



Important Information about Bonds in Lowest Investment Grade Category

Bonds that are rated in the lowest category of investment grade are either rated BBB- by S&P or Baa3 by Moody's. Bonds rated below BBB- or Baa3 are regarded as below investment grade. These bonds are one downgrade away from being below investment grade. Bonds that are rated below investment grade, sometimes referred to as "high-yield" or "junk" bonds, are considered to be speculative and involve substantial credit risk. For a copy of the ratings agency's report on any bonds you have purchased, please contact your Baird Financial Advisor.

A rating of BBB by S&P represents S&P's opinion that the issuer has adequate capacity to meet its financial commitments, but adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the issuer to meet those commitments. Within each category, such as BBB, S&P further assigns a +, - or no symbol to the rating, with + being high in the category, - being low in the category and no symbol being in the middle. BBB- is therefore one notch above BB+ which is below investment grade.

A rating of Baa by Moody's represents Moody's opinion that the bonds are subject to moderate credit risk, are considered medium grade and possess certain speculative characteristics. Moody's adds numerical modifiers--1, 2 or 3—to each of its rating categories, with a modifier of 1 being high in the category and 3 being low. Baa3 is one notch above Ba1 which is below investment grade.

The ratings agencies often provide an outlook, which can be positive, stable, developing or negative. A positive or negative outlook may suggest, but does not necessarily mean, a possible ratings upgrade or downgrade. A stable outlook suggests that, without a credit event, the rating will not change in the immediate future. A developing outlook indicates a unique situation in which the effect of future events is so uncertain that the rating may be raised or lowered. Thus, bonds that are rated BBB- or Baa3 with a negative outlook may experience a downgrade, causing the bonds to be rated below investment grade.

For information about bonds rated below investment grade, please read the document, "Important Information About Non-Rated, Split-Rated and Below Investment Grade Securities," at www.rwbaird.com/disclosures

If you have any questions about the bonds you have purchased, please contact your Baird Financial Advisor.