

Baird Quality Intermediate Municipal Bond Fund

Institutional – BMBIX | Investor – BMBSX

BAIRD

Baird Funds

As of March 31, 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 substantially equal to the Bloomberg Barclays Quality Intermediate Municipal Bond Index. The dollar-weighted average portfolio effective maturity of the Fund will normally be more than five years but less than eight years during normal market conditions. The Fund may invest in debt securities of all maturities.

FUND INFORMATION

	Institutional Shares	Investor Shares
Ticker	BMBIX	BMBSX
CUSIP	057071607	057071508
Net Asset Value (NAV)	\$11.52	\$11.79
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

YIELD INFORMATION

	Institutional Shares	Investor Shares
SEC 30-Day Yield ¹	1.94%	1.69%
Distribution Frequency	Monthly	Monthly

FUND STATISTICS

Fund Assets	\$1,051,118,818
Average Effective Duration	4.48 Years
Average Effective Maturity ²	4.91 Years
Annual Turnover Rate	21.4%
Number of Holdings	334

FUND MANAGEMENT TEAM

The Baird Quality Intermediate Municipal Bond Fund is managed by Baird Advisors, the institutional fixed income investment management group of Robert W. Baird & Co., Inc. The three founding partners of Baird Advisors who developed and implemented the investment process have been working together since 1979, and continue to lead a very deep and seasoned portfolio management team with uncommon longevity. In February 2000, this team of experienced fixed income portfolio managers formed the investment group within Robert W. Baird. Each named portfolio manager has over 25 years of experience managing fixed income portfolios.

	Fund Manager Since	Joined Industry
Mary Ellen Stanek, CFA	2001	1979
Gary A. Elfe, CFA	2001	1978
Charles B. Groeschell	2001	1979
Warren D. Pierson, CFA	2001	1985
Daniel A. Tranchita, CFA	2001	1989
M. Sharon deGuzman	2001	1990

Investors should consider the investment objectives risks, charges and expenses of the fund carefully before investing. This and other information can be found in the prospectus or summary prospectus. A prospectus or summary prospectus may be obtained by visiting bairdfunds.com or calling 866-442-2473. Please read the prospectus or summary prospectus carefully before you invest or send money.

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PERFORMANCE INFORMATION (as of March 31, 2017)

	Total Returns (%)		Average Annual Total Returns (%)				
	YTD	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception (3/30/01)
Institutional Class	1.34	1.34	-0.31	1.97	1.89	3.68	4.11
Investor Class	1.33	1.33	-0.55	1.72	1.64	3.41	3.85
Bloomberg Barclays Quality Intermediate Municipal Bond Index	1.68	1.68	0.13	2.50	2.45	4.01	4.13

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

QUALITY PROFILE ³

	Fund	Index
U.S. Treasury	0.0%	0.0%
U.S. Agency	0.0%	0.0%
AAA	75.2%	18.0%
AA	23.4%	59.5%
A	1.4%	22.5%
BBB	0.0%	0.0%
Below BBB	0.0%	0.0%
Not Rated	0.0%	0.0%

EXPENSE RATIO

	Institutional	Investor
Total Operating Expenses	0.30%	0.55%

SECTOR PROFILE

	Fund	Index
Pre-refunded ETM	50.9%	9.3%
General Obligation	28.8%	34.8%
Revenue	19.0%	55.9%
Cash	1.3%	0.0%

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. Investment results assume all distributions are reinvested and reflect applicable fees and expenses. For performance current to the most recent month-end, please visit bairdfunds.com.

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.

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.

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

²The "effective maturity" of adjustable coupon bonds will be the next reset date.

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. 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.