized/accreted using the effective interest method. Paydown gains and losses are netted and recorded as interest income on the Statements of Operations for financial reporting purposes. Accounting principles generally accepted in the United States of America require that permanent financial reporting and tax differences be reclassified in the capital accounts.
- i) **Guarantees and Indemnifications** – In the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds' maximum exposure under these arrangements is unknown and would involve future claims against the Funds that have not yet occurred. Based on experience, the Funds would expect the risk of loss to be remote.
- j) **Recent Accounting Pronouncement** – In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-07 "Disclosure for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)". The amendments in ASU No. 2015-07 remove the requirement to categorize within the fair value hierarchy investments measured using the NAV practical expedient. The ASU also removes certain disclosure requirements for investments that qualify, but do not utilize, the NAV practical expedient. The amendments in the ASU are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Management has evaluated this standard and determined it will not affect the Baird Funds.

Notes to the Financial Statements

June 30, 2016 (Unaudited)

3. Capital Share Transactions

The following table summarizes the capital share transactions of each Fund for the past two fiscal periods:

Baird Ultra Short Bond Fund

Institutional Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	16,646,748	\$ 166,352,366
Shares issued to shareholders in reinvestment of dividends	92,204	921,715
Shares redeemed	(13,138,660)	(131,290,124)
Net increase	3,600,292	\$ 35,983,957
Shares Outstanding:		
Beginning of period	18,962,183	
End of period	<u>22,562,475</u>	

Institutional Class Shares

	Year Ended December 31, 2015	
	Shares	Amount
Shares sold	18,194,582	\$182,496,800
Shares issued to shareholders in reinvestment of dividends	115,607	1,158,204
Shares redeemed	(7,772,290)	(77,953,294)
Net increase	10,537,899	\$105,701,710
Shares Outstanding:		
Beginning of year	8,424,284	
End of year	<u>18,962,183</u>	

Baird Short-Term Bond Fund

Institutional Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	106,230,872	\$1,027,025,172
Shares issued to shareholders in reinvestment of dividends	2,253,655	21,793,839
Shares redeemed	(59,448,523)	(575,581,785)
Net increase	49,036,004	\$ 473,237,226
Shares Outstanding:		
Beginning of period	310,076,475	
End of period	<u>359,112,479</u>	

Investor Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	110,256	\$1,103,389
Shares issued to shareholders in reinvestment of dividends	138	1,377
Shares redeemed	(25,418)	(254,026)
Net increase	84,976	\$ 850,740
Shares Outstanding:		
Beginning of period	120,095	
End of period	<u>205,071</u>	

Investor Class Shares

	Year Ended December 31, 2015	
	Shares	Amount
Shares sold	160,110	\$ 1,605,059
Shares issued to shareholders in reinvestment of dividends	262	2,627
Shares redeemed	(129,177)	(1,294,965)
Net increase	31,195	\$ 312,721
Shares Outstanding:		
Beginning of year	88,900	
End of year	<u>120,095</u>	

Investor Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	3,940,761	\$ 38,132,329
Shares issued to shareholders in reinvestment of dividends	30,650	296,614
Shares redeemed	(1,143,114)	(11,027,638)
Net increase	2,828,297	\$ 27,401,305
Shares Outstanding:		
Beginning of period	4,232,180	
End of period	<u>7,060,477</u>	

Notes to the Financial Statements

June 30, 2016 (Unaudited)

3. Capital Share Transactions (cont.)

Baird Short-Term Bond Fund (cont.)

Institutional Class Shares

	Year Ended	
	December 31, 2015	
	Shares	Amount
Shares sold	135,569,368	\$1,312,782,673
Shares issued to shareholders in reinvestment of dividends	4,045,771	39,128,874
Shares redeemed	(102,702,980)	(994,845,046)
Net increase	36,912,159	\$ 357,066,501
Shares Outstanding:		
Beginning of year	273,164,316	
End of year	310,076,475	

Investor Class Shares

	Year Ended	
	December 31, 2015	
	Shares	Amount
Shares sold	3,300,557	\$ 31,979,152
Shares issued to shareholders in reinvestment of dividends	41,160	398,035
Shares redeemed	(2,814,301)	(27,286,486)
Net increase	527,416	\$ 5,090,701
Shares Outstanding:		
Beginning of year	3,704,764	
End of year	4,232,180	

Baird Intermediate Bond Fund

Institutional Class Shares

	Six Months Ended	
	June 30, 2016	
	Shares	Amount
Shares sold	24,659,542	\$ 274,297,364
Shares issued to shareholders in reinvestment of dividends	1,556,355	17,323,181
Shares redeemed	(14,367,362)	(159,504,772)
Net increase	11,848,535	\$ 132,115,773
Shares Outstanding:		
Beginning of period	163,490,427	
End of period	175,338,962	

Investor Class Shares

	Six Months Ended	
	June 30, 2016	
	Shares	Amount
Shares sold	903,918	\$ 10,450,163
Shares issued to shareholders in reinvestment of dividends	81,543	945,170
Shares redeemed	(1,131,171)	(13,107,622)
Net decrease	(145,710)	\$ (1,712,289)
Shares Outstanding:		
Beginning of period	9,079,935	
End of period	8,934,225	

Institutional Class Shares

	Year Ended	
	December 31, 2015	
	Shares	Amount
Shares sold	50,507,223	\$ 562,212,364
Shares issued to shareholders in reinvestment of dividends	3,265,821	36,214,342
Shares redeemed	(22,506,173)	(250,191,862)
Net increase	31,266,871	\$ 348,234,844
Shares Outstanding:		
Beginning of year	132,223,556	
End of year	163,490,427	

Investor Class Shares

	Year Ended	
	December 31, 2015	
	Shares	Amount
Shares sold	1,510,863	\$ 17,460,109
Shares issued to shareholders in reinvestment of dividends	200,312	2,313,757
Shares redeemed	(2,632,587)	(30,508,078)
Net decrease	(921,412)	\$(10,734,212)
Shares Outstanding:		
Beginning of year	10,001,347	
End of year	9,079,935	

Notes to the Financial Statements

June 30, 2016 (Unaudited)

3. Capital Share Transactions (cont.)

Baird Aggregate Bond Fund

Institutional Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	192,588,351	\$2,087,397,410
Shares issued to shareholders in reinvestment of dividends	6,635,832	72,087,126
Shares redeemed	(59,359,574)	(643,670,833)
Net increase	139,864,609	\$1,515,813,703
Shares Outstanding:		
Beginning of period	595,731,513	
End of period	<u>735,596,122</u>	

Institutional Class Shares

	Year Ended December 31, 2015	
	Shares	Amount
Shares sold	356,830,993	\$3,865,220,032
Shares issued to shareholders in reinvestment of dividends	9,544,951	102,735,825
Shares redeemed	(89,632,870)	(965,571,353)
Net increase	276,743,074	\$3,002,384,504
Shares Outstanding:		
Beginning of year	318,988,439	
End of year	<u>595,731,513</u>	

Baird Core Plus Bond Fund

Institutional Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	158,684,933	\$1,761,509,592
Shares issued to shareholders in reinvestment of dividends	8,901,757	98,835,429
Shares redeemed	(59,069,248)	(655,336,733)
Net increase	108,517,442	\$1,205,008,288
Shares Outstanding:		
Beginning of period	663,605,778	
End of period	<u>772,123,220</u>	

Investor Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	18,190,684	\$203,974,549
Shares issued to shareholders in reinvestment of dividends	425,057	4,766,012
Shares redeemed	(6,762,694)	(75,558,237)
Net increase	11,853,047	\$133,182,324
Shares Outstanding:		
Beginning of period	39,260,014	
End of period	<u>51,113,061</u>	

Investor Class Shares

	Year Ended December 31, 2015	
	Shares	Amount
Shares sold	33,925,649	\$380,462,212
Shares issued to shareholders in reinvestment of dividends	832,114	9,246,306
Shares redeemed	(17,180,037)	(189,903,979)
Net increase	17,577,726	\$199,804,539
Shares Outstanding:		
Beginning of year	21,682,288	
End of year	<u>39,260,014</u>	

Investor Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	38,557,508	\$444,129,107
Shares issued to shareholders in reinvestment of dividends	2,314,900	26,692,878
Shares redeemed	(26,756,213)	(307,668,023)
Net increase	14,116,195	\$163,153,962
Shares Outstanding:		
Beginning of period	193,850,233	
End of period	<u>207,966,428</u>	

Notes to the Financial Statements

June 30, 2016 (Unaudited)

3. Capital Share Transactions (cont.)

Baird Core Plus Bond Fund (cont.)

Institutional Class Shares

	Year Ended	
	December 31, 2015	
	Shares	Amount
Shares sold	338,402,581	\$3,765,813,087
Shares issued to shareholders in reinvestment of dividends	14,978,062	165,809,786
Shares redeemed	(95,670,704)	(1,059,277,984)
Net increase	257,709,939	<u>\$2,872,344,889</u>
Shares Outstanding:		
Beginning of year	405,895,839	
End of year	<u>663,605,778</u>	

Investor Class Shares

	Year Ended	
	December 31, 2015	
	Shares	Amount
Shares sold	92,075,541	\$ 1,065,444,861
Shares issued to shareholders in reinvestment of dividends	4,736,958	54,497,497
Shares redeemed	(93,017,178)	(1,069,633,270)
Net increase	3,795,321	<u>\$ 50,309,088</u>
Shares Outstanding:		
Beginning of year	190,054,912	
End of year	<u>193,850,233</u>	

Baird Short-Term Municipal Bond Fund^

Institutional Class Shares

	Six Months Ended	
	June 30, 2016	
	Shares	Amount
Shares sold	1,399,506	\$14,152,744
Shares issued to shareholders in reinvestment of dividends	8,930	90,346
Shares redeemed	(221,954)	(2,246,505)
Net increase	1,186,482	<u>\$11,996,585</u>
Shares Outstanding:		
Beginning of period	1,222,493	
End of period	<u>2,408,975</u>	

Investor Class Shares

	Six Months Ended	
	June 30, 2016	
	Shares	Amount
Shares sold	55,108	\$ 557,430
Shares issued to shareholders in reinvestment of dividends	166	1,684
Shares redeemed	(10,296)	(104,244)
Net increase	44,978	<u>\$ 454,870</u>
Shares Outstanding:		
Beginning of period	12,742	
End of period	<u>57,720</u>	

Institutional Class Shares

	Period Ended	
	December 31, 2015	
	Shares	Amount
Shares sold	1,220,676	\$12,220,406
Shares issued to shareholders in reinvestment of dividends	3,170	31,828
Shares redeemed	(1,353)	(13,600)
Net increase	1,222,493	<u>\$12,238,634</u>
Shares Outstanding:		
Beginning of period	—	
End of period	<u>1,222,493</u>	

Investor Class Shares

	Period Ended	
	December 31, 2015	
	Shares	Amount
Shares sold	12,719	\$127,500
Shares issued to shareholders in reinvestment of dividends	24	237
Shares redeemed	(1)	(7)
Net increase	12,742	<u>\$127,730</u>
Shares Outstanding:		
Beginning of period	—	
End of period	<u>12,742</u>	

^ Inception was the close of business on August 31, 2015.

Notes to the Financial Statements

June 30, 2016 (Unaudited)

3. Capital Share Transactions (cont.)

Baird Quality Intermediate Municipal Bond Fund

Institutional Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	15,174,671	\$ 179,616,554
Shares issued to shareholders in reinvestment of dividends	893,807	10,578,919
Shares redeemed	(9,744,601)	(115,395,434)
Net increase	6,323,877	\$ 74,800,039
Shares Outstanding:		
Beginning of period	84,225,298	
End of period	90,549,175	

Institutional Class Shares

	Year Ended December 31, 2015	
	Shares	Amount
Shares sold	26,646,569	\$ 312,714,221
Shares issued to shareholders in reinvestment of dividends	1,741,307	20,418,954
Shares redeemed	(22,266,810)	(260,976,248)
Net increase	6,121,066	\$ 72,156,927
Shares Outstanding:		
Beginning of year	78,104,232	
End of year	84,225,298	

Baird Core Intermediate Municipal Bond Fund^A

Institutional Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	2,102,144	\$21,619,424
Shares issued to shareholders in reinvestment of dividends	18,570	191,328
Shares redeemed	(360,082)	(3,708,611)
Net increase	1,760,632	\$18,102,141
Shares Outstanding:		
Beginning of period	5,016,280	
End of period	6,776,912	

Investor Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	1,628,962	\$ 19,716,677
Shares issued to shareholders in reinvestment of dividends	130,080	1,574,449
Shares redeemed	(1,967,724)	(23,829,787)
Net decrease	(208,682)	\$ (2,538,661)
Shares Outstanding:		
Beginning of period	13,361,547	
End of period	13,152,865	

Investor Class Shares

	Year Ended December 31, 2015	
	Shares	Amount
Shares sold	3,150,812	\$ 37,855,718
Shares issued to shareholders in reinvestment of dividends	295,661	3,545,949
Shares redeemed	(5,607,213)	(67,122,955)
Net decrease	(2,160,740)	\$(25,721,288)
Shares Outstanding:		
Beginning of year	15,522,287	
End of year	13,361,547	

Investor Class Shares

	Six Months Ended June 30, 2016	
	Shares	Amount
Shares sold	36,767	\$377,120
Shares issued to shareholders in reinvestment of dividends	308	3,171
Shares redeemed	(73)	(748)
Net increase	37,002	\$379,543
Shares Outstanding:		
Beginning of period	22,259	
End of period	59,261	

Notes to the Financial Statements

June 30, 2016 (Unaudited)

3. Capital Share Transactions (cont.)

Baird Core Intermediate Municipal Bond Fund[^] (cont.)

	Institutional Class Shares			Investor Class Shares	
	Period Ended			Period Ended	
	December 31, 2015			December 31, 2015	
	Shares	Amount		Shares	Amount
Shares sold	5,216,078	\$52,271,310	Shares sold	22,221	\$224,183
Shares issued to shareholders in reinvestment of dividends	12,426	125,453	Shares issued to shareholders in reinvestment of dividends	60	611
Shares redeemed	(212,224)	(2,137,467)	Shares redeemed	(22)	(222)
Net increase	5,016,280	\$50,259,296	Net increase	22,259	\$224,572
Shares Outstanding:			Shares Outstanding:		
Beginning of period	—		Beginning of period	—	
End of period	5,016,280		End of period	22,259	

[^] Inception was the close of business on August 31, 2015.

4. Investment Transactions and Income Tax Information

During the six months ended June 30, 2016, purchases and sales of investment securities (excluding short-term investments) were as follows:

	Baird Ultra Short Bond Fund	Baird Short-Term Bond Fund	Baird Intermediate Bond Fund
Purchases:			
U.S. Government	\$ —	\$ —	\$ —
Other	\$150,764,748	\$1,147,893,352	\$436,437,079
Sales:			
U.S. Government	\$ —	\$ —	\$ —
Other	\$116,043,681	\$ 644,673,833	\$283,571,722
	Baird Aggregate Bond Fund	Baird Core Plus Bond Fund	Baird Short-Term Municipal Bond Fund
Purchases:			
U.S. Government	\$ 60,208,427	\$ 24,222,945	\$ —
Other	\$3,160,331,149	\$3,345,244,593	\$14,792,366
Sales:			
U.S. Government	\$ 19,271,814	\$ 21,404,573	\$ —
Other	\$1,562,188,971	\$1,993,697,998	\$ 2,455,039

Notes to the Financial Statements

June 30, 2016 (Unaudited)

4. Investment Transactions and Income Tax Information (cont.)

	Baird Quality Intermediate Municipal Bond Fund	Baird Core Intermediate Municipal Bond Fund
Purchases:		
U.S. Government	\$ —	\$ —
Other	\$153,638,189	\$50,091,611
Sales:		
U.S. Government	\$ —	\$ —
Other	\$ 73,001,800	\$32,931,490

At December 31, 2015, gross unrealized appreciation and depreciation of investments and distributable ordinary income and long-term capital gains for federal tax purposes were as follows:

	Baird Ultra Short Bond Fund	Baird Short-Term Bond Fund	Baird Intermediate Bond Fund
Cost of Investments	<u>\$194,611,111</u>	<u>\$3,099,443,684</u>	<u>\$1,965,120,976</u>
Gross unrealized appreciation	96,128	4,813,823	16,111,626
Gross unrealized depreciation	(1,072,452)	(27,644,854)	(25,378,797)
Net unrealized depreciation	<u>\$ (976,324)</u>	<u>\$ (22,831,031)</u>	<u>\$ (9,267,171)</u>
Undistributed ordinary income	17,379	202,243	155,059
Undistributed long-term capital gain	—	—	—
Undistributed tax-exempt income	—	—	—
Total distributable earnings	<u>\$ 17,379</u>	<u>\$ 202,243</u>	<u>\$ 155,059</u>
Other accumulated losses	(95,183)	(2,941,310)	(70,393)
Total accumulated losses	<u>\$ (1,054,128)</u>	<u>\$ (25,570,098)</u>	<u>\$ (9,182,505)</u>

	Baird Aggregate Bond Fund	Baird Core Plus Bond Fund	Baird Short-Term Municipal Bond Fund
Cost of Investments	<u>\$7,133,256,261</u>	<u>\$9,776,697,957</u>	<u>\$12,382,945</u>
Gross unrealized appreciation	49,297,807	63,986,465	77,567
Gross unrealized depreciation	(125,663,269)	(249,776,466)	(21,119)
Net unrealized appreciation (depreciation)	<u>\$ (76,365,462)</u>	<u>\$ (185,790,001)</u>	<u>\$ 56,448</u>
Undistributed ordinary income	206,498	396,055	—
Undistributed long-term capital gain	—	—	—
Undistributed tax-exempt income	—	—	—
Total distributable earnings	<u>\$ 206,498</u>	<u>\$ 396,055</u>	<u>\$ —</u>
Other accumulated losses	(103,043)	(2,360,330)	—
Total accumulated earnings (losses)	<u>\$ (76,262,007)</u>	<u>\$ (187,754,276)</u>	<u>\$ 56,448</u>

Notes to the Financial Statements

June 30, 2016 (Unaudited)

4. Investment Transactions and Income Tax Information (cont.)

	Baird Quality Intermediate Municipal Bond Fund	Baird Core Intermediate Municipal Bond Fund
Cost of Investments	\$1,091,002,914	\$50,771,716
Gross unrealized appreciation	45,616,699	551,583
Gross unrealized depreciation	(3,655,123)	(76,797)
Net unrealized appreciation	\$ 41,961,576	\$ 474,786
Undistributed ordinary income	—	103,686
Undistributed long-term capital gain	—	69
Undistributed tax-exempt income	22,182	—
Total distributable earnings	\$ 22,182	\$ 103,755
Other accumulated losses	(1,228,069)	—
Total accumulated earnings	\$ 40,755,689	\$ 578,541

Undistributed income or net realized gains for financial statement purposes may differ from amounts recognized for federal income tax purposes due to differences in the recognition and characterization of income, expense and capital gain items. The difference between book-basis and tax-basis unrealized appreciation is attributed primarily to the tax deferral of losses on wash sales.

Additionally, U.S. generally accepted accounting principles require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications are primarily due to differing treatments for losses deferred due to wash sales and non-deductible expenses. These reclassifications have no effect on net assets or net asset value per share.

The tax components of dividends paid during the periods shown below were as follows:

	Six Months Ended June 30, 2016		Year Ended December 31, 2015	
	Ordinary Income Distributions	Long-Term Capital Gains Distributions	Ordinary Income Distributions	Long-Term Capital Gains Distributions
Baird Ultra Short Bond Fund	\$ 963,399	\$ —	\$ 1,288,639	\$ —
Baird Short-Term Bond Fund	\$ 25,287,174	\$ —	\$ 45,056,387	\$1,191,582
Baird Intermediate Bond Fund	\$ 21,273,310	\$ —	\$ 40,089,420	\$4,403,658
Baird Aggregate Bond Fund	\$ 91,352,911	\$ —	\$135,833,133	\$ —
Baird Core Plus Bond Fund	\$134,187,903	\$ —	\$233,638,407	\$ —
Baird Short-Term Municipal Bond Fund	\$ —	\$ —	\$ 18,089	\$ —
Baird Quality Intermediate Municipal Bond Fund	\$ —	\$ —	\$ 216,080	\$ —
Baird Core Intermediate Municipal Bond Fund	\$ —	\$ —	\$ 75,435	\$ —

For the six months ended June 30, 2016 and the year ended December 31, 2015, distributions of \$13,623,770 and \$26,916,871, respectively, from the Baird Quality Intermediate Municipal Bond Fund were tax-exempt.

Notes to the Financial Statements

June 30, 2016 (Unaudited)

4. Investment Transactions and Income Tax Information (cont.)

For the period August 31, 2015 (inception) through December 31, 2015 the Baird Short-Term Municipal Bond Fund and Baird Core Intermediate Municipal Bond Fund made distributions of tax-exempt income of \$36,906 and \$234,396, respectively. For the six months ended June 30, 2016, the Baird Short-Term Municipal Bond Fund and Baird Core Intermediate Municipal Bond Fund made distributions of tax-exempt income of \$129,488 and \$529,682, respectively.

The Baird Short-Term Municipal Bond Fund, Baird Quality Intermediate Municipal Bond Fund and Baird Core Intermediate Municipal Bond Fund designated as long-term capital gain dividend, pursuant to Internal Revenue Code Section 852(b)(3), the amount necessary to reduce the earnings and profits of the Fund related to net capital gain to zero for the tax year ended December 31, 2015.

Under the current tax law, capital losses realized after October 31 may be deferred and treated as occurring on the first day of the following fiscal year. For the year ended December 31, 2015, the Baird Intermediate Bond Fund elected to defer capital losses occurring between November 1, 2015 and December 31, 2015 in the amount of \$70,393.

At December 31, 2015, accumulated net realized capital loss carryovers, if any, and the year(s) in which the capital loss carryovers expire were:

	<u>Capital Loss Carryover</u>	<u>Character</u>	<u>Year of Expiration</u>
Baird Ultra Short Bond Fund	\$ 85,608	Short-Term	Indefinitely
	9,575	Long-Term	Indefinitely
Baird Short-Term Bond Fund	2,941,310	Long-Term	Indefinitely
Baird Aggregate Bond Fund	103,043	Short-Term	Indefinitely
Baird Core Plus Bond Fund	2,360,330	Long-Term	Indefinitely
Baird Quality Intermediate Municipal Bond Fund	387,722	Short-Term	Indefinitely
	840,347	Long-Term	Indefinitely

5. Investment Advisory and Other Agreements

The Funds have entered into an Investment Advisory Agreement with Baird for the provision of investment advisory services. Pursuant to the Investment Advisory Agreement, the Advisor is entitled to receive a fee, calculated daily and payable monthly, at the annual rate of 0.25% for the Funds as applied to the respective Fund's average daily net assets. Certain officers of the Advisor are also officers of the Funds.

For the six months ended June 30, 2016, the Advisor waived the following amount pursuant to the fee waiver agreement between the Advisor and the Corporation on behalf of the Baird Ultra Short Bond Fund:

<u>Fund</u>	<u>Waived Amount</u>
Baird Ultra Short Bond Fund	\$143,451

The Funds have entered into an Administration Agreement with Baird. Under the Administration Agreement, the Advisor assumes and pays all expenses of the applicable Fund other than the investment advisory fees, fees under the 12b-1 plan, costs related to portfolio securities transactions and extraordinary or non-recurring expenses. Pursuant to the Administration Agreement, the Advisor is entitled to receive a fee, calculated daily and payable monthly, at the annual rate of 0.05% for the Funds as applied to the respective Fund's average daily net assets.

U.S. Bancorp Fund Services, LLC ("USBFS") serves as transfer agent, administrator, and accounting services agent for the Funds. U.S. Bank, N.A. ("U.S. Bank") serves as custodian for the Funds. U.S. Bank may be considered an "affiliated person" of the Funds for purposes of the 1940 Act, as a result of U.S. Bank's fiduciary accounts for which it has investment authority and/or voting authority collectively acquiring 5% or more of the shares of the Baird Aggregate Bond Fund, a separate series of the Company. As a result, USBFS would be an

Notes to the Financial Statements

June 30, 2016 (Unaudited)

5. Investment Advisory and Other Agreements (cont.)

affiliated person of an affiliated person (or a “second tier” affiliate) of the Funds. Effective March 9, 2016, U.S. Bank was not considered an “affiliated person” of the Funds for purposes of the 1940 Act.

Baird (the “Distributor”) is the distributor of the Funds pursuant to a distribution agreement.

6. Securities Lending

Each Fund (other than the Short-Term Municipal Bond Fund, Quality Intermediate Municipal Bond Fund and Core Intermediate Municipal Bond Fund) may lend up to one-third of its total assets (including such loans) to borrowers under terms of participation in a securities lending program administered by U.S. Bank, N.A., the Funds’ custodian and an affiliated person of the Funds, and an affiliate of USBFS, the Funds’ transfer agent and administrator and a second-tier affiliate of the Funds. The securities lending agreement requires that loans are collateralized at all times in an amount equal to at least 102% of the market value of any loaned securities at the time of the loan, plus accrued interest.

The Funds receive compensation in the form of fees and earn interest on the cash collateral. The amount of fees depends on a number of factors including the type of security and length of the loan. Each Fund continues to receive interest payments or dividends on the securities loaned during the borrowing period. Each Fund has the right under the terms of the securities lending agreement to recall the securities from the borrower on demand.

As of June 30, 2016, the Baird Short-Term Bond Fund, Baird Intermediate Bond Fund, Baird Aggregate Bond Fund and Baird Core Plus Bond Fund had loaned securities that were collateralized by cash equivalents. The cash collateral is invested by the custodian in accordance with approved investment guidelines. Those guidelines require the cash collateral to be invested in readily marketable, high quality, short-term obligations; however, such investments are subject to risk of payment delays or default on the part of the issuer or counterparty or otherwise may not generate sufficient interest to support the costs associated with securities lending. A Fund could also experience delays in recovering its securities and possible loss of income or value if the borrower fails to return the borrowed securities, although the Funds are indemnified from this risk by contract with the securities lending agent.

As of June 30, 2016, the market value of the securities on loan and payable on collateral due to broker were as follows:

	<u>Market Value of Securities on Loan</u>	<u>Payable on Collateral due to Broker</u>
Baird Ultra Short Bond Fund	\$ —	\$ —
Baird Short-Term Bond Fund	38,960,156	39,767,555
Baird Intermediate Bond Fund	53,842,395	54,964,493
Baird Aggregate Bond Fund	161,602,769	164,963,964
Baird Core Plus Bond Fund	271,561,442	276,410,416

The Funds receive cash as collateral in return for securities lent as part of the securities lending program. The collateral is invested in the Mount Vernon Securities Lending Prime Portfolio (a securities lending trust subject to Rule 2a-7 under the 1940 Act). The schedules of investments for the Funds include the particular cash collateral holdings as of June 30, 2016.

The interest income earned by the Funds on investments of cash collateral received from borrowers for the securities loaned to them (“securities lending income”) is reflected in the Funds’ statements of operations. Interest income earned on collateral investments and recognized by the Funds during the six months ended June 30, 2016 for the Baird Ultra Short Bond Fund, Baird Short-Term Bond Fund, Baird Intermediate Bond Fund, Baird Aggregate Bond Fund, and Baird Core Plus Bond Fund were \$1,095, \$114,782, \$102,047, \$207,702, and \$480,522, respectively.

Notes to the Financial Statements

June 30, 2016 (Unaudited)

6. Securities Lending (cont.)

The Funds recently adopted guidance requiring entities to present gross obligations for secured borrowings by the type of collateral pledged and remaining time to maturity. The table below outlines the nature of these obligations at June 30, 2016.

	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater Than 90 Days	Total
Securities lending transactions					
Money Market Fund [^]					
Baird Short-Term Bond Fund	\$ 39,767,555	—	—	—	\$ 39,767,555
Baird Intermediate Bond Fund	54,964,493	—	—	—	54,964,493
Baird Aggregate Bond Fund	164,963,964	—	—	—	164,963,964
Baird Core Plus Bond Fund	276,410,416	—	—	—	276,410,416
Total borrowings	<u>\$536,106,428</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$536,106,428</u>

[^] Represents an interest in Mount Vernon Securities Lending Prime Portfolio, an investment purchased with cash proceeds from securities lending collateral received.

7. Line of Credit

The Corporation maintains an uncommitted, senior secured line of credit (“LOC”) with U.S. Bank, N.A. (the “Bank”) to provide the Funds a temporary liquidity source to meet unanticipated redemptions. Under the terms of the LOC, borrowings for each Fund are limited to one-third of the total assets (including the amount borrowed) of the respective Fund, or as otherwise indicated within the Funds’ agreement with the Bank. The Bank charges interest at the Bank’s Prime Rate less 2% (weighted average rate of 1.50% for the first six months of 2016). For the six months ended June 30, 2016, the Baird Ultra Short Bond Fund incurred \$144 in interest charges, on an average daily loan balance of \$18,989. The Baird Short-Term Bond Fund, Baird Intermediate Bond Fund, Baird Aggregate Bond Fund, Baird Core Plus Bond Fund, Baird Short-Term Municipal Bond Fund, Baird Quality Intermediate Municipal Bond Fund, and Baird Core Intermediate Municipal Bond Fund did not borrow from the LOC during the period.

8. Distribution and Shareholder Service Plan

The Funds have adopted a distribution and shareholder service plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act. The Plan allows the Funds to compensate the Distributor for the costs incurred in distributing the Funds’ Investor Class Shares, including amounts paid to brokers or dealers, at an annual rate of 0.25% of the average daily net assets of the Funds’ Investor Class Shares. The Baird Ultra Short Bond, Baird Short-Term Bond, Baird Intermediate Bond, Baird Aggregate Bond, Baird Core Plus Bond, Baird Short-Term Municipal Bond Fund, Baird Quality Intermediate Municipal Bond and Baird Core Intermediate Municipal Bond Funds incurred \$1,662, \$63,509, \$130,264, \$608,476, \$2,852,377, \$364, \$198,482 and \$498, respectively, in fees pursuant to the Plan during the six months ended June 30, 2016.

9. Subsequent Event

In preparing these financial statements, the Corporation has evaluated events after June 30, 2016. There were no subsequent events since June 30, 2016 through the date the financial statements were issued that would require adjustment to or additional disclosure in these financial statements.

Additional Information

Proxy Voting

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling toll free, 1-866-44BAIRD, or by accessing the Funds' website at www.bairdfunds.com; and by accessing the SEC's website at www.sec.gov.

Each Fund's proxy voting record for the most recent 12-month period ended June 30, if applicable, is available without charge, upon request, by calling toll free, 1-866-44BAIRD, or by accessing the Funds' website at www.bairdfunds.com; and by accessing the SEC's website at www.sec.gov. The Funds generally do not vote proxies because the securities held in their portfolios, consisting of bonds and other fixed-income securities, are not entitled to vote.

Portfolio Holdings Disclosure

The Funds file a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-732-0330. The Funds' Forms N-Q may also be obtained by calling toll-free 1-866-44BAIRD.

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