

Baird Short-Term Municipal Bond Fund

Institutional – BTMIX | Investor – BTMSX

BAIRD

Baird Funds

As of September 30, 2017

bairdfunds.com | 866-442-2473

INVESTMENT OBJECTIVE

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

INVESTMENT PHILOSOPHY

The Fund utilizes a national strategy monitoring valuations across all municipal sectors including state and local general obligations, essential service revenue bonds, transportation and healthcare sectors, sales tax issues and other municipal obligations and attempts to avoid bonds subject to the AMT. It targets an average maturity in the short-term range, investing in the 1-5 year segment of the yield curve. The team utilizes yield curve positioning in the investment management process to capture pricing inefficiencies and optimize yield and “roll” while striving for tax efficiency.

INVESTMENT STRATEGY

The Fund invests in a broadly diversified portfolio of federally tax-exempt municipal obligations issued by governmental authorities throughout the U.S. and its territories. The Fund may invest in all types of municipal obligations, including pre-refunded bonds, general obligation bonds, revenue bonds, and municipal lease participations.

The Fund normally invests at least 80% of its net assets in municipal bonds and debentures, the income from which is exempt from federal income tax (including the federal alternative minimum tax). The Fund invests principally in investment grade municipal obligations, rated at the time of purchase by at least one major rating agency, but may invest up to 10% of its net assets in non-investment grade municipal obligations. The Fund may also invest in unrated obligations that are determined by Baird Advisors to be comparable in quality to the rated obligations.

While obligations of any maturity may be purchased, under normal circumstances, the Fund’s dollar-weighted average effective maturity is generally expected to be three years or less.

MORNINGSTAR CATEGORY

Muni National Short

BENCHMARK

Bloomberg Barclays 1-5 Year Short Municipal Bond Index

FUND STATISTICS

Fund Assets	\$90,588,431
Average Effective Duration	2.38 Years
Average Effective Maturity	2.71 Years
Annual Turnover Rate	58.4%
Number of Holdings	518

YIELD INFORMATION

	Institutional Shares	Investor Shares
SEC 30-Day Yield ¹	1.58%	1.28%
Distribution Frequency	Monthly	Monthly

FUND INFORMATION

	Institutional Shares	Investor Shares
Ticker	BTMIX	BTMSX
CUSIP	057071631	057071623
Net Asset Value (NAV)	\$10.13	\$10.11
Load Type	No-Load	No-Load
12b-1 Fees	–	0.25%
Minimum Initial Investment	\$25,000	\$2,500 (IRA: \$1,000)
Expense Ratio	0.30%	0.55%
AMT Exposure	None	None

PERFORMANCE INFORMATION (as of September 30, 2017)

	Total Returns (%)		Average Annual Total Returns (%)					Since Inception (8/31/15)
	YTD	3 Months	1 Year	3 Years	5 Years	10 Years		
Institutional	2.83	0.73	1.64	N/A	N/A	N/A	2.15	
Investor	2.51	0.58	1.26	N/A	N/A	N/A	1.81	
Benchmark	2.27	0.49	1.18	N/A	N/A	N/A	1.31	

	Calendar Year Total Returns (%)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Institutional	0.71	0.94	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investor	0.40	0.86	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benchmark	0.07	0.39	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment in the fund will fluctuate so that an investor’s shares when redeemed may be worth more or less than their original cost. The fund’s current performance may be lower or higher than the performance data quoted. For performance current to the most recent month-end, please visit bairdfunds.com.

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FUND MANAGEMENT TEAM

The Fund is managed by Baird Advisors, the institutional fixed income investment management group of Robert W. Baird & Co., Inc. Baird Advisors built upon its very deep and seasoned portfolio management team with three additional experienced municipal investment professionals in May 2015.

The Fund is co-managed by Duane McAllister, CFA, Erik Schleicher and Joseph Czechowicz. Duane and his team have more than 25 years of experience successfully managing municipal portfolios across the yield curve.

Named Portfolio Managers:

- Duane A. McAllister, CFA
- Erik R. Schleicher
- Joseph J. Czechowicz

QUALITY PROFILE ²	Fund	Index
U.S. Treasury	0.0%	0.0%
U.S. Agency	0.0%	0.0%
AAA	18.1%	18.4%
AA	37.8%	54.7%
A	27.6%	22.2%
BBB	12.4%	4.7%
Below BBB	1.4%	0.0%
Not Rated	2.7%	0.0%

SECTOR PROFILE	Fund	Index
Pre-refunded ETM	8.0%	25.5%
General Obligation	28.1%	28.3%
Revenue	63.8%	46.2%
Cash	0.1%	0.0%

Municipal securities may or may not be appropriate for all investors, especially for those in lower tax brackets.

Because the Fund may invest more than 25% of its total assets in municipal obligations issued by entities located in the same state or the interest on which is paid solely from revenues of similar projects, changes in economic, business or political conditions relating to a particular state or types of projects may have a disproportionate impact on the Fund.

All investments carry risk, including loss of principal. In a rising interest rate environment, the value of fixed-income securities generally decline and conversely, in a falling interest rate environment, the value of fixed income securities generally increase.

Indices are unmanaged and direct investment is not possible.

¹The SEC 30-Day Yield reflects the rate at which the fund is earning income on its current portfolio of holdings after expenses.

²The quality profile is calculated on a market value-weighted basis using the highest credit quality rating given by S&P, Moody's or Fitch for each security in the fund. For pre-refunded securities, the reported credit quality reflects the highest reported rating from S&P, Moody's or Fitch for the underlying collateral. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).

Baird Funds are offered through Robert W. Baird & Co., a registered broker/dealer, member NYSE and SIPC. Robert W. Baird & Co. also serves as investment advisor for the Fund and receives compensation for these services as disclosed in the current prospectus.

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