



BAIRD

# Semi-Annual Report – Baird Funds

June 30, 2017

Baird LargeCap Fund

Baird MidCap Fund

Baird Small/Mid Cap Value Fund

Baird SmallCap Value Fund

Chautauqua International Growth Fund

Chautauqua Global Growth 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 LargeCap Fund

June 30, 2017 (Unaudited)

## Portfolio Characteristics

A June 30, 2017 summary of the Fund's top 10 holdings and equity sector analysis compared to the S&P 500® Index is shown below.

### Top 10 Holdings\*

Apple, Inc.	4.5%
Alphabet, Inc. – Class A	3.1%
Vanguard Financials ETF	2.9%
PepsiCo, Inc.	2.5%
Amgen, Inc.	2.5%
The Boeing Co.	2.4%
AbbVie, Inc.	2.4%
Celgene Corp.	2.3%
SPDR S&P 500 ETF Trust	2.2%
American Express Co.	2.1%

<b>Net Assets:</b>	\$41,713,537
<b>Portfolio Turnover Rate:</b>	40.2%†
<b>Number of Equity Holdings:</b>	111

### Annualized Portfolio Expense Ratio:\*\*

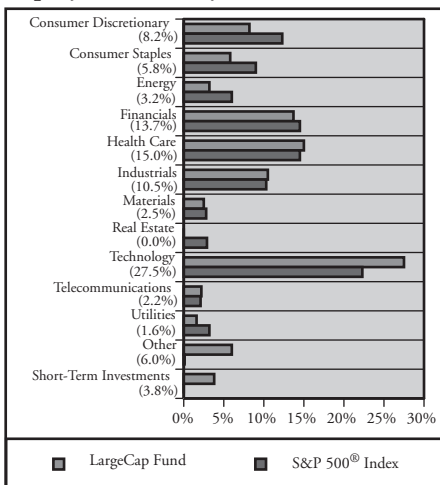
#### Gross

Institutional Class:	1.14%
Investor Class:	1.39%****

#### Net

Institutional Class:	0.75%
Investor Class:	1.00%****

### Equity Sector Analysis\*\*



\* The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of June 30, 2017.

\*\* Percentages shown in parentheses relate to the Fund's total market value of investments as of June 30, 2017, and may not add up to 100% due to rounding.

\*\*\* Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.75% of average daily net assets for the Institutional Class shares and 1.00% of average daily net assets for the Investor Class shares, at least through April 30, 2018.

\*\*\*\* Includes 0.25% 12b-1 fee.

† Not annualized.

# Baird LargeCap Fund

June 30, 2017 (Unaudited)

## Total Returns

<i>For the Periods Ended June 30, 2017</i>	Six Months	One Year	Five Years	Average Annual	
				Ten Years	Since Inception <sup>(1)</sup>
Institutional Class Shares	9.19%	24.88%	13.35%	7.20%	3.80%
Investor Class Shares	9.09%	24.79%	13.07%	6.96%	3.54%
S&P 500 <sup>®</sup> Index <sup>(2)</sup>	9.34%	17.90%	14.63%	7.18%	5.23%

(1) For the period from September 29, 2000 (inception date) through June 30, 2017.

(2) The S&P 500<sup>®</sup> Index measures the performance of 500 common stocks chosen for market size, liquidity and industry group representation of U.S. equity performance. This Index does not reflect any deduction for fees, expenses or taxes. A direct investment in the Index is not possible.

*L2 Asset Management, LLC (“L2”) became the Fund’s subadvisor effective April 30, 2016. From December 23, 2013 to April 30, 2016, Baird Kailash Group, LLC (“BKG”), was the Fund’s subadvisor. Matthew J. Malgari has served as the Fund’s lead portfolio manager since December 23, 2013, first as an employee of BKG and currently as an employee of L2. The Fund was managed by the Fund’s Advisor from the Fund’s inception date until December 23, 2013.*

*The returns shown in the table 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 gross expense ratio for each Class, as reflected in the Fund’s current prospectus, is set forth under “Portfolio Characteristics”.*

*The Fund’s subadvisor makes investment decisions for the Fund primarily using quantitative investment models which rank securities based on fundamental measures of value, past performance and indicators of recent positive changes. The success of the quantitative investment methodologies and processes employed by the subadvisor depends on the analyses and assessments that were used in developing such methodologies and processes, as well as on the accuracy and reliability of models and data provided by third parties. Incorrect analyses and assessments or inaccurate or incomplete models and data would adversely affect performance. Certain low-probability events or factors that are assigned little weight may occur or prove to be more likely or may have more relevance than expected, for short or extended periods of time. It is also possible that prices of securities may move in directions that were not predicted by the subadvisor’s quantitative methodologies. The Fund may invest in stocks (or ADRs representing stocks) of foreign companies that are traded on U.S. exchanges. Foreign investments involve additional risk such as currency rate fluctuations, political and economic instability, and different and sometimes less strict financial reporting standards and regulation.*

*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](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*

# Baird LargeCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Aerospace &amp; Defense</b>			
The Boeing Co.	5,172	\$ 1,022,763	2.4%
Huntington Ingalls Industries, Inc.	600	111,696	0.3%
		<u>1,134,459</u>	<u>2.7%</u>
<b>Airlines</b>			
Alaska Air Group, Inc.	5,220	468,547	1.1%
American Airlines Group, Inc.	10,533	530,021	1.3%
Delta Air Lines, Inc.	5,625	302,287	0.7%
Southwest Airlines Co.	1,061	65,931	0.2%
United Continental Holdings, Inc.*	1,945	146,361	0.3%
		<u>1,513,147</u>	<u>3.6%</u>
<b>Auto Components</b>			
Goodyear Tire & Rubber Co/The Lear Corp.	4,192	146,552	0.4%
	3,027	430,076	1.0%
		<u>576,628</u>	<u>1.4%</u>
<b>Automobiles</b>			
Fiat Chrysler Automobiles NV* f	8,143	86,560	0.2%
Ford Motor Co.	13,876	155,273	0.4%
General Motors Co.	2,403	83,937	0.2%
Harley-Davidson, Inc.	11,216	605,888	1.4%
		<u>931,658</u>	<u>2.2%</u>
<b>Banks</b>			
Citigroup, Inc.	5,101	341,155	0.8%
Fifth Third Bancorp	22,479	583,555	1.4%
J.P. Morgan Chase & Co.	8,000	731,200	1.8%
PNC Financial Services Group, Inc.	1,381	172,445	0.4%
U.S. Bancorp	2,656	137,900	0.3%
		<u>1,966,255</u>	<u>4.7%</u>
<b>Beverages</b>			
The Coca-Cola Co.	4,009	179,804	0.4%
PepsiCo, Inc.	8,942	1,032,711	2.5%
		<u>1,212,515</u>	<u>2.9%</u>
<b>Biotechnology</b>			
AbbVie, Inc.	13,705	993,750	2.4%
Amgen, Inc.	5,967	1,027,697	2.5%
Biogen, Inc.*	473	128,353	0.3%
Celgene Corp.*	7,467	969,739	2.3%
Gilead Sciences, Inc.	990	70,072	0.2%
United Therapeutics Corp.*	432	56,043	0.1%
		<u>3,245,654</u>	<u>7.8%</u>

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

# Baird LargeCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Capital Markets</b>			
Ameriprise Financial, Inc.	4,000	\$ 509,160	1.2%
MSCI, Inc.	7,379	759,963	1.8%
		1,269,123	3.0%
<b>Chemicals</b>			
Celanese Corp. – Series A	2,721	258,332	0.6%
Chemours Co/The	1,542	58,473	0.1%
LyondellBasell Industries NV – Class A f	2,117	178,653	0.4%
Monsanto Co.	564	66,755	0.2%
		562,213	1.3%
<b>Communications Equipment</b>			
Cisco Systems, Inc.	16,303	510,284	1.2%
F5 Networks, Inc.*	5,300	673,418	1.6%
Juniper Networks, Inc.	2,128	59,329	0.2%
		1,243,031	3.0%
<b>Consumer Finance</b>			
Ally Financial, Inc.	7,700	160,930	0.4%
American Express Co.	10,621	894,713	2.1%
Capital One Financial Corp.	2,736	226,048	0.5%
Discover Financial Services	12,646	786,455	1.9%
Synchrony Financial	6,729	200,659	0.5%
		2,268,805	5.4%
<b>Containers &amp; Packaging</b>			
International Paper Co.	3,100	175,491	0.4%
Packaging Corp of America	2,762	307,659	0.7%
		483,150	1.1%
<b>Diversified Telecommunication Services</b>			
AT&T, Inc.	12,954	488,754	1.2%
<b>Electrical Equipment</b>			
Emerson Electric Co.	5,376	320,517	0.8%
Rockwell Automation, Inc.	3,102	502,400	1.2%
		822,917	2.0%
<b>Electronic Equipment, Instruments &amp; Components</b>			
Corning, Inc.	4,470	134,324	0.3%
Flex Ltd* f	4,378	71,405	0.2%
		205,729	0.5%
<b>Energy Equipment &amp; Services</b>			
Baker Hughes, Inc.	2,480	135,185	0.3%

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# Baird LargeCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Food &amp; Staples Retailing</b>			
The Kroger Co.	20,156	\$ 470,038	1.1%
Sysco Corp.	6,680	336,205	0.8%
Wal-Mart Stores, Inc.	1,530	115,790	0.3%
		<u>922,033</u>	<u>2.2%</u>
<b>Food Products</b>			
Archer-Daniels-Midland Co.	1,416	58,594	0.1%
Campbell Soup Co.	892	46,518	0.1%
		<u>105,112</u>	<u>0.2%</u>
<b>Gas Utilities</b>			
UGI Corp.	4,798	232,271	0.6%
<b>Health Care Equipment &amp; Supplies</b>			
Hologic, Inc.*	10,357	470,001	1.1%
ResMed, Inc.	5,517	429,609	1.0%
Varian Medical Systems, Inc.*	1,419	146,426	0.4%
		<u>1,046,036</u>	<u>2.5%</u>
<b>Health Care Providers &amp; Services</b>			
AmerisourceBergen Corporation	655	61,917	0.2%
DaVita, Inc.*	4,428	286,757	0.7%
McKesson Corp.	2,133	350,964	0.8%
WellCare Health Plans, Inc.*	550	98,758	0.2%
		<u>798,396</u>	<u>1.9%</u>
<b>Hotels, Restaurants &amp; Leisure</b>			
Wyndham Worldwide Corp.	7,193	722,249	1.7%
Wynn Resorts Ltd	1,100	147,532	0.4%
		<u>869,781</u>	<u>2.1%</u>
<b>Household Products</b>			
Spectrum Brands Holdings, Inc.	582	72,773	0.2%
<b>Independent Power and Renewable Electricity Producers</b>			
The AES Corp.	20,789	230,966	0.6%
<b>Insurance</b>			
Aflac, Inc.	1,642	127,551	0.3%
The Progressive Corp.	1,658	73,101	0.2%
		<u>200,652</u>	<u>0.5%</u>
<b>Internet Software &amp; Services</b>			
Alphabet, Inc. – Class A*	1,421	1,321,075	3.1%
eBay, Inc.*	1,971	68,828	0.2%
		<u>1,389,903</u>	<u>3.3%</u>

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# Baird LargeCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>IT Services</b>			
Alliance Data Systems Corp.	2,324	\$ 596,547	1.4%
International Business Machines Corp.	1,440	221,515	0.5%
MasterCard, Inc. – Class A	2,868	348,319	0.8%
The Western Union Co.	13,343	254,184	0.6%
		<u>1,420,565</u>	<u>3.3%</u>
<b>Leisure Products</b>			
Hasbro, Inc.	683	76,161	0.2%
<b>Life Sciences Tools &amp; Services</b>			
Waters Corp.*	1,484	272,819	0.7%
<b>Machinery</b>			
Cummins, Inc.	2,339	379,433	0.9%
Deere & Co.	2,634	325,536	0.8%
		<u>704,969</u>	<u>1.7%</u>
<b>Media</b>			
Omnicom Group, Inc.	1,427	118,298	0.3%
<b>Multi-Utilities</b>			
CenterPoint Energy, Inc.	7,831	214,413	0.5%
<b>Oil, Gas &amp; Consumable Fuels</b>			
Marathon Petroleum Corp.	3,297	172,532	0.4%
Tesoro Corp.	4,947	463,039	1.1%
Valero Energy Corp.	8,229	555,129	1.4%
		<u>1,190,700</u>	<u>2.9%</u>
<b>Personal Products</b>			
Coty, Inc. – Class A	5,983	112,241	0.3%
<b>Pharmaceuticals</b>			
Jazz Pharmaceuticals PLC* f	3,592	558,556	1.3%
Johnson & Johnson	500	66,145	0.2%
Merck & Co., Inc.	4,413	282,829	0.7%
		<u>907,530</u>	<u>2.2%</u>
<b>Semiconductors &amp; Semiconductor Equipment</b>			
Analog Devices, Inc.	2,775	215,895	0.5%
Intel Corp.	5,887	198,627	0.5%
Microchip Technology, Inc.	1,959	151,196	0.4%
Micron Technology, Inc.*	7,643	228,220	0.5%
NVIDIA Corp.	1,864	269,460	0.6%
QUALCOMM Incorporated	4,402	243,078	0.6%
Xilinx, Inc.	11,394	732,862	1.8%
		<u>2,039,338</u>	<u>4.9%</u>

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



# Baird LargeCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Software</b>			
Cadence Design System, Inc.*	4,791	\$ 160,450	0.4%
Citrix Systems, Inc.*	2,770	220,437	0.5%
Microsoft Corp.	12,746	878,582	2.1%
Oracle Corp.	6,419	321,849	0.8%
VMware, Inc. – Class A*	6,624	579,136	1.4%
		<u>2,160,454</u>	<u>5.2%</u>
<b>Specialty Retail</b>			
Best Buy Co., Inc.	12,779	732,620	1.8%
The Gap, Inc.	5,229	114,986	0.3%
		<u>847,606</u>	<u>2.1%</u>
<b>Technology Hardware, Storage &amp; Peripherals</b>			
Apple, Inc.	13,114	1,888,678	4.5%
NetApp, Inc.	11,140	446,157	1.1%
Seagate Technology PLC f	17,283	669,716	1.6%
		<u>3,004,551</u>	<u>7.2%</u>
<b>Trading Companies &amp; Distributors</b>			
United Rentals, Inc.*	1,853	208,852	0.5%
<b>Wireless Telecommunication Services</b>			
Sprint Corp.*	13,315	109,316	0.2%
T-Mobile US, Inc.*	5,327	322,923	0.8%
		<u>432,239</u>	<u>1.0%</u>
<b>Total Common Stocks</b> (Cost \$31,546,475)		<u>37,637,882</u>	<u>90.2%</u>
<b>Contingent Value Rights</b>			
<b>Contingent Value Rights</b>			
Safeway CASA LEY CVR*^†	2,216	2,249	0.0%
Safeway PDC LLC CVR*^†	2,216	1	0.0%
<b>Total Contingent Value Rights</b> (Cost \$0)		<u>2,250</u>	<u>0.0%</u>
<b>Exchange Traded Funds</b>			
<b>Exchange Traded Funds</b>			
SPDR S&P 500 ETF Trust	3,820	923,676	2.2%
SPDR S&P Oil & Gas Exploration & Production ETF	11,320	361,334	0.9%
Vanguard Financials ETF	19,204	1,201,210	2.9%
<b>Total Exchange Traded Funds</b> (Cost \$2,370,397)		<u>2,486,220</u>	<u>6.0%</u>

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

# Baird LargeCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Short-Term Investment

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Money Market Mutual Fund</b>			
Fidelity Institutional Money Market Fund – Government Portfolio, Institutional Class, 0.85% <sup>«</sup>	1,591,989	\$ 1,591,989	3.8%
<b>Total Short-Term Investment</b> (Cost \$1,591,989)		1,591,989	3.8%
<b>Total Investments</b> (Cost \$35,508,861)		41,718,341	100.0%
Liabilities in Excess of Other Assets		(4,804)	0.0%
<b>TOTAL NET ASSETS</b>		<u>\$41,713,537</u>	<u>100.0%</u>

### Notes to Schedule of Investments

\* Non-Income Producing

f Foreign Security

^ Illiquid Security

† Priced at Fair Value by the Valuation Committee as delegated by the Baird Funds' Board of Directors.

« 7-Day Yield

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC ("S&P"). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

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

# Baird LargeCap Fund

## Schedule of Investments, June 30, 2017 (Unaudited)

### Summary of Fair Value Exposure at June 30, 2017 (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. Management has determined that these standards have no material impact on the Funds' financial statements. 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$37,637,882	\$ —	\$ —	\$37,637,882
<b>Total Equity</b>	<u>37,637,882</u>	<u>—</u>	<u>—</u>	<u>37,637,882</u>
<b>Contingent Value Rights</b>				
Contingent Value Rights	—	—	2,250	2,250
<b>Total Contingent Value Rights</b>	<u>—</u>	<u>—</u>	<u>2,250</u>	<u>2,250</u>
<b>Exchange Traded Funds</b>				
Exchange Traded Funds	2,486,220	—	—	2,486,220
<b>Total Exchange Traded Funds</b>	<u>2,486,220</u>	<u>—</u>	<u>—</u>	<u>2,486,220</u>
<b>Short-Term Investment</b>				
Money Market Mutual Fund	1,591,989	—	—	1,591,989
<b>Total Short-Term Investment</b>	<u>1,591,989</u>	<u>—</u>	<u>—</u>	<u>1,591,989</u>
<b>Total Investments*</b>	<u>\$41,716,091</u>	<u>\$ —</u>	<u>\$2,250</u>	<u>\$41,718,341</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of current assigned levels within the hierarchy. Two securities with a fair value of \$2,250 are priced at fair value by the Valuation Committee instead of the Fund's pricing vendor and are valued using level 3 inputs. 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 LargeCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

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## Summary of Fair Value Exposure at June 30, 2017 (Unaudited) (cont.)

### 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, 2016	\$2,357
Accrued discounts/premiums	—
Realized gain (loss)	—
Change in unrealized appreciation (depreciation)	(107)
Purchases	—
Sales	—
Transfers in and/or out of Level 3*	—
Balance as of June 30, 2017	<u>\$2,250</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 MidCap Fund

June 30, 2017 (Unaudited)

## Portfolio Characteristics

A June 30, 2017 summary of the Fund's top 10 holdings and equity sector analysis compared to the Russell MidCap® Growth Index is shown below.

### Top 10 Holdings\*

AO Smith Corp.	2.3%
Cable One, Inc.	2.3%
Edwards Lifesciences Corp.	2.2%
Hasbro, Inc.	2.1%
The Cooper Cos., Inc.	2.1%
Fiserv, Inc.	2.1%
Gartner, Inc.	2.0%
Dr. Pepper Snapple Group, Inc.	2.0%
East West Bancorp, Inc.	2.0%
Broadridge Financial Solutions, Inc.	2.0%

Net Assets:	\$1,365,277,928
Portfolio Turnover Rate:	27.6%†
Number of Equity Holdings:	59

### Annualized Portfolio Expense Ratio:\*\*\*

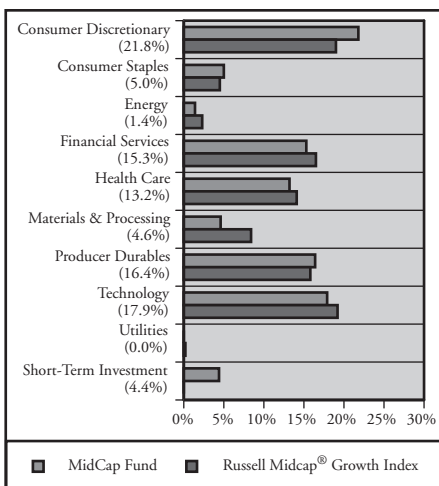
#### Gross

Institutional Class:	0.83%
Investor Class:	1.08%****

#### Net

Institutional Class:	0.81%
Investor Class:	1.06%****

### Equity Sector Analysis\*\*



\* The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of June 30, 2017.

\*\* Percentages shown in parentheses relate to the Fund's total market value of investments as of June 30, 2017, and may not add up to 100% due to rounding.

\*\*\* Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.85% of average daily net assets for the Institutional Class shares and 1.10% of average daily net assets for the Investor Class shares, at least through April 30, 2018.

\*\*\*\* Includes 0.25% 12b-1 fee.

† Not annualized.

# Baird MidCap Fund

June 30, 2017 (Unaudited)

## Total Returns

<i>For the Periods Ended June 30, 2017</i>	Six Months	One Year	Average Annual		
			Five Years	Ten Years	Since Inception <sup>(1)</sup>
Institutional Class Shares	16.08%	19.25%	11.50%	8.45%	7.01%
Investor Class Shares	15.96%	18.95%	11.23%	8.20%	6.76%
Russell MidCap <sup>®</sup> Growth Index <sup>(2)</sup>	11.40%	17.06%	14.20%	7.88%	6.46%

(1) For the period from December 29, 2000 (inception date) through June 30, 2017.

(2) The Russell Midcap<sup>®</sup> Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap<sup>®</sup> Index companies with higher price-to-book ratios and higher forecasted growth values. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the 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 gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".*

*The Fund focuses on growth-style stocks and therefore the performance of the Fund will typically be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. The Fund may invest up to 15% of its total assets in U.S. dollar denominated foreign securities and ADRs. Foreign investments involve additional risks such as currency rate fluctuations, political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund invests a substantial portion of its assets in the stocks of mid-capitalization companies. Mid-capitalization companies often are more volatile and face greater risks than larger, more established companies.*

*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](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*

# Baird MidCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Aerospace &amp; Defense</b>			
Mercury Systems, Inc.*	87,706	\$ 3,691,545	0.3%
<b>Banks</b>			
East West Bancorp, Inc.	471,405	27,614,905	2.0%
First Republic Bank/CA	238,628	23,886,663	1.8%
		51,501,568	3.8%
<b>Beverages</b>			
Dr. Pepper Snapple Group, Inc.	303,670	27,667,374	2.0%
<b>Building Products</b>			
AO Smith Corp.	570,548	32,138,969	2.3%
Fortune Brands Home & Security, Inc.	358,094	23,362,052	1.7%
		55,501,021	4.0%
<b>Capital Markets</b>			
Affiliated Managers Group, Inc.	137,249	22,764,119	1.7%
MarketAxess Holdings, Inc.	57,731	11,609,704	0.8%
		34,373,823	2.5%
<b>Chemicals</b>			
Albemarle Corp.	192,443	20,310,434	1.5%
<b>Distributors</b>			
LKQ Corp.*	484,489	15,963,912	1.2%
Pool Corp.	202,063	23,756,547	1.7%
		39,720,459	2.9%
<b>Electrical Equipment</b>			
Rockwell Automation, Inc.	124,856	20,221,678	1.5%
<b>Electronic Equipment, Instruments &amp; Components</b>			
CDW Corp.	320,528	20,042,616	1.5%
Trimble Navigation Ltd.*	594,337	21,200,001	1.5%
		41,242,617	3.0%
<b>Food &amp; Staples Retailing</b>			
Casey's General Stores, Inc.	138,942	14,882,078	1.1%
<b>Food Products</b>			
Mccormick & Co., Inc.	259,564	25,310,086	1.9%
<b>Health Care Equipment &amp; Supplies</b>			
The Cooper Cos., Inc.	119,621	28,639,660	2.1%
Edwards Lifesciences Corp.*	252,714	29,880,903	2.2%
IDEXX Laboratories, Inc.*	81,674	13,183,817	1.0%
		71,704,380	5.3%

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

# Baird MidCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Health Care Providers &amp; Services</b>			
Acadia Healthcare Co., Inc.*	411,671	\$ 20,328,314	1.5%
Henry Schein, Inc.*	74,355	13,608,452	1.0%
		<u>33,936,766</u>	<u>2.5%</u>
<b>Health Care Technology</b>			
Veeva Systems, Inc. – Class A*	218,996	13,426,645	1.0%
<b>Hotels, Restaurants &amp; Leisure</b>			
Dominos Pizza, Inc.	108,922	23,040,271	1.7%
Vail Resorts, Inc.	106,535	21,608,494	1.6%
		<u>44,648,765</u>	<u>3.3%</u>
<b>IT Services</b>			
Alliance Data Systems Corp.	65,045	16,696,401	1.2%
Broadridge Financial Solutions, Inc.	360,270	27,222,001	2.0%
EPAM Systems, Inc.*	294,811	24,790,657	1.8%
Euronet Worldwide, Inc.*	305,595	26,699,835	2.0%
Fiserv, Inc.*	229,544	28,082,413	2.1%
Gartner, Inc.*	225,616	27,865,832	2.0%
		<u>151,357,139</u>	<u>11.1%</u>
<b>Leisure Products</b>			
Hasbro, Inc.	257,565	28,721,073	2.1%
<b>Life Sciences Tools &amp; Services</b>			
ICON PLC* f	240,165	23,485,735	1.7%
Illumina, Inc.*	141,483	24,550,130	1.8%
		<u>48,035,865</u>	<u>3.5%</u>
<b>Machinery</b>			
Fortive Corp.	399,121	25,284,315	1.9%
Graco, Inc.	200,522	21,913,044	1.6%
The Middleby Corp.*	200,370	24,346,959	1.8%
Oshkosh Truck Corporation	374,492	25,795,009	1.9%
Snap-on, Inc.	138,789	21,928,662	1.5%
WABCO Holdings, Inc.*	200,909	25,617,907	1.9%
		<u>144,885,896</u>	<u>10.6%</u>
<b>Media</b>			
Cable One, Inc.	43,646	31,027,941	2.3%
<b>Multiline Retail</b>			
Burlington Stores, Inc.*	284,195	26,143,098	1.9%
Dollar General Corp.	363,331	26,192,532	1.9%
Ollie's Bargain Outlet Holdings, Inc.*	597,203	25,440,848	1.9%
		<u>77,776,478</u>	<u>5.7%</u>

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



# Baird MidCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Oil, Gas &amp; Consumable Fuels</b>			
Diamondback Energy, Inc.*	217,457	\$ 19,312,356	1.4%
<b>Pharmaceuticals</b>			
Jazz Pharmaceuticals PLC* f	88,308	13,731,894	1.0%
<b>Professional Services</b>			
Equifax, Inc.	174,967	24,043,965	1.7%
Verisk Analytics, Inc.*	208,223	17,567,775	1.3%
		41,611,740	3.0%
<b>Road &amp; Rail</b>			
J.B. Hunt Transport Services, Inc.	148,487	13,568,742	1.0%
<b>Semiconductors &amp; Semiconductor Equipment</b>			
Microchip Technology, Inc.	290,200	22,397,636	1.6%
Monolithic Power Systems, Inc.	227,852	21,964,933	1.6%
		44,362,569	3.2%
<b>Software</b>			
Blackbaud, Inc.	177,920	15,256,640	1.1%
Red Hat, Inc.*	142,550	13,649,163	1.0%
ServiceNow, Inc.*	226,782	24,038,892	1.8%
Synopsys, Inc.*	301,208	21,967,099	1.6%
Tyler Technologies, Inc.*	138,327	24,299,904	1.8%
The Ultimate Software Group, Inc.*	115,311	24,222,229	1.7%
		123,433,927	9.0%
<b>Textiles, Apparel &amp; Luxury Goods</b>			
Lululemon Athletica, Inc.*	451,850	26,961,889	2.0%
<b>Trading Companies &amp; Distributors</b>			
Fastenal Co.	471,557	20,526,876	1.5%
Watsco, Inc.	139,173	21,460,477	1.6%
		41,987,353	3.1%
<b>Total Common Stocks</b> (Cost \$1,011,064,585)		1,304,914,101	95.6%

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

# Baird MidCap Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Short-Term Investment

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Money Market Mutual Fund</b>			
Fidelity Institutional Money Market Fund – Government Portfolio, Institutional Class, 0.85%«	79,628,687	\$ 79,628,687	5.8%
<b>Total Short-Term Investment</b> (Cost \$79,628,687)		79,628,687	5.8%
<b>Total Investments</b> (Cost \$1,090,693,272)		1,384,542,788	101.4%
Liabilities in Excess of Other Assets		(19,264,860)	(1.4)%
<b>TOTAL NET ASSETS</b>		<b>\$1,365,277,928</b>	<b>100.0%</b>

### Notes to Schedule of Investments

\* Non-Income Producing

f Foreign Security

« 7-Day Yield

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC (“S&P”). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

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

# Baird MidCap Fund

## Schedule of Investments, June 30, 2017 (Unaudited)

### Summary of Fair Value Exposure at June 30, 2017 (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. Management has determined that these standards have no material impact on the Fund's financial statements. 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$1,304,914,101	\$ —	\$ —	\$1,304,914,101
<b>Total Equity</b>	<u>1,304,914,101</u>	<u>—</u>	<u>—</u>	<u>1,304,914,101</u>
<b>Short-Term Investment</b>				
Money Market Mutual Fund	79,628,687	—	—	79,628,687
<b>Total Short-Term Investment</b>	<u>79,628,687</u>	<u>—</u>	<u>—</u>	<u>79,628,687</u>
<b>Total Investments*</b>	<u>\$1,384,542,788</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,384,542,788</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

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 Small/Mid Cap Value Fund

June 30, 2017 (Unaudited)

## Portfolio Characteristics

A June 30, 2017 summary of the Fund's top 10 holdings and equity sector analysis compared to the Russell 2500® Value Index is shown below.

### Top 10 Holdings\*

Meta Financial Group, Inc.	4.7%
Boingo Wireless, Inc.	4.2%
Healthcare Trust of America, Inc.	3.6%
American Financial Group, Inc.	3.5%
VeriSign, Inc.	3.3%
ICU Medical, Inc.	3.2%
Silicon Motion Technology Corp.	3.1%
j2 Global, Inc.	3.0%
Physicians Realty Trust	3.0%
Stamps.com, Inc.	2.9%

Net Assets: \$12,373,886

Portfolio Turnover Rate: 42.1%†

Number of Equity Holdings: 39

Annualized Portfolio Expense Ratio:\*\*\*

Gross

Institutional Class: 2.87%

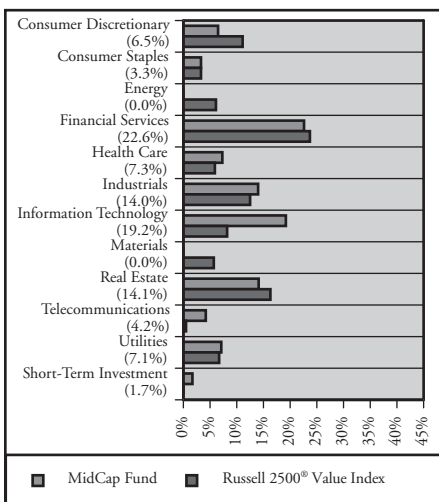
Investor Class: 3.12%\*\*\*\*

Net

Institutional Class: 0.95%

Investor Class: 1.20%\*\*\*\*

### Equity Sector Analysis\*\*



\* The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of June 30, 2017.

\*\* Percentages shown in parentheses relate to the Fund's total market value of investments as of June 30, 2017, and may not add up to 100% due to rounding.

\*\*\* Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.95% of average daily net assets for the Institutional Class shares and 1.20% of average daily net assets for the Investor Class shares, at least through April 30, 2018.

\*\*\*\* Includes 0.25% 12b-1 fee.

† Not annualized.

# Baird Small/Mid Cap Value Fund

June 30, 2017 (Unaudited)

## Total Returns

<i>For the Periods Ended June 30, 2017</i>	Six Months	One Year	Since Inception <sup>(1)</sup>
Institutional Class Shares	5.93%	10.82%	6.20%
Investor Class Shares	5.84%	10.57%	5.97%
Russell 2500 <sup>®</sup> Value Index <sup>(2)</sup>	1.95%	18.36%	13.27%

(1) For the period from November 30, 2015 (inception date) through June 30, 2017.

(2) The Russell 2500<sup>®</sup> Value Index measures the performance of the small cap value segment of the U.S. equity universe. It includes those Russell 2500<sup>®</sup> Index companies with lower price-to-book ratios and lower forecasted growth values. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the 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 gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".*

*The Fund focuses on small to mid cap value style stocks and therefore the performance of the Fund may be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. The Fund may invest up to 15% of its total assets in U.S. dollar denominated foreign securities and ADRs. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation.*

*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](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*

# Baird Small/Mid Cap Value Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Aerospace &amp; Defense</b>			
Hexcel Corp.	5,753	\$ 303,701	2.5%
Orbital ATK, Inc.	2,697	265,277	2.1%
Rockwell Collins, Inc.	2,397	251,877	2.0%
		820,855	6.6%
<b>Air Freight &amp; Logistics</b>			
Air Transport Services Group, Inc.*	15,462	336,762	2.7%
<b>Auto Components</b>			
Motorcar Parts of America, Inc.*	9,589	270,793	2.2%
<b>Banks</b>			
Hilltop Holdings, Inc.	9,049	237,174	1.9%
Renasant Corp.	7,911	346,027	2.8%
		583,201	4.7%
<b>Capital Markets</b>			
Diamond Hill Investment Group, Inc.	1,139	227,117	1.8%
<b>Commercial Services &amp; Supplies</b>			
Deluxe Corp.	3,476	240,609	1.9%
<b>Construction &amp; Engineering</b>			
Quanta Services, Inc.*	10,008	329,463	2.7%
<b>Distributors</b>			
LKQ Corp.*	7,731	254,736	2.1%
<b>Electric Utilities</b>			
Alliant Energy Corp.	6,233	250,380	2.0%
Avangrid, Inc.	7,132	314,877	2.6%
Pinnacle West Capital Corp.	3,656	311,345	2.5%
		876,602	7.1%
<b>Electronic Equipment, Instruments &amp; Components</b>			
Belden, Inc.	3,296	248,617	2.0%
<b>Equity Real Estate Investment Trusts (REITs)</b>			
Agree Realty Corp.	6,892	316,136	2.5%
CyrusOne, Inc.	4,794	267,266	2.2%
Healthcare Trust of America, Inc.	14,323	445,589	3.6%
LTC Properties, Inc.	6,652	341,846	2.8%
Physicians Realty Trust	18,278	368,119	3.0%
		1,738,956	14.1%
<b>Food Products</b>			
Lamb Weston Holdings, Inc.	6,832	300,881	2.4%

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

# Baird Small/Mid Cap Value Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Health Care Equipment &amp; Supplies</b>			
ICU Medical, Inc.*	2,277	\$ 392,782	3.2%
<b>Health Care Providers &amp; Services</b>			
Laboratory Corp. of America Holdings*	2,098	323,386	2.6%
<b>Household Durables</b>			
ZAGG, Inc.*	32,781	283,556	2.3%
<b>Household Products</b>			
Orchids Paper Products Co.	8,390	108,651	0.9%
<b>Insurance</b>			
American Financial Group, Inc.	4,315	428,781	3.5%
Atlas Financial Holdings, Inc.* f	14,982	223,232	1.8%
		652,013	5.3%
<b>Internet Software &amp; Services</b>			
j2 Global, Inc.	4,375	372,269	3.0%
Stamps.com, Inc.*	2,337	361,943	2.9%
VeriSign, Inc.*	4,315	401,122	3.3%
		1,135,334	9.2%
<b>Mortgage Real Estate Investment Trusts (REITs)</b>			
Blackstone Mortgage Trust, Inc. – Class A	10,667	337,077	2.7%
<b>Pharmaceuticals</b>			
Jazz Pharmaceuticals PLC* f	1,199	186,445	1.5%
<b>Semiconductors &amp; Semiconductor Equipment</b>			
Cypress Semiconductor Corp.	26,249	358,299	2.9%
Silicon Motion Technology Corp. – ADR f	8,090	390,181	3.1%
Skyworks Solutions, Inc.	2,517	241,506	2.0%
		989,986	8.0%
<b>Thriffs &amp; Mortgage Finance</b>			
Bofi Holding, Inc.*	7,192	170,594	1.4%
Meta Financial Group, Inc.	6,472	576,009	4.7%
NMI Holdings, Inc. Class A*	22,054	252,518	2.0%
		999,121	8.1%
<b>Wireless Telecommunication Services</b>			
Boingo Wireless, Inc.*	35,059	524,483	4.2%
<b>Total Common Stocks</b> <b>(Cost \$10,531,703)</b>		12,161,426	98.3%

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

# Baird Small/Mid Cap Value Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Short-Term Investment

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Money Market Mutual Fund</b>			
Fidelity Institutional Money Market Fund – Government Portfolio, Institutional Class, 0.85%«	210,719	\$ 210,719	1.7%
<b>Total Short-Term Investment</b> (Cost \$210,719)		210,719	1.7%
<b>Total Investments</b> (Cost \$10,742,422)		12,372,145	100.0%
Other Assets in Excess of Liabilities		1,741	0.0%
<b>TOTAL NET ASSETS</b>		<u>\$12,373,886</u>	<u>100.0%</u>

### Notes to Schedule of Investments

\* Non-Income Producing

f Foreign Security

« 7-Day Yield

ADR – American Depositary Receipt

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC (“S&P”). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

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



# Baird Small/Mid Cap Value Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Summary of Fair Value Exposure at June 30, 2017 (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. Management has determined that these standards have no material impact on the Fund's financial statements. 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$12,161,426	\$ —	\$ —	\$12,161,426
<b>Total Equity</b>	12,161,426	—	—	12,161,426
<b>Short-Term Investment</b>				
Money Market Mutual Fund	210,719	—	—	210,719
<b>Total Short-Term Investment</b>	210,719	—	—	210,719
<b>Total Investments*</b>	<u>\$12,372,145</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$12,372,145</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

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 SmallCap Value Fund

June 30, 2017 (Unaudited)

## Portfolio Characteristics

A June 30, 2017 summary of the Fund's top 10 holdings and equity sector analysis compared to the Russell 2000® Value Index is shown below.

### Top 10 Holdings\*

Meta Financial Group, Inc.	4.5%
Boingo Wireless, Inc.	4.2%
ICU Medical, Inc.	4.1%
Healthcare Trust of America, Inc.	3.6%
LTC Properties, Inc.	3.5%
Alliant Energy Corp.	3.3%
ZAGG, Inc.	3.2%
j2 Global, Inc.	3.2%
Renasant Corporation	3.1%
Silicon Motion Technology Corp.	3.1%

Net Assets:	\$31,240,117
Portfolio Turnover Rate:	10.6%†
Number of Equity Holdings:	37

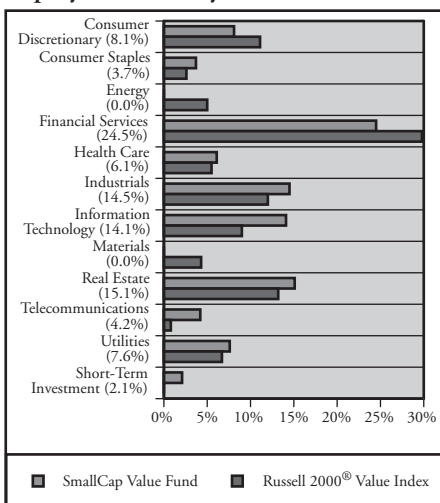
### Annualized Portfolio Expense Ratio:\*\*\*

Gross	
Institutional Class:	1.44%
Investor Class:	1.69%****

### Net

Institutional Class:	1.00%
Investor Class:	1.25%****

### Equity Sector Analysis\*\*



\* The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of June 30, 2017.

\*\* Percentages shown in parentheses relate to the Fund's total market value of investments as of June 30, 2017, and may not add up to 100% due to rounding.

\*\*\* Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 1.00% of average daily net assets for the Institutional Class shares and 1.25% of average daily net assets for the Investor Class shares, at least through April 30, 2018.

\*\*\*\* Includes 0.25% 12b-1 fee.

† Not annualized.

# Baird SmallCap Value Fund

June 30, 2017 (Unaudited)

## Total Returns

<i>For the Periods Ended June 30, 2017</i>	Six Months	One Year	Average Annual		
			Three Year	Five Year	Since Inception <sup>(1)</sup>
Institutional Class Shares	3.30%	12.12%	3.21%	10.88%	10.05%
Investor Class Shares	3.17%	11.85%	2.94%	10.61%	9.77%
Russell 2000® Value Index <sup>(2)</sup>	0.54%	24.86%	7.02%	13.39%	12.58%

(1) For the period from May 1, 2012 (inception date) through June 30, 2017.

(2) The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the 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 gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".*

*The Fund focuses on small cap value style stocks and therefore the performance of the Fund may be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. The Fund may invest up to 15% of its total assets in U.S. dollar denominated foreign securities and ADRs. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation.*

*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](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*

# Baird SmallCap Value Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Aerospace &amp; Defense</b>			
Hexcel Corp.	12,851	\$ 678,404	2.2%
Orbital ATK, Inc.	6,981	686,651	2.2%
		<u>1,365,055</u>	<u>4.4%</u>
<b>Air Freight &amp; Logistics</b>			
Air Transport Services Group, Inc.*	38,587	840,425	2.7%
<b>Auto Components</b>			
LCI Industries	6,822	698,573	2.2%
Motorcar Parts of America, Inc.*	29,193	824,410	2.7%
		<u>1,522,983</u>	<u>4.9%</u>
<b>Banks</b>			
Hilltop Holdings, Inc.	22,847	598,820	1.9%
Renasant Corp.	22,371	978,507	3.1%
		<u>1,577,327</u>	<u>5.0%</u>
<b>Biotechnology</b>			
Eagle Pharmaceuticals, Inc./DE*	7,933	625,834	2.0%
<b>Building Products</b>			
Patrick Industries, Inc.*	10,630	774,396	2.5%
<b>Capital Markets</b>			
Diamond Hill Investment Group, Inc.	2,856	569,486	1.8%
<b>Commercial Services &amp; Supplies</b>			
Deluxe Corp.	10,154	702,860	2.2%
<b>Construction &amp; Engineering</b>			
Quanta Services, Inc.*	25,861	851,344	2.7%
<b>Electric Utilities</b>			
Alliant Energy Corp.	25,385	1,019,715	3.3%
<b>Electronic Equipment, Instruments &amp; Components</b>			
Belden, Inc.	8,291	625,390	2.0%
<b>Equity Real Estate Investment Trusts (REITs)</b>			
Agree Realty Corp.	19,832	909,694	2.9%
CyrusOne, Inc.	12,217	681,098	2.2%
Healthcare Trust of America, Inc. – Class A	36,559	1,137,351	3.6%
LTC Properties, Inc.	21,102	1,084,432	3.5%
Physicians Realty Trust	44,424	894,699	2.9%
		<u>4,707,274</u>	<u>15.1%</u>
<b>Food Products</b>			
Lamb Weston Holdings, Inc.	17,611	775,588	2.5%

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

# Baird SmallCap Value Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Health Care Equipment &amp; Supplies</b>			
ICU Medical, Inc.*	7,457	\$ 1,286,333	4.1%
<b>Household Durables</b>			
ZAGG, Inc.*	117,248	1,014,195	3.2%
<b>Household Products</b>			
Orchids Paper Products Co.	30,304	392,437	1.3%
<b>Independent Power and Renewable Electricity Producers</b>			
Algonquin Power & Utilities Corp. f	64,350	678,249	2.2%
<b>Insurance</b>			
Atlas Financial Holdings, Inc.* f	51,564	768,304	2.5%
<b>Internet Software &amp; Services</b>			
j2 Global, Inc.	11,741	999,042	3.2%
Stamps.com, Inc.*	5,870	909,116	2.9%
		1,908,158	6.1%
<b>Mortgage Real Estate Investment Trusts (REITs)</b>			
Blackstone Mortgage Trust, Inc.	23,799	752,048	2.4%
Capstead Mortgage Corp.	83,295	868,767	2.8%
		1,620,815	5.2%
<b>Semiconductors &amp; Semiconductor Equipment</b>			
Cypress Semiconductor Corp.	66,768	911,383	2.9%
Silicon Motion Technology Corp. – ADR f	19,832	956,498	3.1%
		1,867,881	6.0%
<b>Thriffs &amp; Mortgage Finance</b>			
Bofi Holding, Inc.*	31,732	752,683	2.4%
Capitol Federal Financial, Inc.	21,479	305,216	1.0%
Meta Financial Group, Inc.	15,866	1,412,074	4.5%
NMI Holdings, Inc.*	53,944	617,659	2.0%
		3,087,632	9.9%
<b>Water Utilities</b>			
Connecticut Water Service, Inc.	11,899	660,514	2.1%
<b>Wireless Telecommunication Services</b>			
Boingo Wireless, Inc.*	88,531	1,324,424	4.2%
<b>Total Common Stocks</b> (Cost \$23,896,689)		30,566,619	97.9%

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

# Baird SmallCap Value Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Short-Term Investment

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Money Market Mutual Fund</b>			
Fidelity Institutional Money Market Fund – Government Portfolio, Institutional Class, 0.85%«	602,233	\$ 602,233	1.9%
<b>Total Short-Term Investment</b> (Cost \$602,233)		602,233	1.9%
<b>Total Investments</b> (Cost \$24,498,922)		31,168,852	99.8%
Other Assets in Excess of Liabilities		71,265	0.2%
<b>TOTAL NET ASSETS</b>		<b>\$31,240,117</b>	<b>100.0%</b>

### Notes to Schedule of Investments

\* Non-Income Producing

f Foreign Security

« 7-Day Yield

ADR – American Depositary Receipt

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC (“S&P”). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

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

# Baird SmallCap Value Fund

## Schedule of Investments, June 30, 2017 (Unaudited)

### Summary of Fair Value Exposure at June 30, 2017 (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.

Management has determined that these standards have no material impact on the Fund's financial statements. 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$30,566,619	\$ —	\$ —	\$30,566,619
<b>Total Equity</b>	<u>30,566,619</u>	<u>—</u>	<u>—</u>	<u>30,566,619</u>
<b>Short-Term Investment</b>				
Money Market Mutual Fund	602,233	—	—	602,233
<b>Total Short-Term Investment</b>	<u>602,233</u>	<u>—</u>	<u>—</u>	<u>602,233</u>
<b>Total Investments*</b>	<u>\$31,168,852</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$31,168,852</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

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.*

# Chautauqua International Growth Fund

June 30, 2017 (Unaudited)

## Portfolio Characteristics

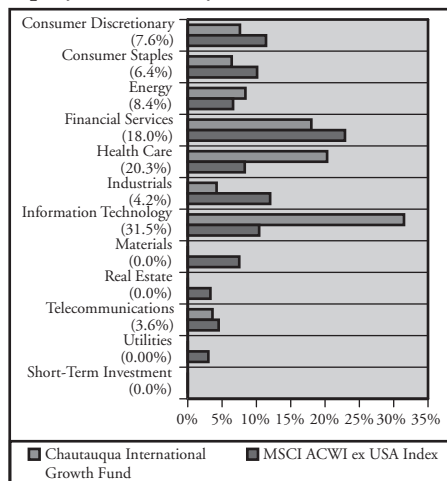
A June 30, 2017 summary of the Fund's top 10 holdings and equity sector analysis compared to the MSCI ACWI ex USA Index is shown below.

### Top 10 Holdings\*

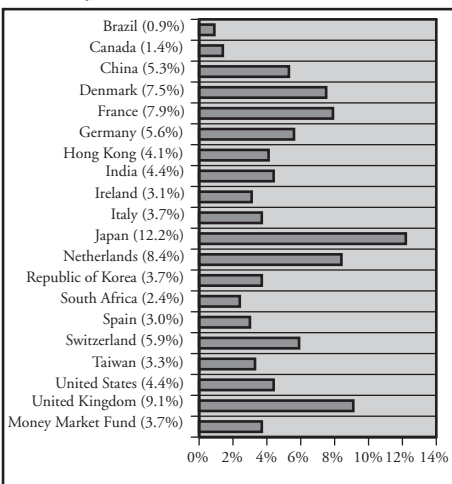
Wirecard AG	5.6%
ASML Holding NV	5.1%
Keyence Corp.	4.5%
HDFC Bank Ltd. – ADR	4.3%
LINE Corp.	4.2%
Julius Baer Group Ltd.	4.1%
AIA Group Ltd.	4.1%
Genmab A/S	4.1%
Hargreaves Lansdown PLC	3.9%
Eni SpA	3.7%

<b>Net Assets:</b>	\$59,116,508
<b>Portfolio Turnover Rate:</b>	23.4%†
<b>Number of Equity Holdings:</b>	33
<b>Annualized Portfolio Expense Ratio:***</b>	
Gross	
Institutional Class:	2.33%
Investor Class:	2.58%****
Net	
Institutional Class:	0.95%
Investor Class:	1.20%****

### Equity Sector Analysis\*\*



### Country Allocation\*\*



\* The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of June 30, 2017.

\*\* Percentages shown in parentheses relate to the Fund's total market value of investments as of June 30, 2017, and may not add up to 100% due to rounding.

\*\*\* Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.95% of average daily net assets for the Institutional Class shares and 1.20% of average daily net assets for the Investor Class shares, at least through April 30, 2018.

\*\*\*\* Includes 0.25% 12b-1 fee.

† Not annualized.



# Chautauqua International Growth Fund

June 30, 2017 (Unaudited)

## Total Returns

<i>For the Periods Ended June 30, 2017</i>	Six Months	One Year	Since Inception <sup>(1)</sup>
Institutional Class Shares	16.82%	13.62%	9.67%
Investor Class Shares	16.84%	13.63%	9.59%
MSCI ACWI ex USA <sup>(2)</sup>	14.10%	20.45%	14.31%

- (1) For the period from April 15, 2016 (inception date) through June 30, 2017.
- (2) The MSCI ACWI ex USA Index is a market-capitalization-weighted index maintained by MSCI, Inc. and designed to provide a broad measure of stock performance throughout the world. The MSCI ACWI ex USA Index includes both developed and emerging markets. This index does not reflect any deduction for fees, expenses, or taxes. A direct investment in the 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 gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".*

*The Fund focuses on both U.S. and non-U.S. stocks with medium to large market capitalizations and therefore the performance of the Fund may be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. Under normal market conditions, the Fund will invest at least 65% of its total assets in non-U.S. companies. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation. In June 2016, the United Kingdom (UK) voted to leave the European Union (EU) following a referendum referred to as "Brexit." It is expected that the UK will exit the EU within two years; however, the exact timeframe for the UK's exit is unknown. There is significant market uncertainty regarding Brexit's ramifications, and the range of possible political, regulatory, economic, and market outcomes are difficult to predict. The negative impact could be significant, potentially resulting in increased volatility and illiquidity and lower economic growth for companies that rely significantly on Europe for their business activities and revenues. Geopolitical events, including those in Ukraine and the Middle East, may cause market disruptions. The portfolio manager for the Fund has over 30 years of experience investing in the global markets and will attempt to minimize the negative impact of these events. However, it is possible that these or other geopolitical events could have an adverse effect on the value of the Fund's investments.*

*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](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*

# Chautauqua International Growth Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Alternative Carriers</b>			
Iliad SA (France)^	8,536	\$ 2,017,303	3.4%
<b>Apparel, Accessories &amp; Luxury Goods</b>			
Lululemon Athletica, Inc. (Canada)*	13,222	788,956	1.3%
<b>Application Software</b>			
Dassault Systemes (France)^	12,871	1,154,413	2.0%
<b>Asset Management &amp; Custody Banks</b>			
Hargreaves Lansdown PLC (United Kingdom)^	134,596	2,282,403	3.9%
Julius Baer Group Ltd. (Switzerland)^	45,830	2,421,485	4.1%
		4,703,888	8.0%
<b>Automobiles</b>			
BYD Co Ltd (France)^	236,963	1,454,075	2.5%
<b>Biotechnology</b>			
Genmab A/S (Denmark)*^	11,337	2,417,273	4.1%
<b>Cable &amp; Satellite</b>			
Naspers Ltd. (South Africa)^	7,303	1,438,200	2.4%
<b>Data Processing &amp; Outsourced Services</b>			
Wirecard AG (Germany)^	51,619	3,292,485	5.6%
<b>Electronic Equipment &amp; Instruments</b>			
Keyence Corp. (Japan)^	6,075	2,674,384	4.5%
<b>Health Care Distributors</b>			
Sinopharm Group Co. Ltd. (China)^	88,964	401,932	0.7%
<b>Health Care Equipment</b>			
Olympus Corp. (Japan)^	55,782	2,043,764	3.5%
<b>Household Products</b>			
Reckitt Benckiser Group PLC (United Kingdom)^	14,095	1,428,861	2.4%
<b>Insurance Brokers</b>			
BB Seguridade Participacoes SA (Brazil)	58,119	502,088	0.8%
<b>Internet Retail</b>			
Alibaba Group Holding Ltd. – ADR (China)*	14,661	2,065,735	3.5%
Ctrip.com International Ltd. – ADR (China)*	11,661	628,061	1.1%
		2,693,796	4.6%
<b>Internet Software &amp; Services</b>			
LINE Corp. (Japan)^	70,828	2,458,866	4.2%
LINE Corp. (United States)*	17,104	594,877	1.0%
		3,053,743	5.2%

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

# Chautauqua International Growth Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Life &amp; Health Insurance</b>			
AIA Group Ltd. (Hong Kong)^	332,284	\$ 2,431,110	4.1%
<b>Oil &amp; Gas Equipment &amp; Services</b>			
Core Laboratories NV (Netherlands)	18,961	1,920,180	3.2%
<b>Oil &amp; Gas Exploration &amp; Production</b>			
Eni SpA (Italy)^	146,352	2,199,364	3.7%
<b>Oil, Gas &amp; Consumable Fuels</b>			
Encana Corp. (United States)	74,762	657,800	1.1%
<b>Personal Products</b>			
Amorepacific Corp. (Republic of Korea)^	8,273	2,197,199	3.7%
<b>Pharmaceuticals</b>			
Allergan PLC (Ireland)	7,584	1,843,595	3.1%
Grifols SA – ADR (Spain)	83,211	1,758,248	3.0%
Novo Nordisk A/S – ADR (Denmark)	46,687	2,002,405	3.4%
Roche Holding AG (Switzerland)^	4,147	1,059,620	1.8%
		6,663,868	11.3%
<b>Professional Services</b>			
Recruit Holdings Co Ltd (United States)^	39,552	680,685	1.2%
<b>Regional Banks</b>			
HDFC Bank Ltd. – ADR (India)	29,402	2,557,092	4.3%
<b>Research &amp; Consulting Services</b>			
Nielsen Holdings PLC (United Kingdom)	43,237	1,671,543	2.8%
<b>Semiconductor Equipment</b>			
ASML Holding NV (Netherlands)	23,348	3,042,478	5.1%
<b>Semiconductors</b>			
Taiwan Semiconductor Manufacturing Co. Ltd. – ADR (Taiwan)	54,995	1,922,625	3.2%
<b>Software</b>			
Temenos Group AG (United States)^	7,054	631,072	1.1%
<b>Total Common Stocks</b> (Cost \$52,223,972)		56,640,177	95.8%

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

# Chautauqua International Growth Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Short-Term Investment

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Money Market Mutual Fund</b>			
Fidelity Institutional Money Market Fund – Government Portfolio, Institutional Class, 0.85% <sup>«</sup>	2,206,461	\$ 2,206,461	3.7%
<b>Total Short-Term Investment</b> (Cost \$2,206,461)		2,206,461	3.7%
<b>Total Investments</b> (Cost \$54,430,433)		58,846,638	99.5%
Other Assets in Excess of Liabilities		269,870	0.5%
<b>TOTAL NET ASSETS</b>		\$59,116,508	100.0%

### Notes to Schedule of Investments

\* Non-Income Producing

^ Fair Valued Security – See Note 2a to Financial Statements

« 7-Day Yield

ADR – American Depositary Receipt

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC (“S&P”). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

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

# Chautauqua International Growth Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Summary of Fair Value Exposure at June 30, 2017 (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. Management has determined that these standards have no material impact on the Fund's financial statements. 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$21,955,683	\$34,684,494	\$ —	\$56,640,177
<b>Total Equity</b>	<u>21,955,683</u>	<u>34,684,494</u>	<u>—</u>	<u>56,640,177</u>
<b>Short-Term Investments</b>				
Money Market Mutual Fund	2,206,461	—	—	2,206,461
<b>Total Short-Term Investments</b>	<u>2,206,461</u>	<u>—</u>	<u>—</u>	<u>2,206,461</u>
<b>Total Investments*</b>	<u>\$24,162,144</u>	<u>\$34,684,494</u>	<u>\$ —</u>	<u>\$58,846,638</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

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.

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

# Chautauqua Global Growth Fund

June 30, 2017 (Unaudited)

## Portfolio Characteristics

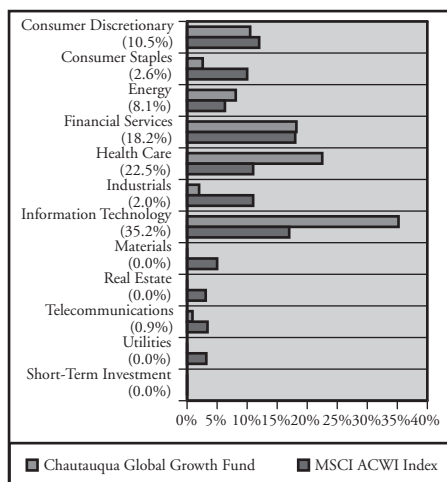
A June 30, 2017 summary of the Fund's top 10 holdings and equity sector analysis compared to the MSCI ACWI Index is shown below.

### Top 10 Holdings\*

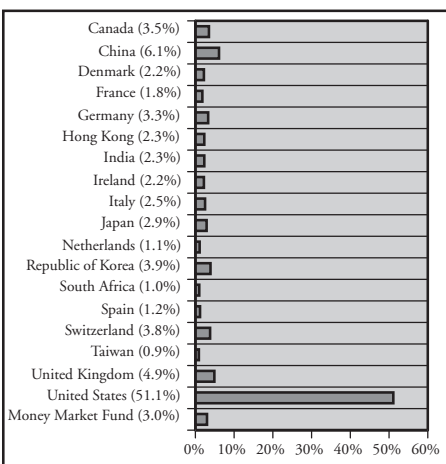
Wirecard AG	4.2%
MasterCard, Inc. – Class A	3.9%
The Charles Schwab Corp.	3.7%
Nvidia Corp.	3.7%
Palo Alto Networks, Inc.	3.5%
Regeneron Pharmaceuticals, Inc.	3.4%
Celgene Pharm.	3.4%
Julius Baer Group Ltd.	3.3%
Pioneer Natural Resources Co.	3.2%
Adobe Systems, Inc.	3.0%

<b>Net Assets:</b>	\$12,250,635
<b>Portfolio Turnover Rate:</b>	20.5%†
<b>Number of Equity Holdings:</b>	48
<b>Annualized Portfolio Expense Ratio:***</b>	
Gross	
Institutional Class:	3.66%
Investor Class:	3.91%****
Net	
Institutional Class:	0.95%
Investor Class:	1.20%****

### Equity Sector Analysis\*\*



### Country Allocation\*\*



\* The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of June 30, 2017.

\*\* Percentages shown in parentheses relate to the Fund's total market value of investments as of June 30, 2017, and may not add up to 100% due to rounding.

\*\*\* Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.95% of average daily net assets for the Institutional Class shares and 1.20% of average daily net assets for the Investor Class shares, at least through April 30, 2018.

\*\*\*\* Includes 0.25% 12b-1 fee.

† Not annualized.

# Chautauqua Global Growth Fund

June 30, 2017 (Unaudited)

## Total Returns

<i>For the Periods Ended June 30, 2017</i>	Six Months	One Year	Since Inception <sup>(1)</sup>
Institutional Class Shares	19.52%	23.44%	16.77%
Investor Class Shares	19.25%	23.16%	16.45%
MSCI ACWI Index <sup>(2)</sup>	11.48%	18.78%	14.88%

- (1) For the period from April 15, 2016 (inception date) through June 30, 2017.
- (2) The MSCI ACWI Index is a market-capitalization-weighted index maintained by MSCI, Inc. and designed to provide a broad measure of stock performance throughout the world. The MSCI ACWI Index includes both developed and emerging markets. This index does not reflect any deduction for fees, expenses, or taxes. A direct investment in the 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 gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".*

*The Fund focuses on both U.S. and non-U.S. stocks with medium to large market capitalizations and therefore the performance of the Fund may be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. Under normal market conditions, the Fund will invest at least 40% of its total assets in non-U.S. companies. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation. In June 2016, the United Kingdom (UK) voted to leave the European Union (EU) following a referendum referred to as "Brexit." It is expected that the UK will exit the EU within two years; however, the exact timeframe for the UK's exit is unknown. There is significant market uncertainty regarding Brexit's ramifications, and the range of possible political, regulatory, economic, and market outcomes are difficult to predict. The negative impact could be significant, potentially resulting in increased volatility and illiquidity and lower economic growth for companies that rely significantly on Europe for their business activities and revenues. Geopolitical events, including those in Ukraine and the Middle East, may cause market disruptions. The portfolio manager for the Fund has over 30 years of experience investing in the global markets and will attempt to minimize the negative impact of these events. However, it is possible that these or other geopolitical events could have an adverse effect on the value of the Fund's investments.*

*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](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*

# Chautauqua Global Growth Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Alternative Carriers</b>			
Iliad SA (France)^	439	\$ 103,748	0.8%
<b>Apparel, Accessories &amp; Luxury Goods</b>			
Lululemon Athletica, Inc. (Canada)*	2,701	161,169	1.3%
<b>Application Software</b>			
Dassault Systemes (France)^	1,315	117,944	1.0%
Temenos Group AG (Switzerland)^	1,455	130,168	1.0%
		248,112	2.0%
<b>Asset Management &amp; Custody Banks</b>			
Hargreaves Lansdown PLC (United Kingdom)^	19,322	327,651	2.7%
Julius Baer Group Ltd. (Switzerland)^	7,675	405,518	3.3%
		733,169	6.0%
<b>Automobile Manufacturers</b>			
BYD Co Ltd. (China)^	30,198	185,304	1.5%
<b>Biotechnology</b>			
Celgene Corp. (United States)*	3,164	410,909	3.4%
Genmab A/S (Denmark)*^	1,234	263,113	2.1%
Incyte Corp. (United States)*	1,915	241,118	2.0%
Regeneron Pharmaceuticals, Inc. (United States)*	843	414,031	3.4%
		1,329,171	10.9%
<b>Cable &amp; Satellite</b>			
Naspers Ltd. (South Africa)^	1,398	275,312	2.2%
<b>Data Processing &amp; Outsourced Services</b>			
Wirecard AG (Germany)^	7,975	508,680	4.2%
<b>Electronic Equipment &amp; Instruments</b>			
Keyence Corp. (Japan)^	554	243,886	2.0%
<b>Health Care Distributors</b>			
Sinopharm Group Co. Ltd. (China)^	41,818	188,930	1.5%
<b>Health Care Equipment</b>			
Olympus Corp. (Japan)^	5,626	206,128	1.7%
<b>Household Products</b>			
Reckitt Benckiser Group PLC (United Kingdom)^	1,179	119,520	1.0%
<b>Internet Retail</b>			
Alibaba Group Holding Ltd. – ADR (China)*	1,927	271,514	2.2%
Amazon.com, Inc. (United States)*	254	245,872	2.0%
Ctrip.com International Ltd. – ADR (China)*	2,391	128,779	1.0%
Priceline.com, Inc. (United States)*	135	252,520	2.1%
		898,685	7.3%

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



# Chautauqua Global Growth Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Internet Software &amp; Services</b>			
Alphabet, Inc. – Class A (United States)*	344	\$ 319,811	2.6%
LINE Corp. (Japan)^	7,030	244,053	2.0%
LINE Corp. (United States)*	3,500	121,730	1.0%
Salesforce.com, Inc. (United States)*	1,338	115,871	0.9%
		801,465	6.5%
<b>IT Consulting &amp; Other Services</b>			
MasterCard, Inc. – Class A (United States)	3,919	475,964	3.9%
<b>Life &amp; Health Insurance</b>			
AIA Group Ltd. (Hong Kong)^	42,182	308,619	2.5%
<b>Life Sciences Tools &amp; Services</b>			
Illumina, Inc. (United States)*	1,943	337,149	2.8%
<b>Oil &amp; Gas Equipment &amp; Services</b>			
Core Laboratories NV (Netherlands)	1,093	110,688	0.9%
<b>Oil &amp; Gas Exploration &amp; Production</b>			
Antero Resources Corp. (United States)*	10,567	228,353	1.8%
Eni SpA (Italy)^	15,550	233,684	1.9%
Pioneer Natural Resources Co. (United States)	2,437	388,896	3.2%
		850,933	6.9%
<b>Other Diversified Financial Services</b>			
The Charles Schwab Corp. (United States)	10,676	458,641	3.7%
<b>Personal Products</b>			
Amorepacific Corp. (Republic of Korea)^	734	194,940	1.6%
<b>Pharmaceuticals</b>			
Allergan PLC (Ireland)	938	228,019	1.9%
Grifols SA – ADR (Spain)	7,960	168,195	1.4%
Novo Nordisk A/S – ADR (Denmark)	3,443	147,670	1.2%
Roche Holding AG (Switzerland)^	270	68,989	0.6%
		612,873	5.1%
<b>Professional Services</b>			
Recruit Holdings Co Ltd (United States)^	6,836	117,646	1.0%
<b>Regional Banks</b>			
HDFC Bank Ltd. – ADR (India)	3,558	309,439	2.5%
SVB Financial Group (United States)*	2,013	353,866	2.9%
		663,305	5.4%
<b>Research &amp; Consulting Services</b>			
Nielsen Holdings PLC (United Kingdom)	2,992	115,671	0.9%

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

# Chautauqua Global Growth Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Semiconductor Equipment</b>			
ASML Holding NV (Netherlands)	1,012	\$ 131,874	1.1%
NVIDIA Corp. (United States)	3,159	456,665	3.7%
		588,539	4.8%
<b>Semiconductors</b>			
Taiwan Semiconductor Manufacturing Co. Ltd. – ADR (Taiwan)	3,401	118,899	1.0%
<b>Systems Software</b>			
Adobe Systems, Inc. (United States)*	2,566	362,935	3.0%
Palo Alto Networks, Inc. (United States)*	3,245	434,213	3.5%
Red Hat, Inc. (United States)*	1,397	133,763	1.1%
		931,181	7.6%
<b>Total Common Stocks</b> (Cost \$10,245,634)		11,888,057	97.0%
<b>Short-Term Investment</b>			
<b>Money Market Mutual Fund</b>			
Fidelity Institutional Money Market Fund – Government Portfolio, Institutional Class, 0.85%«	353,603	353,603	2.9%
<b>Total Short-Term Investment</b> (Cost \$353,603)		353,603	2.9%
<b>Total Investments</b> (Cost \$10,599,237)		12,241,660	99.9%
Other Assets in Excess of Liabilities		8,975	0.1%
<b>TOTAL NET ASSETS</b>		<b>\$12,250,635</b>	<b>100.0%</b>

### Notes to Schedule of Investments

\* Non-Income Producing

« 7-Day Yield

^ Fair Valued Security – See Note 2a to Financial Statements

ADR – American Depositary Receipt

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC (“S&P”). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

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

# Chautauqua Global Growth Fund

Schedule of Investments, June 30, 2017 (Unaudited)

## Summary of Fair Value Exposure at June 30, 2017 (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. Management has determined that these standards have no material impact on the Fund's financial statements. 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$7,644,224	\$4,243,833	\$ —	\$11,888,057
<b>Total Equity</b>	<u>7,644,224</u>	<u>4,243,833</u>	<u>—</u>	<u>11,888,057</u>
<b>Short-Term Investment</b>				
Money Market Mutual Fund	353,603	—	—	353,603
<b>Total Short-Term Investment</b>	<u>353,603</u>	<u>—</u>	<u>—</u>	<u>353,603</u>
<b>Total Investments*</b>	<u>\$7,997,827</u>	<u>\$4,243,833</u>	<u>\$ —</u>	<u>\$12,241,660</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

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.

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

# Additional Information on Fund Expenses

June 30, 2017 (Unaudited)

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## Example

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 Fund's transfer agent. If you request that a redemption be made by wire transfer, currently the Fund's 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 (1/1/17 – 6/30/17).

## 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, 2017 (Unaudited)

## Actual vs. Hypothetical Returns

For the Six Months Ended June 30, 2017

	Fund's Annualized Expense Ratio <sup>(1)</sup>	Beginning Account Value 1/1/17	Actual		Hypothetical (5% return before expenses)	
			Ending Account Value 6/30/17	Expenses Paid During Period <sup>(1)</sup>	Ending Account Value 6/30/17	Expenses Paid During Period <sup>(1)</sup>
<b>Baird LargeCap Fund</b>						
Institutional Class	0.75%	\$1,000.00	\$1,091.90	\$3.89	\$1,021.08	\$3.76
Investor Class	1.00%	\$1,000.00	\$1,090.90	\$5.18	\$1,019.84	\$5.01
<b>Baird MidCap Fund</b>						
Institutional Class	0.83%	\$1,000.00	\$1,160.80	\$4.45	\$1,020.68	\$4.16
Investor Class	1.08%	\$1,000.00	\$1,159.60	\$5.78	\$1,019.44	\$5.41
<b>Baird Small/Mid Cap Value Fund</b>						
Institutional Class	0.95%	\$1,000.00	\$1,059.30	\$4.85	\$1,020.08	\$4.76
Investor Class	1.20%	\$1,000.00	\$1,058.40	\$6.12	\$1,018.84	\$6.01
<b>Baird SmallCap Value Fund</b>						
Institutional Class	1.00%	\$1,000.00	\$1,033.00	\$5.04	\$1,019.84	\$5.01
Investor Class	1.25%	\$1,000.00	\$1,031.70	\$6.30	\$1,018.60	\$6.26
<b>Chautauqua International Growth Fund</b>						
Institutional Class	0.95%	\$1,000.00	\$1,168.20	\$5.11	\$1,020.08	\$4.76
Investor Class	1.20%	\$1,000.00	\$1,168.40	\$6.45	\$1,018.84	\$6.01
<b>Chautauqua Global Growth Fund</b>						
Institutional Class	0.95%	\$1,000.00	\$1,195.20	\$5.17	\$1,020.08	\$4.76
Investor Class	1.20%	\$1,000.00	\$1,192.50	\$6.52	\$1,018.84	\$6.01

(1) Expenses are equal to the Fund's annualized net expense ratio multiplied by the average account value over the period, multiplied by 181 days and divided by 365 to reflect the one-half year period.

# Statements of Assets and Liabilities

June 30, 2017 (Unaudited)

	Baird LargeCap Fund	Baird MidCap Fund	Baird Small/Mid Cap Value Fund
<b>ASSETS:</b>			
Investments, at value (cost \$35,508,861, \$1,090,693,272 and \$10,742,422, respectively)	\$41,718,341	\$1,384,542,788	\$12,372,145
Dividends receivable	39,491	498,607	27,401
Interest receivable	961	36,837	297
Receivable for investments sold	—	11,671,359	—
Receivable for Fund shares sold	—	1,962,154	—
Receivable from Advisor and Distributor, net	—	—	2,011
Prepaid expenses and other assets	20,171	34,413	18,572
Total assets	<u>41,778,964</u>	<u>1,398,746,158</u>	<u>12,420,426</u>
<b>LIABILITIES:</b>			
Payable for securities purchased	—	31,172,363	—
Payable for Fund shares repurchased	20,065	1,254,410	19,405
Payable to Advisor and Distributor, net	13,393	936,248	—
Payable to directors	3,840	1,267	3,386
Accrued expenses and other liabilities	28,129	103,942	23,749
Total liabilities	<u>65,427</u>	<u>33,468,230</u>	<u>46,540</u>
<b>NET ASSETS</b>	<u>\$41,713,537</u>	<u>\$1,365,277,928</u>	<u>\$12,373,886</u>
<b>NET ASSETS CONSIST OF:</b>			
Capital stock	\$33,698,484	\$1,034,158,193	\$11,095,893
Accumulated undistributed net investment income (loss)	245,872	(996,847)	68,203
Accumulated net realized gain (loss) on investments sold and foreign currency translations	1,559,701	38,267,066	(419,933)
Net unrealized appreciation on:			
Investments	<u>6,209,480</u>	<u>293,849,516</u>	<u>1,629,723</u>
<b>NET ASSETS</b>	<u>\$41,713,537</u>	<u>\$1,365,277,928</u>	<u>\$12,373,886</u>
<b>INSTITUTIONAL CLASS SHARES</b>			
Net Assets	\$40,930,169	\$1,253,438,751	\$12,316,155
Shares outstanding (\$0.01 par value, unlimited shares authorized)	4,200,258	68,345,092	1,129,891
Net asset value, offering and redemption price per share	<u>\$ 9.74</u>	<u>\$ 18.34</u>	<u>\$ 10.90</u>
<b>INVESTOR CLASS SHARES</b>			
Net Assets	\$ 783,368	\$ 111,839,177	\$ 57,731
Shares outstanding (\$0.01 par value, unlimited shares authorized)	80,603	6,387,964	5,309
Net asset value, offering and redemption price per share	<u>\$ 9.72</u>	<u>\$ 17.51</u>	<u>\$ 10.87</u>

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

# Statements of Assets and Liabilities

June 30, 2017 (Unaudited)

	Baird SmallCap Value Fund	Chautauqua International Growth Fund	Chautauqua Global Growth Fund
<b>ASSETS:</b>			
Investments, at value (cost \$24,498,922, \$54,430,433 and \$10,599,237, respectively)	\$31,168,852	\$58,846,638	\$12,241,660
Foreign Currency, at value (Cost \$0, \$36,070 and \$23,633, respectively)	—	36,224	23,486
Dividends receivable	84,773	88,386	6,595
Interest receivable	395	1,266	300
Receivable for Fund shares sold	22,488	174,686	13,042
Uninvested cash	—	953	—
Receivable from Advisor and Distributor, net	—	—	12,439
Prepaid expenses and other assets	21,800	35,262	26,944
Total assets	<u>31,298,308</u>	<u>59,183,415</u>	<u>12,324,466</u>
<b>LIABILITIES:</b>			
Payable for securities purchased	—	—	29,765
Payable for Fund shares repurchased	19,438	18,989	19,955
Payable to Advisor and Distributor, net	15,843	23,678	—
Payable to directors	874	798	2,073
Accrued expenses and other liabilities	22,036	23,442	22,038
Total liabilities	<u>58,191</u>	<u>66,907</u>	<u>73,831</u>
<b>NET ASSETS</b>	<u>\$31,240,117</u>	<u>\$59,116,508</u>	<u>\$12,250,635</u>
<b>NET ASSETS CONSIST OF:</b>			
Capital stock	\$24,259,144	\$54,390,002	\$10,464,083
Accumulated undistributed net investment income (loss)	158,088	207,693	(7,615)
Accumulated net realized gain on investments sold and foreign currency translations	152,955	102,251	151,646
Net unrealized appreciation on:			
Investments	6,669,930	4,416,205	1,642,423
Foreign currency and other assets denominated in foreign currency	—	357	98
<b>NET ASSETS</b>	<u>\$31,240,117</u>	<u>\$59,116,508</u>	<u>\$12,250,635</u>
<b>INSTITUTIONAL CLASS SHARES</b>			
Net Assets	\$28,600,627	\$58,240,554	\$11,958,465
Shares outstanding (\$0.01 par value, unlimited shares authorized)	1,866,969	5,207,290	991,702
Net asset value, offering and redemption price per share	<u>\$ 15.32</u>	<u>\$ 11.18</u>	<u>\$ 12.06</u>
<b>INVESTOR CLASS SHARES</b>			
Net Assets	\$ 2,639,490	\$ 875,954	\$ 292,170
Shares outstanding (\$0.01 par value, unlimited shares authorized)	172,718	78,447	24,298
Net asset value, offering and redemption price per share	<u>\$ 15.28</u>	<u>\$ 11.17</u>	<u>\$ 12.02</u>

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

# Statements of Operations

Six Months Ended June 30, 2017 (Unaudited)

	Baird LargeCap Fund	Baird MidCap Fund	Baird Small/Mid Cap Value Fund
<b>INVESTMENT INCOME:</b>			
Dividends	\$ 393,648	\$ 4,598,012	\$125,401
Interest	4,943	157,061	1,017
Other income	1,732	—	354
Total investment income	<u>400,323</u>	<u>4,755,073</u>	<u>126,772</u>
<b>EXPENSES:</b>			
Investment advisory fees	134,723	5,079,592	51,395
Administration fees	2,727	45,605	511
Shareholder servicing fees	7,934	312,143	8,333
Fund accounting fees	7,525	30,414	7,167
Professional fees	16,227	18,071	16,251
Federal and state registration	22,230	28,524	19,028
Directors fees	21,069	19,663	18,693
Custody fees	2,811	12,127	1,927
Reports to shareholders	839	45,593	632
Miscellaneous expenses	159	1,403	208
Distribution expense – Investor Class Shares (Note 8)	962	158,785	79
Total expenses	<u>217,206</u>	<u>5,751,920</u>	<u>124,224</u>
Fee waiver by Advisor (Note 5)	<u>(60,794)</u>	<u>—</u>	<u>(63,113)</u>
Net expenses	<u>156,412</u>	<u>5,751,920</u>	<u>61,111</u>
<b>NET INVESTMENT INCOME (LOSS)</b>	<u>243,911</u>	<u>(996,847)</u>	<u>65,661</u>
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS:</b>			
Net realized gain on investments	2,199,228	102,126,707	20,709
Change in unrealized appreciation on investments	1,222,740	101,634,569	619,855
Net realized and unrealized gain on investments	<u>3,421,968</u>	<u>203,761,276</u>	<u>640,564</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>\$3,665,879</u>	<u>\$202,764,429</u>	<u>\$706,225</u>

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



# Statements of Operations

Six Months Ended June 30, 2017 (Unaudited)

	Baird SmallCap Value Fund	Chautauqua International Growth Fund	Chautauqua Global Growth Fund
<b>INVESTMENT INCOME:</b>			
Dividends (of foreign taxes withheld of \$1,125, \$45,744 and \$3,238, respectively)	\$305,400	\$ 405,194	\$ 41,967
Interest	2,171	5,009	1,180
Other income	1,769	320	146
Total investment income	<u>309,340</u>	<u>410,523</u>	<u>43,293</u>
<b>EXPENSES:</b>			
Investment advisory fees	129,292	166,932	41,077
Administration fees	2,417	1,491	893
Shareholder servicing fees	7,362	6,216	4,435
Fund accounting fees	6,647	7,114	6,940
Professional fees	15,255	22,347	22,119
Federal and state registration	21,271	23,503	26,247
Directors fees	19,295	19,406	20,641
Custody fees	2,196	11,893	9,841
Reports to shareholders	315	1,713	1,440
Miscellaneous expenses	—	168	168
Interest Expense (Note 7)	—	22	—
Distribution expense – Investor Class Shares (Note 8)	3,222	753	302
Total expenses	<u>207,272</u>	<u>261,558</u>	<u>134,103</u>
Fee waiver by Advisor	(51,941)	(62,551)	(85,022)
Net expenses	<u>155,331</u>	<u>199,007</u>	<u>49,081</u>
<b>NET INVESTMENT INCOME (LOSS)</b>	<u>154,009</u>	<u>211,516</u>	<u>(5,788)</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:</b>			
Net realized gain on investments	497,391	298,228	271,398
Net realized loss on foreign currency translations	—	(12,468)	(2,446)
Change in unrealized appreciation on investments	346,134	4,767,649	1,458,685
Change in unrealized appreciation (depreciation) on foreign currency translation	—	472	(13)
Net realized and unrealized gain on investments	<u>843,525</u>	<u>5,053,881</u>	<u>1,727,624</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>\$997,534</u>	<u>\$5,265,397</u>	<u>\$1,721,836</u>

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

# Statement of Changes in Net Assets

Baird LargeCap Fund

	Six Months Ended June 30, 2017 (Unaudited)	Year Ended December 31, 2016
<b>OPERATIONS:</b>		
Net investment income	\$ 243,911	\$ 549,393
Net realized gain on investments	2,199,228	12,664
Net realized loss on foreign currency translations	—	(6)
Change in unrealized appreciation on investments	<u>1,222,740</u>	<u>4,113,578</u>
Net increase in net assets resulting from operations	<u>3,665,879</u>	<u>4,675,629</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	2,113,333	4,634,043
Shares issued to holders in reinvestment of distributions	—	560,003
Cost of shares redeemed	<u>(3,624,037)</u>	<u>(6,000,917)</u>
Net decrease in net assets resulting from capital share transactions	<u>(1,510,704)</u>	<u>(806,871)</u>
<b>DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:</b>		
From net investment income	—	(555,559)
Total Distributions	<u>—</u>	<u>(555,559)</u>
<b>DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:</b>		
From net investment income	—	(5,808)
Total Distributions	<u>—</u>	<u>(5,808)</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	<b>2,155,175</b>	<b>3,307,391</b>
<b>NET ASSETS:</b>		
Beginning of period	<u>39,558,362</u>	<u>36,250,971</u>
End of period (including undistributed net investment income of \$245,872 and \$1,961, respectively)	<u>\$41,713,537</u>	<u>\$39,558,362</u>

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

# Statement of Changes in Net Assets

Baird MidCap Fund

	Six Months Ended	
	June 30, 2017	Year Ended
	(Unaudited)	December 31, 2016
<b>OPERATIONS:</b>		
Net investment loss	\$ (996,847)	\$ (2,146,689)
Net realized gain (loss) on investments	102,126,707	(20,374,537)
Change in unrealized appreciation on investments	101,634,569	85,885,944
Net increase in net assets resulting from operations	<u>202,764,429</u>	<u>63,364,718</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	229,518,806	439,643,509
Cost of shares redeemed	<u>(309,233,216)</u>	<u>(479,905,649)</u>
Net decrease in net assets resulting from capital share transactions	<u>(79,714,410)</u>	<u>(40,262,140)</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	123,050,019	23,102,578
<b>NET ASSETS:</b>		
Beginning of period	<u>1,242,227,909</u>	<u>1,219,125,331</u>
End of period (including undistributed net investment loss of \$(996,847) and \$0, respectively)	<u>\$1,365,277,928</u>	<u>\$1,242,227,909</u>

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

# Statement of Changes in Net Assets

## Baird Small/Mid Cap Value Fund

	Six Months Ended	
	June 30, 2017 (Unaudited)	Year Ended December 31, 2016
<b>OPERATIONS:</b>		
Net investment income	\$ 65,661	\$ 95,621
Net realized gain (loss) on investments	20,709	(404,287)
Change in unrealized appreciation on investments	619,855	1,204,570
Net increase in net assets resulting from operations	706,225	895,904
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	4,039,140	6,833,697
Shares issued to holders in reinvestment of distributions	—	79,329
Cost of shares redeemed	(4,338,457)	(485,000)
Net increase (decrease) in net assets resulting from capital share transactions	(299,317)	6,428,026
<b>DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:</b>		
From net investment income	—	(90,044)
Total Distributions	—	(90,044)
<b>DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:</b>		
From net investment income	—	(325)
Total Distributions	—	(325)
<b>TOTAL INCREASE IN NET ASSETS</b>	406,908	7,233,561
<b>NET ASSETS:</b>		
Beginning of period	11,966,978	4,733,417
End of period (including undistributed net investment income of \$68,203 and \$2,542, respectively)	\$12,373,886	\$11,966,978

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

# Statement of Changes in Net Assets

## Baird SmallCap Value Fund

	Six Months Ended	
	June 30, 2017	Year Ended
	(Unaudited)	December 31, 2016
<b>OPERATIONS:</b>		
Net investment income	\$ 154,009	\$ 345,791
Net realized gain on investments	497,391	406,537
Change in unrealized appreciation on investments	346,134	3,244,223
Net increase in net assets resulting from operations	997,534	3,996,551
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	1,991,700	5,035,886
Shares issued to holders in reinvestment of distributions	—	287,392
Cost of shares redeemed	(2,598,012)	(3,257,446)
Net increase (decrease) in net assets resulting from capital share transactions	(606,312)	2,065,832
<b>DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:</b>		
From net investment income	—	(321,015)
Total Distributions	—	(321,015)
<b>DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:</b>		
From net investment income	—	(19,041)
Total Distributions	—	(19,041)
<b>TOTAL INCREASE IN NET ASSETS</b>	391,222	5,722,327
<b>NET ASSETS:</b>		
Beginning of period	30,848,895	25,126,568
End of period (including undistributed net investment income of \$158,088 and \$4,079, respectively)	\$31,240,117	\$30,848,895

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

# Statement of Changes in Net Assets

## Chautauqua International Growth Fund

	Six Months Ended June 30, 2017 (Unaudited)	April 15, 2016 <sup>^</sup> through December 31, 2016
<b>OPERATIONS:</b>		
Net investment income	\$ 211,516	\$ 3,896
Net realized gain (loss) on investments	298,228	(206,808)
Net realized gain (loss) on foreign currency translations	(12,468)	333
Change in unrealized appreciation (depreciation) on investments and foreign currency	<u>4,768,121</u>	<u>(351,559)</u>
Net increase (decrease) in net assets resulting from operations	<u>5,265,397</u>	<u>(554,138)</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	41,060,874	16,146,048
Cost of shares redeemed	(2,372,268)	(436,323)
Redemption fees	<u>5,203</u>	<u>1,715</u>
Net increase in net assets resulting from capital share transactions	<u>38,693,809</u>	<u>15,711,440</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	<b>43,959,206</b>	<b>15,157,302</b>
<b>NET ASSETS:</b>		
Beginning of period	<u>15,157,302</u>	<u>—</u>
End of period (including undistributed net investment income (loss) of \$207,693 and \$(3,823), respectively)	<u>\$59,116,508</u>	<u>\$15,157,302</u>

<sup>^</sup> Inception was the close of business on April 15, 2016.

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

# Statement of Changes in Net Assets

## Chautauqua Global Growth Fund

	Six Months Ended June 30, 2017 (Unaudited)	April 15, 2016 <sup>^</sup> through December 31, 2016
<b>OPERATIONS:</b>		
Net investment loss	\$ (5,788)	\$ (6,417)
Net realized gain (loss) on investments	271,398	(126,573)
Net realized gain (loss) on foreign currency translations	(2,446)	47
Change in unrealized appreciation on investments and foreign currency	1,458,672	183,849
Net increase in net assets resulting from operations	<u>1,721,836</u>	<u>50,906</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	3,140,828	8,917,355
Cost of shares redeemed	(461,524)	(1,119,965)
Redemption fees	684	515
Net increase in net assets resulting from capital share transactions	<u>2,679,988</u>	<u>7,797,905</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	<b>4,401,824</b>	<b>7,848,811</b>
<b>NET ASSETS:</b>		
Beginning of period	<u>7,848,811</u>	<u>—</u>
End of period (including undistributed net investment loss of \$(7,615) and \$(1,827), respectively)	<u>\$12,250,635</u>	<u>\$ 7,848,811</u>

<sup>^</sup> Inception was the close of business on April 15, 2016.

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

# Financial Highlights

## Baird LargeCap Fund – Institutional Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2017 (Unaudited)	2016 <sup>(1)</sup>	2015	2014	2013 <sup>(1)</sup>	2012
<b>Per Share Data:</b>						
Net asset value, beginning of period	\$ 8.92	\$ 8.01	\$ 8.93	\$ 7.92	\$ 9.86	\$ 8.71
<b>Income from investment operations:</b>						
Net investment income <sup>(2)</sup>	0.06	0.12	0.10	0.09	0.03	0.04
Net realized and unrealized gains (losses) on investments	0.76	0.92	(0.45)	1.10	3.16	1.15
Total from investment operations	0.82	1.04	(0.35)	1.19	3.19	1.19
<b>Less distributions:</b>						
Distributions from net investment income	—	(0.13)	(0.11)	(0.08)	(0.04)	(0.04)
Distributions from net realized gains	—	—	(0.46)	(0.10)	(5.09)	—
Total distributions	—	(0.13)	(0.57)	(0.18)	(5.13)	(0.04)
<b>Net asset value, end of period</b>	<b>\$ 9.74</b>	<b>\$ 8.92</b>	<b>\$ 8.01</b>	<b>\$ 8.93</b>	<b>\$ 7.92</b>	<b>\$ 9.86</b>
<b>Total return</b>	9.19% <sup>(3)</sup>	12.94%	(3.94)%	15.09%	32.68%	13.62%
<b>Supplemental data and ratios:</b>						
Net assets, end of period (millions)	\$40.9	\$38.8	\$35.6	\$39.0	\$28.0	\$24.0
Ratio of expenses to average net assets	0.75% <sup>(4)</sup>	0.75%	0.75%	0.75%	0.75%	0.75%
Ratio of expenses to average net assets (before waivers)	1.04% <sup>(4)</sup>	1.13%	1.11%	1.17%	1.24%	1.34%
Ratio of net investment income to average net assets	1.18% <sup>(4)</sup>	1.51%	1.18%	1.08%	0.28%	0.37%
Ratio of net investment income (loss) to average net assets (before waivers)	0.89% <sup>(4)</sup>	1.13%	0.82%	0.66%	(0.21)%	(0.22)%
Portfolio turnover rate <sup>(5)</sup>	40.2% <sup>(3)</sup>	85.0%	86.5%	88.2%	127.7%	39.2%

(1) Effective December 23, 2013, Baird Kailash Group, LLC became the Fund's subadviser. The Fund changed its subadviser to L2 Asset Management, LLC as of April 30, 2016.

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

(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 Baird Large Cap Fund's Portfolio turnover rate in 2013 was higher than previous years primarily due to the implementation of a new investment strategy for the Fund by Baird Kailash Group, LLC, the Fund's previous subadviser.

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



# Financial Highlights

## Baird LargeCap Fund – Investor Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2017 (Unaudited)	2016 <sup>(1)</sup>	2015	2014	2013 <sup>(1)</sup>	2012
<b>Per Share Data:</b>						
Net asset value, beginning of period	\$ 8.91	\$ 7.97	\$ 8.87	\$ 7.87	\$ 9.82	\$ 8.68
<b>Income from</b>						
<b>investment operations:</b>						
Net investment income <sup>(2)</sup>	0.04	0.10	0.08	0.05	0.00 <sup>(3)</sup>	0.01
Net realized and unrealized gains (losses) on investments	0.77	0.91	(0.45)	1.12	3.14	1.15
Total from investment operations	0.81	1.01	(0.37)	1.17	3.14	1.16
<b>Less distributions:</b>						
Distributions from net investment income	—	(0.07)	(0.07)	(0.07)	—	(0.02)
Distributions from net realized gains	—	—	(0.46)	(0.10)	(5.09)	—
Total distributions	—	(0.07)	(0.53)	(0.17)	(5.09)	(0.02)
<b>Net asset value, end of period</b>	<b>\$ 9.72</b>	<b>\$ 8.91</b>	<b>\$ 7.97</b>	<b>\$ 8.87</b>	<b>\$ 7.87</b>	<b>\$ 9.82</b>
<b>Total return</b>	9.09% <sup>(4)</sup>	12.67%	(4.18)%	14.89%	32.34%	13.32%
<b>Supplemental data and ratios:</b>						
Net assets, end of period (millions)	\$0.8	\$0.7	\$0.6	\$1.2	\$0.2	\$0.4
Ratio of expenses to average net assets	1.00% <sup>(5)</sup>	1.00%	1.00%	1.00%	1.00%	1.00%
Ratio of expenses to average net assets (before waivers)	1.29% <sup>(5)</sup>	1.38%	1.36%	1.42%	1.49%	1.59%
Ratio of net investment income to average net assets	0.93% <sup>(5)</sup>	1.26%	0.93%	0.83%	0.03%	0.12%
Ratio of net investment income (loss) to average net assets (before waivers)	0.64% <sup>(5)</sup>	0.88%	0.57%	0.41%	(0.46)%	(0.47)%
Portfolio turnover rate <sup>(6)</sup>	40.2% <sup>(4)</sup>	85.0%	86.5%	88.2%	127.7%	39.2%

- (1) Effective December 23, 2013, Baird Kailash Group, LLC became the Fund's subadviser. The Fund changed its subadviser to L2 Asset Management, LLC as of April 30, 2016.
- (2) Calculated using average shares outstanding during the period.
- (3) Amount is less than \$0.005.
- (4) Not annualized.
- (5) Annualized.
- (6) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued. The Baird Large Cap Fund's Portfolio turnover rate in 2013 was higher than previous years primarily due to the implementation of a new investment strategy for the Fund by Baird Kailash Group, LLC, the Fund's previous subadviser.

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

# Financial Highlights

## Baird MidCap Fund – Institutional Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2017 (Unaudited)	2016	2015	2014	2013	2012
<b>Per Share Data:</b>						
Net asset value, beginning of period	\$15.80	\$14.99	\$15.57	\$15.00	\$11.52	\$ 9.98
<b>Income from</b>						
<b>investment operations:</b>						
Net investment income (loss)	(0.01) <sup>(1)</sup>	(0.02) <sup>(1)</sup>	(0.03) <sup>(1)</sup>	(0.03) <sup>(1)</sup>	(0.01)	0.07 <sup>(1)</sup>
Net realized and unrealized gains (losses) on investments	2.55	0.83	(0.53)	0.76	3.80	1.57
Total from investment operations	2.54	0.81	(0.56)	0.73	3.79	1.64
<b>Less distributions:</b>						
Distributions from net investment income	—	—	—	—	—	(0.04)
Distributions from net realized gains	—	—	(0.02)	(0.16)	(0.31)	(0.06)
Total distributions	—	—	(0.02)	(0.16)	(0.31)	(0.10)
<b>Net asset value, end of period</b>	<u>\$18.34</u>	<u>\$15.80</u>	<u>\$14.99</u>	<u>\$15.57</u>	<u>\$15.00</u>	<u>\$11.52</u>
<b>Total return</b>	16.08% <sup>(2)</sup>	5.40%	(3.59)%	4.85%	32.90%	16.49%
<b>Supplemental data and ratios:</b>						
Net assets, end of period (millions)	\$1,253.4	\$1,105.1	\$1,035.0	\$910.9	\$286.1	\$137.2
Ratio of expenses to average net assets	0.83% <sup>(3)</sup>	0.82%	0.80%	0.85%	0.85%	0.85%
Ratio of expenses to average net assets (before waivers)	0.83% <sup>(3)</sup>	0.82%	0.80%	0.87%	0.87%	0.97%
Ratio of net investment income (loss) to average net assets	(0.12)% <sup>(3)</sup>	(0.14)%	(0.18)%	(0.17)%	(0.04)%	0.65%
Ratio of net investment income (loss) to average net assets (before waivers)	(0.12)% <sup>(3)</sup>	(0.14)%	(0.18)%	(0.19)%	(0.06)%	0.53%
Portfolio turnover rate <sup>(4)</sup>	27.6% <sup>(2)</sup>	57.2%	52.8%	37.3%	36.3%	29.5%

(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 MidCap Fund – Investor Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2017 (Unaudited)	2016	2015	2014	2013	2012
<b>Per Share Data:</b>						
Net asset value, beginning of period	\$15.10	\$14.36	\$14.96	\$14.45	\$11.13	\$ 9.66
<b>Income from investment operations:</b>						
Net investment income (loss)	(0.03) <sup>(1)</sup>	(0.06) <sup>(1)</sup>	(0.06) <sup>(1)</sup>	(0.06) <sup>(1)</sup>	(0.03)	0.04 <sup>(1)</sup>
Net realized and unrealized gains (losses) on investments	2.44	0.80	(0.52)	0.73	3.66	1.52
Total from investment operations	2.41	0.74	(0.58)	0.67	3.63	1.56
<b>Less distributions:</b>						
Distributions from net investment income	—	—	—	—	—	(0.03)
Distributions from net realized gains	—	—	(0.02)	(0.16)	(0.31)	(0.06)
Total distributions	—	—	(0.02)	(0.16)	(0.31)	(0.09)
<b>Net asset value, end of period</b>	<u>\$17.51</u>	<u>\$15.10</u>	<u>\$14.36</u>	<u>\$14.96</u>	<u>\$14.45</u>	<u>\$11.13</u>
<b>Total return</b>	15.96% <sup>(2)</sup>	5.08%	(3.80)%	4.62%	32.62%	16.16%
<b>Supplemental data and ratios:</b>						
Net assets, end of period (millions)	\$111.8	\$137.2	\$184.1	\$205.4	\$143.1	\$84.1
Ratio of expenses to average net assets	1.08% <sup>(3)</sup>	1.07%	1.05%	1.10%	1.10%	1.10%
Ratio of expenses to average net assets (before waivers)	1.08% <sup>(3)</sup>	1.07%	1.05%	1.12%	1.12%	1.22%
Ratio of net investment income (loss) to average net assets	(0.37)% <sup>(3)</sup>	(0.39)%	(0.43)%	(0.42)%	(0.29)%	0.40%
Ratio of net investment income (loss) to average net assets (before waivers)	(0.37)% <sup>(3)</sup>	(0.39)%	(0.43)%	(0.44)%	(0.31)%	0.28%
Portfolio turnover rate <sup>(4)</sup>	27.6% <sup>(2)</sup>	57.2%	52.8%	37.3%	36.3%	29.5%

(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 Small/Mid Cap Value Fund – Institutional Class

	Six Months Ended June 30, 2017 (Unaudited)	Year Ended December 31, 2016	November 30, 2015 <sup>^</sup> through December 31, 2015
<b>Per Share Data:</b>			
Net asset value, beginning of period	\$10.29	\$ 9.52	\$10.00
<b>Income from investment operations:</b>			
Net investment income <sup>(1)</sup>	0.05	0.13	0.02
Net realized and unrealized gains (losses) on investments	0.56	0.72	(0.49)
Total from investment operations	0.61	0.85	(0.47)
<b>Less distributions:</b>			
Distributions from net investment income	—	(0.08)	(0.01)
Total distributions	—	(0.08)	(0.01)
<b>Net asset value, end of period</b>	<b>\$10.90</b>	<b>\$10.29</b>	<b>\$ 9.52</b>
<b>Total return</b>	<b>5.93%<sup>(2)</sup></b>	<b>8.91%</b>	<b>(4.66)%<sup>(2)</sup></b>
<b>Supplemental data and ratios:</b>			
Net assets, end of period (millions)	\$12.3	\$11.9	\$4.7
Ratio of expenses to average net assets	0.95% <sup>(3)</sup>	0.95%	0.95% <sup>(3)</sup>
Ratio of expenses to average net assets (before waivers)	1.93% <sup>(3)</sup>	2.86%	6.88% <sup>(3)</sup>
Ratio of net investment income to average net assets	1.02% <sup>(3)</sup>	1.35%	1.96% <sup>(3)</sup>
Ratio of net investment income (loss) to average net assets (before waivers)	0.04% <sup>(3)</sup>	(0.56)%	(3.97)% <sup>(3)</sup>
Portfolio turnover rate <sup>(4)</sup>	42.1% <sup>(2)</sup>	38.3%	14.7% <sup>(2)</sup>

<sup>^</sup> Inception date.

(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 Small/Mid Cap Value Fund – Investor Class

	Six Months Ended June 30, 2017 (Unaudited)	Year Ended December 31, 2016	November 30, 2015 <sup>^</sup> through December 31, 2015
<b>Per Share Data:</b>			
Net asset value, beginning of period	\$10.28	\$ 9.52	\$10.00
<b>Income from investment operations:</b>			
Net investment income <sup>(1)</sup>	0.04	0.11	0.01
Net realized and unrealized gains (losses) on investments	0.55	0.71	(0.48)
Total from investment operations	0.59	0.82	(0.47)
<b>Less distributions:</b>			
Distributions from net investment income	—	(0.06)	(0.01)
Total distributions	—	(0.06)	(0.01)
<b>Net asset value, end of period</b>	<b>\$10.87</b>	<b>\$10.28</b>	<b>\$ 9.52</b>
<b>Total return</b>	5.84% <sup>(2)</sup>	8.64%	(4.67)% <sup>(2)</sup>
<b>Supplemental data and ratios:</b>			
Net assets, end of period (thousands)	\$0.1	\$53.2	\$19.0
Ratio of expenses to average net assets	1.20% <sup>(3)</sup>	1.20%	1.20% <sup>(3)</sup>
Ratio of expenses to average net assets (before waivers)	2.18% <sup>(3)</sup>	3.11%	7.13% <sup>(3)</sup>
Ratio of net investment income to average net assets	0.77% <sup>(3)</sup>	1.10%	1.71% <sup>(3)</sup>
Ratio of net investment loss to average net assets (before waivers)	(0.21)% <sup>(3)</sup>	(0.81)%	(4.22)% <sup>(3)</sup>
Portfolio turnover rate <sup>(4)</sup>	42.1% <sup>(2)</sup>	38.3%	14.7% <sup>(2)</sup>

<sup>^</sup> Inception date.

(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 SmallCap Value Fund – Institutional Class

	Six Months Ended		Year Ended December 31,		May 1, 2012 <sup>^</sup> through December 31, 2012	
	June 30, 2017 (Unaudited)	2016	2015	2014	2013	
<b>Per Share Data:</b>						
Net asset value, beginning of period	\$14.83	\$13.03	\$13.82	\$14.01	\$10.20	\$10.00
<b>Income from investment operations:</b>						
Net investment income <sup>(1)</sup>	0.08	0.21	0.11	0.05	0.07	0.15
Net realized and unrealized gains (losses) on investments	0.41	1.76	(0.82)	0.01	3.99	0.20
Total from investment operations	0.49	1.97	(0.71)	0.06	4.06	0.35
<b>Less distributions:</b>						
Distributions from net investment income	—	(0.17)	(0.08)	(0.05)	(0.05)	(0.12)
Distributions from net realized gains	—	—	—	(0.20)	(0.20)	(0.03)
Total distributions	—	(0.17)	(0.08)	(0.25)	(0.25)	(0.15)
<b>Net asset value, end of period</b>	<u>\$15.32</u>	<u>\$14.83</u>	<u>\$13.03</u>	<u>\$13.82</u>	<u>\$14.01</u>	<u>\$10.20</u>
<b>Total return</b>	3.30% <sup>(2)</sup>	15.11%	(5.11)%	0.42%	39.85%	3.52% <sup>(2)</sup>
<b>Supplemental data and ratios:</b>						
Net assets, end of period (millions)	\$28.6	\$28.2	\$23.1	\$23.5	\$19.0	\$8.1
Ratio of expenses to average net assets	1.00% <sup>(3)</sup>	1.00%	1.00%	1.00%	1.00%	1.00% <sup>(3)</sup>
Ratio of expenses to average net assets (before waivers)	1.34% <sup>(3)</sup>	1.43%	1.51%	1.55%	2.02%	3.06% <sup>(3)</sup>
Ratio of net investment income to average net assets	1.03% <sup>(3)</sup>	1.58%	0.79%	0.36%	0.71%	2.32% <sup>(3)</sup>
Ratio of net investment income (loss) to average net assets (before waivers)	0.69% <sup>(3)</sup>	1.15%	0.28%	(0.19)%	(0.31)%	0.26% <sup>(3)</sup>
Portfolio turnover rate <sup>(4)</sup>	10.6% <sup>(2)</sup>	48.9%	42.1%	41.9%	36.9%	24.6% <sup>(2)</sup>

<sup>^</sup> Inception date.

(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 SmallCap Value Fund – Investor Class

	Six Months Ended		Year Ended December 31,		May 1, 2012 <sup>^</sup> through December 31, 2012	
	June 30, 2017 (Unaudited)	2016	2015	2014	2013	
<b>Per Share Data:</b>						
Net asset value, beginning of period	\$14.81	\$12.99	\$13.78	\$13.98	\$10.19	\$10.00
<b>Income from investment operations:</b>						
Net investment income <sup>(1)</sup>	0.06	0.18	0.07	0.02	0.04	0.14
Net realized and unrealized gains (losses) on investments	0.41	1.75	(0.81)	0.00 <sup>(2)</sup>	3.99	0.19
Total from investment operations	0.47	1.93	(0.74)	0.02	4.03	0.33
<b>Less distributions:</b>						
Distributions from net investment income	—	(0.11)	(0.05)	(0.02)	(0.04)	(0.11)
Distributions from net realized gains	—	—	—	(0.20)	(0.20)	(0.03)
Total distributions	—	(0.11)	(0.05)	(0.22)	(0.24)	(0.14)
<b>Net asset value, end of period</b>	<b>\$15.28</b>	<b>\$14.81</b>	<b>\$12.99</b>	<b>\$13.78</b>	<b>\$13.98</b>	<b>\$10.19</b>
<b>Total return</b>	<b>3.17%<sup>(3)</sup></b>	<b>14.84%</b>	<b>(5.37)%</b>	<b>0.13%</b>	<b>39.58%</b>	<b>3.32%<sup>(3)</sup></b>
<b>Supplemental data and ratios:</b>						
Net assets, end of period (millions)	\$2.6	\$2.6	\$2.0	\$2.1	\$1.1	\$0.2
Ratio of expenses to average net assets	1.25% <sup>(4)</sup>	1.25%	1.25%	1.25%	1.25%	1.25% <sup>(4)</sup>
Ratio of expenses to average net assets (before waivers)	1.59% <sup>(4)</sup>	1.68%	1.76%	1.80%	2.27%	3.31% <sup>(4)</sup>
Ratio of net investment income to average net assets	0.78% <sup>(4)</sup>	1.33%	0.54%	0.11%	0.46%	2.07% <sup>(4)</sup>
Ratio of net investment income (loss) to average net assets (before waivers)	0.44% <sup>(4)</sup>	0.90%	0.03%	(0.44)%	(0.56)%	0.01% <sup>(4)</sup>
Portfolio turnover rate <sup>(5)</sup>	10.6% <sup>(3)</sup>	48.9%	42.1%	41.9%	36.9%	24.6% <sup>(3)</sup>

<sup>^</sup> 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

## Chautauqua International Growth Fund – Institutional Class

	Six Months Ended June 30, 2017 (Unaudited)	April 15, 2016 <sup>^</sup> through December 31, 2016
<b>Per Share Data:</b>		
Net asset value, beginning of period	\$ 9.57	\$10.00
<b>Income from investment operations:</b>		
Net investment income <sup>(1)</sup>	0.05	0.00 <sup>(2)</sup>
Net realized and unrealized gain on investments	1.56	(0.43)
Total from investment operations	1.61	(0.43)
<b>Net asset value, end of period</b>	<b>\$11.18</b>	<b>\$ 9.57</b>
<b>Total return</b>	<b>16.82%<sup>(3)</sup></b>	<b>(4.30)%<sup>(3)</sup></b>
<b>Supplemental data and ratios:</b>		
Net assets, end of period (millions)	\$58.2	\$14.8
Ratio of expenses to average net assets	0.95% <sup>(4)</sup>	0.95% <sup>(4)</sup>
Ratio of expenses to average net assets (before waivers)	1.25% <sup>(4)</sup>	2.32% <sup>(4)</sup>
Ratio of net investment income to average net assets	1.02% <sup>(4)</sup>	0.06% <sup>(4)</sup>
Ratio of net investment income (loss) to average net assets (before waivers)	0.72% <sup>(4)</sup>	(1.31)% <sup>(4)</sup>
Portfolio turnover rate <sup>(5)</sup>	23.4% <sup>(3)</sup>	72.6% <sup>(3)</sup>

<sup>^</sup> 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

## Chautauqua International Growth Fund – Investor Class

	Six Months Ended June 30, 2017 (Unaudited)	April 15, 2016 <sup>^</sup> through December 31, 2016
<b>Per Share Data:</b>		
Net asset value, beginning of period	\$ 9.56	\$10.00
<b>Income from investment operations:</b>		
Net investment income (loss) <sup>(1)</sup>	0.04	(0.01)
Net realized and unrealized gain on investments	1.56	(0.44)
Total from investment operations	1.60	(0.45)
Paid In Capital from redemption fees	0.01	0.01
<b>Net asset value, end of period</b>	<b><u>\$11.17</u></b>	<b><u>\$ 9.56</u></b>
<b>Total return</b>	<b>16.84%<sup>(2)</sup></b>	<b>(4.40)%<sup>(2)</sup></b>
<b>Supplemental data and ratios:</b>		
Net assets, end of period (millions)	\$0.9	\$0.3
Ratio of expenses to average net assets	1.20% <sup>(3)</sup>	1.20% <sup>(3)</sup>
Ratio of expenses to average net assets (before waivers)	1.50% <sup>(3)</sup>	2.58% <sup>(3)</sup>
Ratio of net investment income (loss) to average net assets	0.77% <sup>(3)</sup>	(0.19)% <sup>(3)</sup>
Ratio of net investment income (loss) to average net assets (before waivers)	0.47% <sup>(3)</sup>	(1.57)% <sup>(3)</sup>
Portfolio turnover rate <sup>(4)</sup>	23.4% <sup>(2)</sup>	72.6% <sup>(2)</sup>

<sup>^</sup> Inception date.

(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

## Chautauqua Global Growth Fund – Institutional Class

	Six Months Ended June 30, 2017 (Unaudited)	April 15, 2016 <sup>^</sup> through December 31, 2016
<b>Per Share Data:</b>		
Net asset value, beginning of period	\$10.09	\$10.00
<b>Income from investment operations:</b>		
Net investment (loss) <sup>(1)</sup>	(0.01)	(0.01)
Net realized and unrealized gain on investments	1.98	0.10
Total from investment operations	1.97	0.09
<b>Net asset value, end of period</b>	<b>\$12.06</b>	<b>\$10.09</b>
<b>Total return</b>	<b>19.52%<sup>(2)</sup></b>	<b>0.90%<sup>(2)</sup></b>
<b>Supplemental data and ratios:</b>		
Net assets, end of period (millions)	\$12.0	\$7.6
Ratio of expenses to average net assets	0.95% <sup>(3)</sup>	0.95% <sup>(3)</sup>
Ratio of expenses to average net assets (before waivers)	2.60% <sup>(3)</sup>	3.65% <sup>(3)</sup>
Ratio of net investment loss to average net assets	(0.11)% <sup>(3)</sup>	(0.16)% <sup>(3)</sup>
Ratio of net investment loss to average net assets (before waivers)	(1.76)% <sup>(3)</sup>	(2.86)% <sup>(3)</sup>
Portfolio turnover rate <sup>(4)</sup>	20.5% <sup>(2)</sup>	69.40% <sup>(2)</sup>

<sup>^</sup> Inception date.

(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

## Chautauqua Global Growth Fund – Investor Class

	Six Months Ended June 30, 2017 (Unaudited)	April 15, 2016 <sup>^</sup> through December 31, 2016
<b>Per Share Data:</b>		
Net asset value, beginning of period	\$10.08	\$10.00
<b>Income from investment operations:</b>		
Net investment (loss) <sup>(1)</sup>	(0.02)	(0.03)
Net realized and unrealized gain on investments	1.96	0.11
Total from investment operations	1.94	0.08
Paid In Capital from redemption fees	0.00 <sup>(2)</sup>	—
<b>Net asset value, end of period</b>	<b>\$12.02</b>	<b>\$10.08</b>
Total return	19.25% <sup>(3)</sup>	0.80% <sup>(3)</sup>
<b>Supplemental data and ratios:</b>		
Net assets, end of period (millions)	\$0.3	\$0.2
Ratio of expenses to average net assets	1.20% <sup>(4)</sup>	1.20% <sup>(4)</sup>
Ratio of expenses to average net assets (before waivers)	2.85% <sup>(4)</sup>	3.90% <sup>(4)</sup>
Ratio of net investment loss to average net assets	(0.36)% <sup>(4)</sup>	(0.41)% <sup>(4)</sup>
Ratio of net investment loss to average net assets (before waivers)	(2.01)% <sup>(4)</sup>	(3.11)% <sup>(4)</sup>
Portfolio turnover rate <sup>(5)</sup>	20.5% <sup>(3)</sup>	69.4% <sup>(3)</sup>

<sup>^</sup> 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.*

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

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## 1. Organization

Baird Funds, Inc. (the “Corporation”) was incorporated on June 9, 2000 as a Wisconsin corporation and is registered as an open-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). The accompanying financial statements include the Baird LargeCap Fund, the Baird MidCap Fund, the Baird Small/Mid Cap Value Fund, the Baird SmallCap Value Fund, the Chautauqua International Growth Fund and the Chautauqua Global Growth Fund (each a “Fund” and collectively the “Funds”), six of the fifteen series comprising the Corporation. Pursuant to the 1940 Act, the Funds are “diversified” series of the Corporation. The investment advisor to the Funds is Robert W. Baird & Co. Incorporated (“Baird” or the “Advisor”).

The Baird LargeCap Fund commenced with the sale of both Institutional and Investor Class Shares on September 29, 2000. The Baird MidCap Fund commenced with the sale of both Institutional and Investor Class Shares on December 29, 2000. The Baird Small/Mid Cap Value Fund commenced with the sale of both Institutional and Investor Class Shares on November 30, 2015. The Baird SmallCap Value Fund commenced with the sale of both Institutional and Investor Class Shares to the public on May 1, 2012. The Chautauqua International Growth Fund and the Chautauqua Global Growth Fund commenced with the sale of both Institutional and Investor Class Shares to the public on April 18, 2016. 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 up to 0.25%. See Note 8.

The Baird LargeCap Fund seeks long-term growth of capital through investments in equity securities of large-capitalization companies.

The Baird MidCap Fund seeks long-term growth of capital through investments in equity securities of mid-capitalization companies.

The Baird Small/Mid Cap Value Fund seeks long-term capital appreciation through investments in equity securities of small- to mid-capitalization companies.

The Baird SmallCap Value Fund seeks long-term capital appreciation through investments in equity securities of small-capitalization companies.

The Chautauqua International Growth Fund seeks to provide long-term capital appreciation through investment in equity securities of both U.S. and non-U.S. companies with medium to large market capitalization.

The Chautauqua Global Growth Fund seeks to provide long-term capital appreciation through investment in equity securities of both U.S. and non-U.S. companies with medium to large market capitalization.

On June 30, 2017, shareholders affiliated with the Advisor held 92% of the Institutional Class shares of the Baird LargeCap Fund, 3% of the Institutional Class shares of the Baird MidCap Fund, 56% of the Institutional Class shares of the Baird Small/Mid Cap Value Fund, 53% of the Institutional Class shares of the Baird SmallCap Value Fund, 12% of the Institutional Class shares of the Chautauqua International Growth Fund and 37% of the Institutional Class shares of the Chautauqua Global Growth Fund. These shareholders included the Advisor’s participant-directed retirement and deferred compensation plans and the Baird Foundation.

## 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 SEC, 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, for debt securities, the Funds’ independent pricing service,

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

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## 2. Significant Accounting Policies (cont.)

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: common stocks that are listed on a securities exchange (other than NASDAQ) are valued at the last quoted sale 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. 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. 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 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’ NAV may fluctuate significantly from day to day or from period to period.

The Chautauqua International Growth and Chautauqua Global Growth Funds have retained an independent fair value pricing service to assist in valuing foreign securities in order to adjust for possible changes in value that may occur between the close of the foreign exchange and the time at which the Fund calculates its NAV. The fair value pricing service uses statistical data based on historical performance of securities and markets, and other data in developing factors used to estimate fair value for that day.

- b) **Foreign Securities** – For purposes of these financial statements, foreign securities are defined as securities issued by companies that are organized outside the United States. 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 and adverse political and economic developments. 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

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

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## 2. Significant Accounting Policies (cont.)

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.

- c.) **Foreign Currency Translation** – Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at date of valuation. Purchases and sales of portfolio securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. When a Fund purchases or sells a foreign security, it will customarily enter into a foreign exchange contract to minimize foreign exchange risk from the trade date to the settlement date of such transaction. The Chautauqua Funds do not isolate the portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Net realized gain (loss) on investments and foreign currency translations include those gains and losses arising from the sale of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the differences between the amounts of dividends, and foreign withholding taxes recorded on a Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized appreciation (depreciation) on investments and foreign currency translation includes changes in the value of assets and liabilities resulting from exchange rates.

- 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, 2016, or for any other tax years which are open for exam. As of June 30, 2017, open tax years include the tax years ended December 31, 2013 through 2016. 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 expense and other expense, respectively, in the Statement of Operations. During the period, the Funds did not incur any interest or penalties.

- e.) **Distributions to Shareholders** – Dividends from net investment income, if any, are declared and paid annually. 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.
- f.) **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.
- g.) **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 trade date. The Funds determine the gain or loss realized from investment transactions by comparing

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

## 2. Significant Accounting Policies (cont.)

the original cost of the security lot sold with the net sales proceeds. Dividend income is recognized on the ex-dividend date net of withholding taxes, if any, and interest income is recognized on an accrual basis.

- 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 Pronouncements** – In October 2016, the U.S. Securities and Exchange Commission adopted new rules and amended existing rules (together, "final rules") intended to modernize the reporting and disclosure of information by registered investment companies. In part, the final rules amend Regulation S-X and require standardized, enhanced disclosure about derivatives in investment company financial statements, as well as other amendments. The compliance date for the amendments to Regulation S-X is August 1, 2017. Management is currently evaluating the impact that the adoption of the amendments to Regulation S-X will have on the financial statements and related disclosures.

## 3. Capital Share Transactions

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

### Baird LargeCap Fund

Institutional Class Shares	Six Months Ended		Investor Class Shares	Six Months Ended	
	June 30, 2017			June 30, 2017	
	Shares	Amount		Shares	Amount
Shares sold	225,888	\$ 2,083,556	Shares sold	3,169	\$ 29,777
Shares redeemed	(379,217)	(3,576,738)	Shares redeemed	(4,972)	(47,299)
Net decrease	<u>(153,329)</u>	<u>\$(1,493,182)</u>	Net decrease	<u>(1,803)</u>	<u>\$ (17,522)</u>
Shares Outstanding:			Shares Outstanding:		
Beginning of period	4,353,587		Beginning of period	82,406	
End of period	<u>4,200,258</u>		End of period	<u>80,603</u>	

### Institutional Class Shares

Institutional Class Shares	Year Ended		Investor Class Shares	Year Ended	
	December 31, 2016			December 31, 2016	
	Shares	Amount		Shares	Amount
Shares sold	561,393	\$ 4,394,392	Shares sold	29,776	\$ 239,651
Shares issued to shareholders in reinvestment of dividends	61,211	555,182	Shares issued to shareholders in reinvestment of dividends	533	4,821
Shares redeemed	<u>(718,353)</u>	<u>(5,812,429)</u>	Shares redeemed	<u>(23,384)</u>	<u>(188,488)</u>
Net decrease	<u>(95,749)</u>	<u>\$ (862,855)</u>	Net decrease	<u>6,925</u>	<u>\$ 55,984</u>
Shares Outstanding:			Shares Outstanding:		
Beginning of year	4,449,336		Beginning of year	75,481	
End of year	<u>4,353,587</u>		End of year	<u>82,406</u>	

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

## 3. Capital Share Transactions (cont.)

### Baird MidCap Fund

#### Institutional Class Shares

	Six Months Ended June 30, 2017	
	Shares	Amount
Shares sold	12,833,296	\$ 221,052,250
Shares redeemed	(14,449,199)	(255,790,945)
Net decrease	(1,615,903)	\$ (34,738,695)
Shares Outstanding:		
Beginning of period	69,960,995	
End of period	68,345,092	

#### Investor Class Shares

	Six Months Ended June 30, 2017	
	Shares	Amount
Shares sold	515,486	\$ 8,466,556
Shares redeemed	(3,213,372)	(53,442,271)
Net decrease	(2,697,886)	\$(44,975,715)
Shares Outstanding:		
Beginning of period	9,085,850	
End of period	6,387,964	

#### Institutional Class Shares

	Year Ended December 31, 2016	
	Shares	Amount
Shares sold	26,778,042	\$ 402,275,627
Shares redeemed <sup>(1)</sup>	(25,858,100)	(391,750,978)
Net increase	919,942	\$ 10,524,649
Shares Outstanding:		
Beginning of year	69,041,053	
End of year	69,960,995	

#### Investor Class Shares

	Year Ended December 31, 2016	
	Shares	Amount
Shares sold	2,530,062	\$ 37,367,882
Shares redeemed	(6,261,572)	(88,154,671)
Net decrease	(3,731,510)	\$(50,786,789)
Shares Outstanding:		
Beginning of year	12,817,360	
End of year	9,085,850	

(1) In the third quarter of 2016, the Baird MidCap Fund satisfied a redemption request made by a large shareholder by distributing the Fund's portfolio securities in kind to the redeeming shareholder. The redemption was effected in accordance with policies and procedures approved by the Board of Directors of the Funds.

### Baird Small/Mid Cap Value Fund

#### Institutional Class Shares

	Six Months Ended June 30, 2017	
	Shares	Amount
Shares sold	377,534	\$ 4,016,490
Shares redeemed	(405,412)	(4,316,761)
Net decrease	(27,878)	\$ (300,271)
Shares Outstanding:		
Beginning of period	1,157,769	
End of period	1,129,891	

#### Investor Class Shares

	Six Months Ended June 30, 2017	
	Shares	Amount
Shares sold	2,138	\$22,650
Shares redeemed	(2,005)	(21,696)
Net increase	133	\$ 954
Shares Outstanding:		
Beginning of period	5,176	
End of period	5,309	



# Notes to the Financial Statements

June 30, 2017 (Unaudited)

## 3. Capital Share Transactions (cont.)

### Baird Small/Mid Cap Value Fund (cont.)

#### Institutional Class Shares

	Year Ended December 31, 2016	
	Shares	Amount
Shares sold	703,038	\$6,800,150
Shares issued to shareholders in reinvestment of dividends	7,655	79,070
Shares redeemed	(48,230)	(481,696)
Net increase	662,463	<u>\$6,397,524</u>
Shares Outstanding:		
Beginning of year	495,306	
End of year	<u>1,157,769</u>	

#### Investor Class Shares

	Year Ended December 31, 2016	
	Shares	Amount
Shares sold	3,475	\$33,547
Shares issued to shareholders in reinvestment of dividends	25	259
Shares redeemed	(327)	(3,304)
Net increase	3,173	<u>\$30,502</u>
Shares Outstanding:		
Beginning of year	2,003	
End of year	<u>5,176</u>	

### Baird SmallCap Value Fund

#### Institutional Class Shares

	Six Months Ended June 30, 2017	
	Shares	Amount
Shares sold	125,193	\$ 1,861,615
Shares redeemed	(161,491)	(2,400,238)
Net decrease	(36,298)	<u>\$ (538,623)</u>
Shares Outstanding:		
Beginning of period	1,903,267	
End of period	<u>1,866,969</u>	

#### Investor Class Shares

	Six Months Ended June 30, 2017	
	Shares	Amount
Shares sold	8,748	\$ 130,085
Shares redeemed	(13,193)	(197,774)
Net decrease	(4,445)	<u>\$ (67,689)</u>
Shares Outstanding:		
Beginning of period	177,163	
End of period	<u>172,718</u>	

#### Institutional Class Shares

	Year Ended December 31, 2016	
	Shares	Amount
Shares sold	343,811	\$ 4,541,684
Shares issued to shareholders in reinvestment of dividends	18,682	278,550
Shares redeemed	(234,905)	(3,089,099)
Net increase	127,588	<u>\$ 1,731,135</u>
Shares Outstanding:		
Beginning of year	1,775,679	
End of year	<u>1,903,267</u>	

#### Investor Class Shares

	Year Ended December 31, 2016	
	Shares	Amount
Shares sold	35,989	\$ 494,202
Shares issued to shareholders in reinvestment of dividends	594	8,842
Shares redeemed	(12,322)	(168,347)
Net increase	24,261	<u>\$ 334,697</u>
Shares Outstanding:		
Beginning of year	152,902	
End of year	<u>177,163</u>	

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

## 3. Capital Share Transactions (cont.)

### Chautauqua International Growth Fund

#### Institutional Class Shares

	Six Months Ended June 30, 2017	
	Shares	Amount
Shares sold <sup>(1)</sup>	3,875,352	\$40,530,898
Shares redeemed	(219,735)	(2,328,251)
Redemption Fees	—	4,762
Net increase	3,655,617	\$38,207,409
Shares Outstanding:		
Beginning of period	1,551,673	
End of period	5,207,290	

#### Investor Class Shares

	Six Months Ended June 30, 2017	
	Shares	Amount
Shares sold	49,980	\$529,976
Shares redeemed	(4,081)	(44,017)
Shares redeemed	—	441
Net increase	45,899	\$486,400
Shares Outstanding:		
Beginning of period	32,548	
End of period	78,447	

(1) In the first quarter of 2017, the Chautauqua International Growth Fund processed a transfer in kind for a large shareholder by transferring the shareholder's securities in kind into the Fund. The transfer was effected in accordance with policies and procedures approved by the Board of Directors of the Funds.

#### Institutional Class Shares

	Period Ended December 31, 2016 <sup>^</sup>	
	Shares	Amount
Shares sold	1,592,858	\$15,788,874
Shares redeemed	(41,185)	(410,212)
Redemption Fees	—	1,548
Net increase	1,551,673	\$15,380,210
Shares Outstanding:		
Beginning of period	—	
End of period	1,551,673	

#### Investor Class Shares

	Period Ended December 31, 2016 <sup>^</sup>	
	Shares	Amount
Shares sold	35,224	\$357,174
Shares redeemed	(2,676)	(26,111)
Shares redeemed	—	167
Net increase	32,548	\$331,230
Shares Outstanding:		
Beginning of period	—	
End of period	32,548	

<sup>^</sup> Inception was close of business on April 15, 2016.

### Chautauqua Global Growth Fund

#### Institutional Class Shares

	Six Months Ended June 30, 2017	
	Shares	Amount
Shares sold	272,423	\$3,069,778
Shares redeemed	(38,416)	(440,919)
Redemption Fees	—	684
Net increase	234,007	\$2,629,543
Shares Outstanding:		
Beginning of period	757,695	
End of period	991,702	

#### Investor Class Shares

	Six Months Ended June 30, 2017	
	Shares	Amount
Shares sold	6,030	\$71,050
Shares redeemed	(1,721)	(20,605)
Shares redeemed	—	—
Net increase	4,309	\$50,445
Shares Outstanding:		
Beginning of period	19,989	
End of period	24,298	

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

## 3. Capital Share Transactions (cont.)

Chautauqua Global Growth Fund (cont.)

Institutional Class Shares	Period Ended December 31, 2016 <sup>^</sup>		Investor Class Shares	Period Ended December 31, 2016 <sup>^</sup>	
	Shares	Amount		Shares	Amount
Shares sold	867,491	\$ 8,702,754	Shares sold	21,505	\$214,601
Shares redeemed	(109,796)	(1,104,703)	Shares redeemed	(1,516)	(15,262)
Redemption Fees	—	515	Shares redeemed	—	—
Net increase	<u>757,695</u>	<u>\$ 7,598,566</u>	Net increase	<u>19,989</u>	<u>\$199,339</u>
Shares Outstanding:			Shares Outstanding:		
Beginning of period	—		Beginning of period	—	
End of period	<u>757,695</u>		End of period	<u>19,989</u>	

<sup>^</sup> Inception was close of business on April 15, 2016.

## 4. Investment Transactions and Income Tax Information

During the six months ended June 30, 2017, purchases and sales of investment securities (excluding short-term investments) were as follows:

	Baird LargeCap Fund	Baird MidCap Fund	Baird Small/Mid Cap Value Fund
Purchases:	\$16,110,415	\$360,613,698	\$5,242,605
Sales:	\$18,079,804	\$468,290,193	\$5,574,644
	Baird SmallCap Value Fund	Chautauqua International Growth Fund	Chautauqua Global Growth Fund
Purchases:	\$3,155,813	\$23,044,167	\$4,363,541
Sales:	\$3,181,418	\$ 9,418,615	\$2,035,319

The Baird LargeCap Fund, Baird MidCap Fund, Baird Small/Mid Cap Value Fund, Baird SmallCap Value Fund, Chautauqua International Growth Fund and Chautauqua Global Growth Fund did not purchase or sell U.S. Government securities during the six months ended June 30, 2017.

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

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

At December 31, 2016, accumulated earnings/losses on a tax basis were as follows:

	Baird LargeCap Fund	Baird MidCap Fund	Baird Small/Mid Cap Value Fund
Cost of Investments	\$34,936,191	\$1,058,088,437	\$10,959,367
Gross unrealized appreciation	5,434,156	218,483,638	1,297,429
Gross unrealized depreciation	(817,171)	(28,499,187)	(289,181)
Net unrealized appreciation	\$ 4,616,985	\$ 189,984,451	\$ 1,008,248
Undistributed ordinary income	1,961	—	2,542
Undistributed long-term capital gain	—	—	—
Total distributable earnings	\$ 1,961	\$ —	\$ 2,542
Other accumulated losses	(269,772)	(61,629,145)	(439,022)
Total accumulated earnings	\$ 4,349,174	\$ 128,355,306	\$ 571,768

	Baird SmallCap Value Fund	Chautauqua International Growth Fund	Chautauqua Global Growth Fund
Cost of Investments	\$24,560,685	\$15,459,231	\$7,819,691
Gross unrealized appreciation	6,609,941	397,006	458,706
Gross unrealized depreciation	(324,853)	(820,483)	(376,774)
Net unrealized appreciation (depreciation)	\$ 6,285,088	\$ (423,477)	\$ 81,932
Undistributed ordinary income	4,079	—	—
Undistributed long-term capital gain	—	—	—
Total distributable earnings	\$ 4,079	\$ —	\$ —
Other accumulated losses	(305,728)	(115,414)	(17,216)
Total accumulated earnings (losses)	\$ 5,983,439	\$ (538,891)	\$ 64,716

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 attributable 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, equalization accounting for tax purposes, and non-deductible expenses. These reclassifications have no effect on net assets or net asset value per share.

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, 2016, the Chautauqua International Growth and Chautauqua Global Growth Funds elected to defer capital losses occurring between November 1, 2016 and December 31, 2016 in the amount of \$3,823 and \$1,827, respectively.

To the extent the Funds realize future net capital gains, those gains will be offset by any unused capital loss carryovers. At December 31, 2016, accumulated net realized capital loss carryovers, if any, and the year(s) in which the capital loss carryovers expire were:

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

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

	<u>Capital Loss Carryover</u>	<u>Character</u>	<u>Year of Expiration</u>
Baird LargeCap Fund	\$ 269,772	Short-Term	Indefinitely
Baird MidCap Fund	61,629,145	Short-Term	Indefinitely
Baird Small/Mid Cap Value Fund	439,022	Short-Term	Indefinitely
Baird SmallCap Value Fund	305,728	Short-Term	Indefinitely
Chautauqua International Growth Fund	115,414	Short-Term	Indefinitely
Chautauqua Global Growth Fund	17,216	Short-Term	Indefinitely

During the six months ended June 30, 2017 the Funds did not pay any distributions.

During the year ended December 31, 2016, the Funds paid the following distributions:

	<u>Ordinary Income Dividends</u>
Baird Large Cap Fund	\$561,367
Baird Small/ Mid Cap Value Fund	90,369
Baird SmallCap Value Fund	340,056

For the year ended December 31, 2016 the Baird MidCap Fund, Chautauqua International Growth Fund and Chautauqua Global Growth Fund did not pay any distributions.

The Funds 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 Funds related to net capital gain to zero for the tax year ended December 31, 2015. To the extent necessary to fully distribute such capital gains, the Baird LargeCap Fund designated earnings and profits distributed to shareholders on the redemption of shares.

## 5. Investment Advisory and Other Agreements

The Funds have entered into Investment Advisory Agreements with Baird for the provision of investment advisory services. Pursuant to the Investment Advisory Agreements, the Advisor is entitled to receive a fee, calculated daily and payable monthly, at the annual rate of 0.65% for the Baird LargeCap Fund, 0.75% for the Baird MidCap Fund, 0.80% for the Baird Small/Mid Cap Value Fund, 0.85% for the Baird SmallCap Value Fund, 0.80% for the Chautauqua International Growth Fund and 0.80% for the Chautauqua Global Growth Fund as applied to the respective Fund's average daily net assets. Certain officers of the Advisor are also officers of the Funds.

Baird has entered into a Sub-Advisory Agreement with L2 Asset Management, LLC ("L2"), pursuant to which L2 acts as subadvisor to the Baird LargeCap Fund (the "Sub-Advisory Agreement"). Baird is responsible for paying L2 a sub-advisory fee equivalent to a percentage of the net advisory fee received by the Advisor from the Fund which is calculated daily at the annual rate of 0.65% of the average daily net assets of the Fund and paid monthly after giving effect for the expense cap/reimbursement agreement between the Advisor and the Company on behalf of the LargeCap Fund.

The percentage of sub-advisory fee is subject to increase based on the assets managed by the Subadvisor on behalf of the Advisor as follows:

<u>% Net Advisory Fee</u>	<u>Market Value of Assets Managed by L2</u>
50%	Less than \$3 billion
60%	Between \$3 billion and \$5 billion
70%	Greater than \$5 billion

For the six months ended June 30, 2017 and through April 30, 2018 for the Baird LargeCap Fund, Baird MidCap Fund, Baird Small/Mid Cap Value Fund, Baird SmallCap Value Fund, Chautauqua International Growth Fund and Chautauqua Global Growth Fund, the Advisor has contractually agreed to waive its investment advisory fee and/or reimburse the Funds' operating expenses (exclusive of brokerage, taxes, and extraordinary expenses) to the extent necessary to ensure that each Fund's annual operating expenses do not exceed the following percentages of average daily net assets:

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

## 5. Investment Advisory and Other Agreements (cont.)

	<u>Institutional Class Shares</u>	<u>Investor Class Shares</u>
Baird LargeCap Fund	0.75%	1.00%
Baird MidCap Fund	0.85%	1.10%
Baird Small/Mid Cap Value Fund	0.95%	1.20%
Baird SmallCap Value Fund	1.00%	1.25%
Chautauqua International Growth Fund	0.95%	1.20%
Chautauqua Global Growth Fund	0.95%	1.20%

To the extent that the Advisor reimburses or absorbs fees and expenses, it may seek payment of such amounts for three years after the year in which expenses were reimbursed or absorbed. A Fund will make no such payment, however, if its total annual operating expenses exceed the expense limits in effect at the time the expenses were reimbursed or at the time these payments are proposed.

	<u>Six Months Ended</u>			
	<u>June 30, 2017</u>	<u>Fiscal Year Ended December 31,</u>		
		<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Reimbursed/Absorbed Expenses Subject to be Recovered by Advisor Until:</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Baird LargeCap Fund</b>	\$60,794	\$138,150	\$143,538	\$140,955
<b>Baird Small/MidCap Value Fund</b>	\$63,113	\$156,332	\$ 23,659	N/A
<b>Baird SmallCap Value Fund</b>	\$51,941	\$116,311	\$131,370	\$131,933
<b>Chautauqua International Growth Fund</b>	\$62,551	\$ 95,476	N/A	N/A
<b>Chautauqua Global Growth Fund</b>	\$85,022	\$102,142	N/A	N/A

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.

Robert W. Baird & Co. Incorporated (the “Distributor”) is the sole distributor of the Funds pursuant to a distribution agreement.

No commissions were earned by the Distributor for services rendered as a registered broker-dealer in securities transactions for the Baird LargeCap Fund, Baird MidCap Fund, Baird Small/Mid Cap Value Fund, Baird SmallCap Value Fund, Chautauqua International Growth Fund and Chautauqua Global Growth Fund for the six months ended June 30, 2017.

## 6. Securities Lending

During the six months ended June 30, 2017, each Fund was permitted to lend up to one-third of its total assets (including such loans) to borrowers under terms of a securities lending program administered by U.S. Bank, N.A., the Funds’ custodian and an affiliate of USBFS, the Funds’ transfer agent and administrator. A securities lending agreement requires that loans be 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. Participating Funds receive compensation in the form of fees and earned 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. Participating Funds receive cash as collateral in return for securities lent as part of the securities lending program. The collateral gets invested in a securities lending trust subject to Rule 2a-7 under the 1940 Act. Interest income earned by participating Funds on investments of cash collateral received from borrowers for the securities loaned to them (“securities lending income”) would be reflected in the participating Funds’ statements of operations.

As of June 30, 2017, the Funds did not participate in securities lending activities, although they may do so again in the future.

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

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## 7. Line of Credit

The Corporation maintains an uncommitted, senior secured and unsecured line of credit (“LOC”) with U.S. Bank, N.A. (the “Bank”) to provide the Funds a temporary liquidity source to meet unanticipated redemptions. The unsecured line of credit is available to the Funds for any period during which U.S. Bank is an affiliate of the Funds. 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 1.75% for the first six months of 2017). For the six months ended June 30, 2017, the Chautauqua International Growth Fund incurred \$22 in interest charges, on an average daily loan balance of \$2,478. The Baird LargeCap Fund, Baird MidCap Fund, Baird Small/Mid Cap Value Fund, Baird SmallCap Value Fund and Chautauqua Global Growth 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 LargeCap Fund, Baird MidCap Fund, Baird Small/Mid Cap Value Fund, Baird SmallCap Value Fund, Chautauqua International Growth Fund and Chautauqua Global Growth Fund incurred \$962, \$158,785, \$79, \$3,222, \$753 and \$302, respectively, in fees pursuant to the Plan during the six months ended June 30, 2017.

## 9. Redemption Fees

A redemption fee of 2.00% will be assessed on Institutional and Investor Class shares of the Chautauqua International Growth Fund and Chautauqua Global Growth Fund if redeemed (including in connection with an exchange) 90 days or less from their date of purchase, determined on a first-in, first-out (“FIFO”) basis. The redemption fee is paid directly to the Funds and is designed to offset brokerage commissions, market impact and other costs associated with fluctuations in Fund asset levels and cash flow caused by short-term shareholder trading. For the six months ended June 30, 2017, the Chautauqua International Growth Fund and Chautauqua Global Growth Fund charged redemption fees of \$5,203 and \$684, respectively. The Baird LargeCap Fund, Baird MidCap Fund, Baird Small/Mid Cap Value Fund and Baird SmallCap Value Fund do not charge redemption fees.

## 10. Change in Independent Registered Public Accounting Firm

On May 22, 2017, upon the recommendation of the Audit Committee, the Board of Directors of Baird Funds, Inc. (the “Funds”) approved the appointment of Cohen & Company, Ltd. (“Cohen”) as the Funds’ independent registered public accounting firm, following the dismissal of Grant Thornton LLP (“Grant Thornton”). On August 24, 2017, the Audit Committee engaged Cohen to audit the Funds’ financial statements for the fiscal year ended December 31, 2017.

Grant Thornton’s report on the financial statements of the Funds for each of the fiscal years ended December 31, 2016 and December 31, 2015 did not contain an adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principles. During the fiscal years ended December 31, 2016 and December 31, 2015 and the interim period through May 22, 2017 (the “Interim Period”), there were no disagreements between the Funds and Grant Thornton on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which, if not resolved to the satisfaction of Grant Thornton, would have caused it to make reference to the disagreements in its report on the financial statements for such periods. During the fiscal years ended December 31, 2016 and December 31, 2015 and the Interim Period, there were no reportable events of the kind described in Item 304(a)(1)(v) of Regulation S-K.

# Notes to the Financial Statements

June 30, 2017 (Unaudited)

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## 10. Change in Independent Registered Public Accounting Firm (cont.)

During the Funds' fiscal years ended December 31, 2016 and December 31, 2015 and the Interim Period, neither the Funds nor anyone on their behalf consulted Cohen concerning (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Funds' financial statements or (ii) the subject of a disagreement (as defined in paragraph (a)(1)(iv) of Item 304 of Regulation S-K) or reportable events (as described in paragraph (a)(1)(v) of said Item 304).

## 11. Subsequent Event

In preparing these financial statements, the Corporation has evaluated subsequent events after June 30, 2017 through the date the financial statements were issued. At its meeting on August 24, 2017, the Board of Directors of the Corporation elected Heidi Schneider as Treasurer of the Corporation effective upon filing of this report on Form N-CSR, which is expected to be on or around September 7, 2017. Terrance P. Maxwell will continue to serve as Treasurer of the Corporation until such date. There were no other subsequent events since June 30, 2017 that would require adjustment to or additional disclosure in these financial statements.



# Additional Information

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## 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](http://www.bairdfunds.com); and by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

Each Fund's proxy voting record for the most recent 12-month period ended June 30 is available without charge, upon request, by calling toll free, 1-866-44BAIRD, or by accessing the Funds' website at [www.bairdfunds.com](http://www.bairdfunds.com); and by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

## 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](http://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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