

Baird Quality Intermediate Municipal Bond Fund

Institutional – BMBIX | Investor – BMBSX

BAIRD

Baird Funds

As of September 30, 2017

bairdfunds.com | 866-442-2473

INVESTMENT OBJECTIVE

The primary investment objective of the Fund is to seek current income that is substantially exempt from federal income tax. A secondary objective is to seek total return with relatively low volatility of principal.

INVESTMENT PHILOSOPHY

Risk control is the foundation of the Baird Advisors investment discipline. Since interest rates are extremely difficult to consistently forecast over time, Baird Advisors employs a duration-neutral, risk-controlled approach. We target the duration of the Fund to the Bloomberg Barclays Quality Intermediate Municipal Bond Index, thus helping to ensure a high degree of predictability in tracking benchmark returns.

INVESTMENT STRATEGY

The Fund invests principally in investment grade, intermediate-term municipal obligations issued by state and local authorities. The Fund normally invests at least 80% of its net assets in a diversified portfolio of bonds and debentures, the interest on which is exempt from regular federal income and alternative minimum taxes. To achieve its quality and preservation of capital objectives, the Fund primarily invests in pre-refunded bonds, general obligations and essential service revenue issues.

Baird Advisors attempts to keep the duration of the Fund's portfolio equal to the duration of the Fund's benchmark. The dollar-weighted average portfolio effective maturity of the Fund will normally be more than three years but less than eight years during normal market conditions. The Fund may invest in debt securities of all maturities.

MORNINGSTAR CATEGORY

Muni National Intermediate

BENCHMARK

Bloomberg Barclays Quality Intermediate Municipal Bond Index

OVERALL MORNINGSTAR RATING¹



FUND STATISTICS

Fund Assets	\$1,035,966,815
Average Effective Duration	4.52 Years
Average Effective Maturity	4.90 Years
Annual Turnover Rate	18.4%
Number of Holdings	349

YIELD INFORMATION

	Institutional Shares	Investor Shares
SEC 30-Day Yield ²	1.58%	1.33%
Distribution Frequency	Monthly	Monthly

FUND INFORMATION

	Institutional Shares	Investor Shares
Ticker	BMBIX	BMBSX
CUSIP	057071607	057071508
Net Asset Value (NAV)	\$11.63	\$11.90
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 (%)				
	YTD	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception (3/30/01)
Institutional	3.49	0.67	0.65	1.90	1.73	3.70	4.11
Investor	3.31	0.59	0.38	1.66	1.47	3.43	3.85
Benchmark	3.96	0.65	0.85	2.35	2.29	4.03	4.14

	Calendar Year Total Returns (%)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Institutional	-0.46	2.19	4.54	-1.19	3.12	8.55	2.42	6.22	6.37	4.93
Investor	-0.70	1.89	4.27	-1.42	2.88	8.30	2.11	5.95	6.02	4.67
Benchmark	-0.19	2.71	5.12	-0.34	3.84	8.55	3.21	7.36	4.49	4.88

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

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

Named Portfolio Managers:

- Mary Ellen Stanek, CFA
- Gary A. Elfe, CFA
- Charles B. Groeschell
- Warren D. Pierson, CFA
- Daniel A. Tranchita, CFA
- M. Sharon deGuzman

QUALITY PROFILE ³	Fund	Index
U.S. Treasury	0.0%	0.0%
U.S. Agency	0.0%	0.0%
AAA	74.5%	18.0%
AA	23.5%	58.1%
A	2.0%	23.9%
BBB	0.0%	0.0%
Below BBB	0.0%	0.0%
Not Rated	0.0%	0.0%

SECTOR PROFILE	Fund	Index
Pre-refunded ETM	52.3%	7.4%
General Obligation	27.3%	35.4%
Revenue	20.3%	57.2%
Cash	0.1%	0.0%

¹Rated against 257 Muni National Intermediate Bond Funds, as of 9/30/2017, based on risk-adjusted total return. Ratings are determined monthly and subject to change. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the performance figures associated with its three-, five and 10-year (if applicable) Morningstar Rating metrics. For each mutual fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's adjusted monthly performance placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star.

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.

Indices are unmanaged and direct investment is not possible.

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.

Effective 9/1/2015, the Fund's benchmark was updated to the Barclays Quality Intermediate Municipal Bond Index. From 3/31/2001 to 8/31/2015, the Fund's benchmark was the Barclays 7-Year General Obligation Bond Index.

²The SEC 30-Day Yield reflects the rate at which the fund is earning income on its current portfolio of holdings after expenses.

³The 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. 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.