



100
YEARS

2019 ANNUAL REPORT

In Memoriam

The Baird family honors the lives, leadership and legacy of two of our leaders:



G. Frederick Kasten, Jr.



Paul E. Purcell

G. Frederick Kasten, Jr., former President, CEO & Chairman, passed away in December 2019. Fred spent his entire 42-year career at Baird and under his leadership, we grew beyond our Midwestern roots into a strong, middle-market firm. A warm, kind, generous man, he embodied Baird's culture and was a luminary of community service.

Paul E. Purcell, former President & CEO and our Chairman, passed away in February 2020. He joined us in 1994 and became known across the firm as our "fearless leader." An unwaveringly authentic, honest, enthusiastic man, Paul had a zeal for helping others achieve more than they ever thought possible. He led us as we repurchased the majority of our outstanding shares from Northwestern Mutual in 2004 and helped evolve Baird into a global financial services firm. He was also deeply committed to giving back and had a special passion for education and children's causes.

All of us at Baird will honor their memories through our commitment to our clients, our communities and one another.



As we celebrate a century of successful financial partnerships, we know it's not the number of years that matters most – it's the relationships we've built along the way.

Baird's tradition of excellence started in 1919 with our founder, Robert W. Baird, and his guiding principle: Clients come first.

This straightforward ideal continues to guide all we do to this day. It helped drive our first 100 years of success, during which we grew our capabilities, established new businesses and expanded into markets around the world – all to meet our clients' evolving needs.

We know all we've accomplished as a firm in our first century has been because of our clients. With their trust and partnership, we've built a strong, durable business. We look forward to our next 100 years of working alongside individuals, families, companies and communities across the globe.

Thank You

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Steve Booth, President & Chief Executive Officer

A Message From Steve Booth

While this annual report reflects on 2019, we would be remiss if we did not acknowledge how much our world changed in spring 2020 with the global COVID-19 pandemic. As a privately held, employee-owned firm, Baird is well-positioned for these unprecedented times. Over our 100-year history, we've remained strong for our clients by putting their interests first – always. We are committed to supporting our clients through these difficult times and know that, working together, we will get through this and be stronger for it.

As we saw with the rapid rise of the COVID-19 pandemic, our world is evolving at an extraordinary pace. This pace of change presents new challenges and new opportunities, as well as decisions whose answers will shape the years ahead. Clients turned to Baird for thoughtful advice, innovative solutions and reliable relationships in 2019. In a year that blended continued economic and geopolitical uncertainty, slowing growth and low interest rates with a record bull market run, we continued to guide clients as they pursued their unique goals.

2019 was also a particularly historic year for Baird. We were incredibly proud to celebrate our 100th anniversary as a firm, both with one another and with our clients. In June, the Baird family gathered in our hometown of Milwaukee, Wisconsin, to mark the centennial together. Seven thousand Baird associates, relatives, retirees and friends traveled from near and far for the occasion.

We also completed the biggest investment in our firm's history by acquiring Hilliard Lyons, one of the oldest investment firms in the United States. We are humbled Hilliard chose to partner with us. We shared a decades-long relationship prior to our investment, which gave us great confidence that our values and our business philosophies would be a great fit for all of our clients. Hilliard assumed the Baird name in late 2019, and our now-combined offerings in private wealth management, investment banking and public finance are stronger than ever.

Baird has five complementary business units.

We wouldn't be where we are today without Fred Kasten and Paul Purcell, both of whom served as President, CEO and Chairman. Both played essential roles in growing Baird, fostering our culture and carrying out our tradition of community involvement. Fred, who passed away in December 2019, championed our culture and distilled our philosophy of business, life and purpose into a guiding principle we call *The Baird Way*. We will honor his memory by continuing to bring The Baird Way to life in all we do. In that spirit, the Medical College of Wisconsin has established the G. Frederick Kasten, Jr. Endowed Chair in Parkinson's Disease Research, a new chair made possible with contributions from friends of Fred, Baird associates and the Baird Foundation. Paul, who passed away in February 2020, joined Baird during Fred's tenure and continued to build our business and our distinct culture. His enthusiasm, drive, and relentless belief in our team helped the firm achieve new heights of growth and success. In honor of Paul's many contributions to Baird and the communities we call home, Baird Foundation will be making a donation in his honor.

One of Fred and Paul's greatest legacies is making Baird a great workplace for our associates. We've maintained that commitment as we've grown as a firm. In early 2020, we were recognized among the *Fortune* 100 Best Companies to Work For®, ranking No. 13 in our 17th consecutive year among the honorees.

2019 Results

We achieved strong results by continuing to focus on putting our clients' interests first and driving strategic progress across Baird. Our 2019 revenues were \$2.06 billion, our 10th consecutive year of record revenues.¹ Operating income totaled \$261.7 million, also a new record. Our return on book value was 14.2%, including a cash dividend paid to shareholders in December, which is a result we believe is among the strongest in our industry. We are proud to have attained this result without relying on the substantial leverage used by other firms to lift returns.

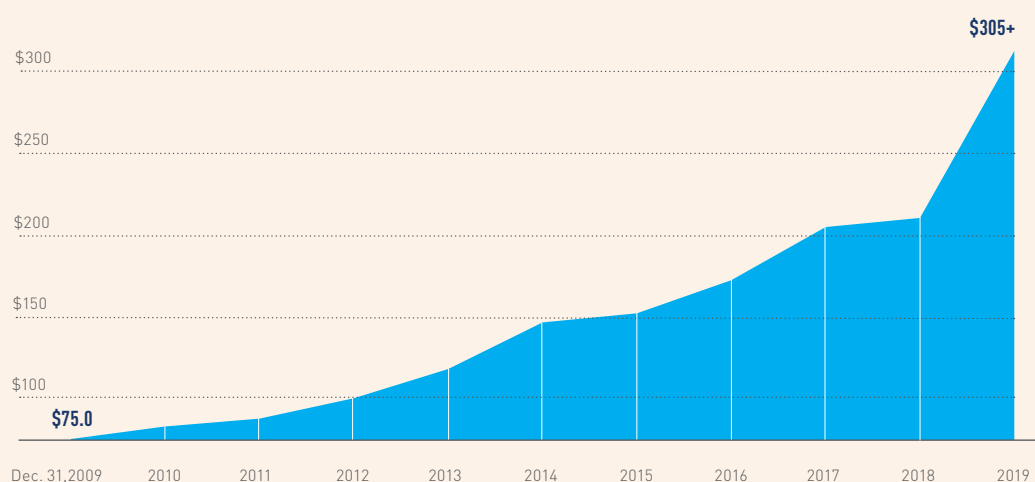
These strong outcomes are founded in our platform of five complementary businesses. The strategic value of this model proved out once again in 2019. While some of our businesses faced strong headwinds, each performed well and we continued to win market share. There were many notable developments across the firm, including:

- Assets in our client accounts crossed the \$300 billion threshold for the first time and we established our 200th location globally.
- Private Wealth Management now serves clients from 160 locations in 33 states and oversees more than \$215 billion in client assets.
- Asset Management posted very strong results. In addition to Baird Equity Asset Management's continued growth, Baird Advisors increased its assets under management to more than \$87 billion.

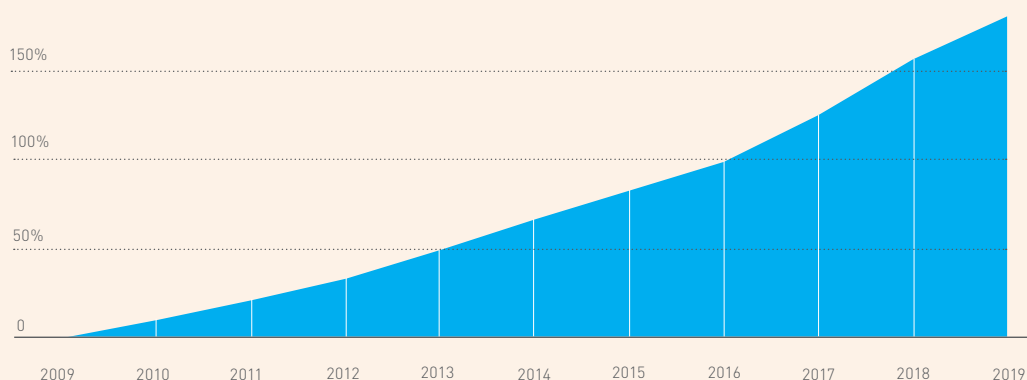
¹ Financial results do not reflect the consolidation of certain private equity partnerships.

This structure creates balance in our business and a foundation for continued growth.

We managed or oversaw more than \$305 billion in client assets as of the end of 2019, an increase of more than 306% over the past 10 years.



Baird's stock value has increased 179% over the past 10 years.



Baird stock performance is based on the change in book value per share for Baird Financial Group common stock and includes cumulative cash dividends per share of \$7.50, \$1.60, \$1.65, \$1.85, \$2.00, \$7.50, \$2.10 and \$2.50 paid in December of 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2019, respectively. Baird is privately held and no public market exists for its shares. Baird can repurchase shares of Baird stock at book value when associates leave the firm. Past performance does not guarantee future results.

Since 2004, Baird has been honored among the *Fortune* 100 Best Companies to Work For®.

- Fixed Income Capital Markets ranked as the No. 1 municipal underwriter in the U.S. for the 11th consecutive year, based on the number of issues.²
- Our Equity Capital Markets businesses maintained performance despite challenging market conditions. Global Investment Banking achieved its second-best-ever year of revenues and our Equities team ranked No. 1 for “overall quality in sales, corporate access and research”³ according to Greenwich Associates.

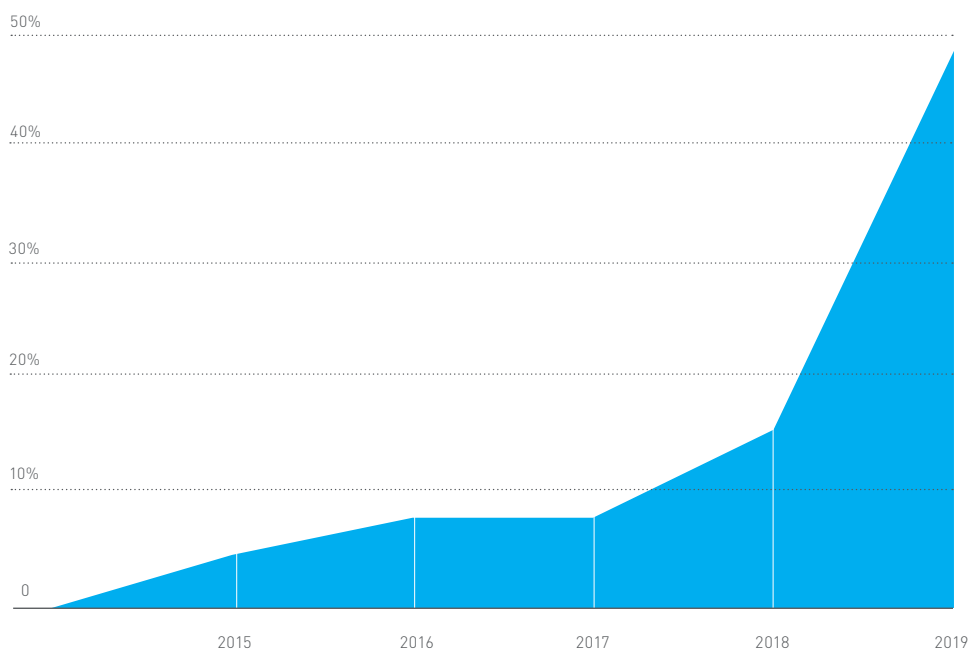
- Principal Investments generated strong results. Baird Capital realized \$258 million, primarily from the exit of 12 investments.

² Ipreo MuniAnalytics as of December 31, 2019, based on lead managers. Does not include private placements or notes.

³ Greenwich Associates North American Equity Investors – U.S. Small-/Mid-Cap Funds and U.S. Equities Sales, Corporate Access & Research, May 2019. Surveys conducted with 100 small-cap and mid-cap fund managers and 169 fund managers and 269 traders, respectively. Rankings for qualitative metrics based on leading research firms in surveys.

Baird Employment

As our firm has grown, so has our team. Our head count has increased more than 46% over the past five years.



We ranked No. 13 in 2020 – our 12th straight year among the top 25 companies.



Shared Values, Shared Successes

Our mission at Baird is straightforward: We strive “to provide the best financial advice and service to our clients and be the best place to work for our associates.” Because we are privately held and employee-owned, we have the strategic leeway to take a longer-term view as we plan for and invest in our businesses and do so with our clients’ interests top of mind. And as a firm of employee-owners, we have a personal stake in our clients’ success. Approximately two-thirds of our associates are shareholders in Baird, with ownership broadly distributed across all levels of the firm. We will continue to extend the opportunities and responsibilities of employee ownership to as many of our associates as possible.

All we accomplished as a firm in 2019 – and each of our first 100 years – wouldn’t be possible if not for our extraordinary team. Together, we’ve built a strong firm with a balanced, durable business model and a distinct culture that values honesty, integrity, teamwork and quality. Our people make Baird great for one another and for our clients, which is why we’re committed to continuing to make Baird a great place to work for all. To us, that means working hard to create an environment where everyone has the opportunity to be themselves and flourish as both a professional and as a person.

This intensity of purpose attracts its own kind. We’re very proud to have partnered with Hilliard, whose team shares our passion for succeeding for our clients, strong work ethic and business philosophies. Hilliard chose to partner with us because of who we are and what we’ve built over the past 100 years. Other professionals, teams

and organizations have sought out Baird for similar reasons in recent years. This is a humbling affirmation of the values we’ve developed over the past century.

Today, the Baird family includes more than 4,600 associates, including nearly 800 talented professionals who joined us from Hilliard. Our teams are now fully integrated and working together to provide our clients with access to our combined organization’s full platform of expertise, services and capabilities. We look forward to serving an even greater number of individuals, families, businesses and communities in the years ahead.

“Baird was a great fit for our clients and our team. Our cultures, values and business models are very complementary. Joining forces will accelerate our success as a firm and the success of our clients.”

— Jim Allen, Vice Chairman of Baird and former Chairman & CEO of Hilliard Lyons

As we turn the page on our second century, we’re honored to be doing so with the partnership of our clients, communities and associates. We wouldn’t be where we are today without your trust, and we are committed to supporting you through these changing times. Thank you for your partnership with Baird.

A handwritten signature in black ink that reads "Steven G. Booth". The signature is written in a cursive, flowing style.

Steven G. Booth
President & Chief Executive Officer

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BAIRD

Baird net revenues¹
(millions)



Founded in 1919, Baird is a privately held, employee-owned financial services firm. We have a strong platform of five complementary businesses, which helps to diversify and balance our revenues across all types of market conditions.

66%



Approximately two-thirds of our associates are shareholders in Baird, with ownership broadly distributed across all levels of the firm.

PRIVATE WEALTH MANAGEMENT

Offers tailored wealth management advice founded in investment consulting and advanced planning to individuals, families and institutions across the United States.

ASSET MANAGEMENT

BAIRD ADVISORS
BAIRD EQUITY ASSET MANAGEMENT

Provides disciplined investing and superior service to individual and institutional investors via customized portfolios and mutual funds.

FIXED INCOME CAPITAL MARKETS

FIXED INCOME SALES & TRADING
PUBLIC FINANCE

Delivers investment ideas and trading execution to institutional clients and premier debt underwriting and advisory services to public, private and nonprofit clients.

EQUITY CAPITAL MARKETS

GLOBAL INVESTMENT BANKING
EQUITIES

Provides a full platform of equity research, sales and trading, equity underwriting, and M&A and debt advisory capabilities to clients around the world.

PRINCIPAL INVESTMENTS

BAIRD CAPITAL
STRATEGIC INVESTMENTS

Principal Investments unites all of the firm's private equity and strategic investment activities managed by Baird Capital and Baird Principal Group.

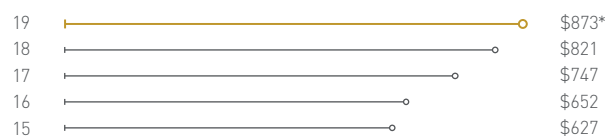
¹ Financial results do not reflect the consolidation of certain private equity partnerships.

² Based on number of issues from 2009 to 2019, according to Ipreo MuniAnalytics.

³ Greenwich Associates North American Equity Investors – U.S. Small-/Mid-Cap Funds and U.S. Equities Sales, Corporate Access & Research, May 2019. Surveys conducted with 100 small-cap and mid-cap fund managers and 169 fund managers and 269 traders, respectively. Rankings for qualitative metrics based on leading research firms in surveys.

Private Wealth Management revenues

(millions)

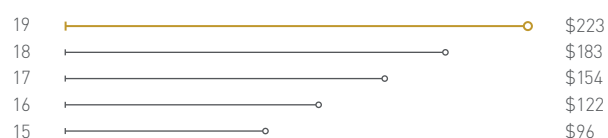


* Excludes Hilliard Lyons results.

\$215+ billion in client assets

Asset Management revenues

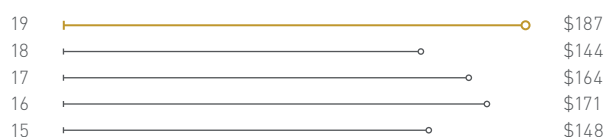
(millions)



\$93+ billion in assets under management

Fixed Income Capital Markets revenues

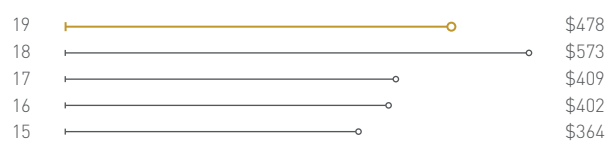
(millions)



No. 1 municipal underwriter in the U.S. for 11 consecutive years²

Equity Capital Markets revenues

(millions)



No. 1 for "overall quality in sales, corporate access and research"³

Principal Investments revenues

(millions)



\$3.5 billion raised and managed since inception

Imagine a financial partner fully committed to your success.

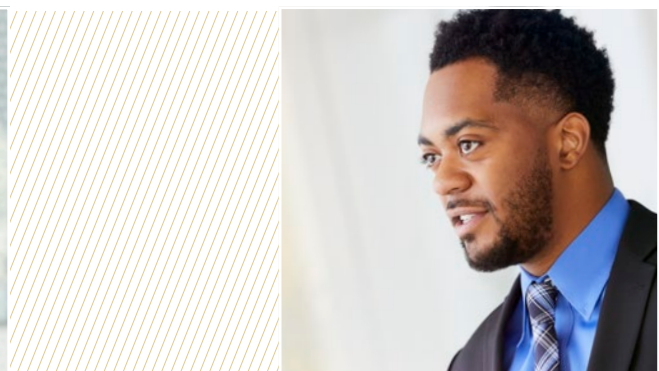


Private Wealth Management

For the past 100 years, we've had the privilege of helping clients achieve their unique financial goals. In our first century, we've come to ardently believe wealth management is about more than managing investments. It's about helping families build an education funding plan for the children in their lives. It's about guiding business owners as they consider the sale of their self-started company or transferring the reins to its next leader. It's about working alongside individuals navigating the complexities of inherited wealth. To us, wealth management is more than the numbers—it's about people.

Growing for the Future

We were very pleased to welcome Hilliard Lyons to the Baird family in 2019. Hilliard brought sophisticated wealth management and estate planning talent and capabilities to Baird. Our business models and cultures were very similar, and together we are better positioned than ever before to serve individuals, families and institutions. Our now-combined business includes nearly 1,300 Financial Advisors who serve clients from 160 offices in 33 states. They are highly experienced, averaging 20 years of industry experience and 8 years of experience at Baird.



Each of our Financial Advisors has access to experts across Baird so they can bring the precise combination of expertise, resources and planning tools to each scenario. One such resource is our Wealth Solutions Group, a team of 100-plus experts who partner with Financial Advisors to provide clients with specialized expertise in estate planning, insurance and tax planning, education funding, charitable giving strategies and more. The team is often quoted in the national press, including *The New York Times* and *The Wall Street Journal*.

Investing in Our Team

We continued to invest in our team to further enhance the service we provide to our clients. In addition to our continued focus on forming diverse, multigenerational teams of talented financial professionals, we recruited and welcomed many talented professionals to Baird in 2019. We believe we have a duty to develop our team so our expertise

evolves with our clients' needs. We accomplish this via both training and diversifying our talent. One specific area of talent diversity we're especially focused on is developing and empowering our women Financial Advisors and creating opportunities for women to become Financial Advisors. Meanwhile, our Foundations Program is a rotational program for young professionals, military veterans and others with the unique skill set to become a great Financial Advisor. We are also the founding partner of the Wealth Management & Financial Planning Program at the University of Wisconsin School of Business.

As we look to the next 100 years, we are proud of our business and humbled by our clients' continued trust and confidence. We know we wouldn't be here today without your partnership, and we're excited to step into our second century together to pursue your financial goals.

Imagine creating your legacy, on your terms.



Hilliard Lyons Trust, A Baird Company

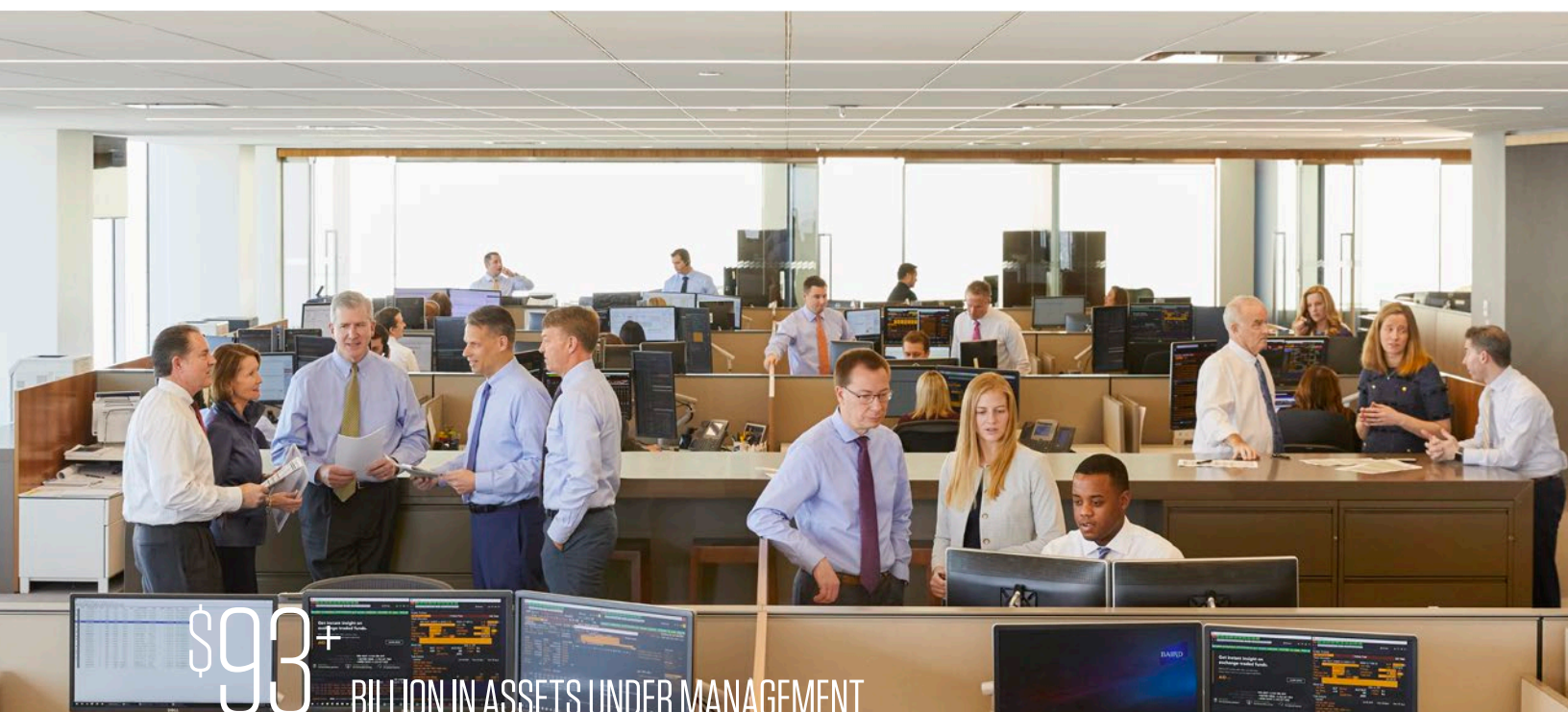
We were pleased to welcome Hilliard Lyons Trust to Baird in 2019. While Hilliard has now assumed the Baird name, the trust business retained the Hilliard name in recognition of the incredible legacy of the firm. The business complements and enhances Baird's existing wealth management capabilities, bringing sophisticated estate and wealth transfer planning capabilities to the firm. We plan to thoughtfully extend its capabilities over time.

For more than 50 years, Hilliard Lyons Trust has helped clients ensure their legacies across generations and through many markets. With more than \$13 billion in assets under administration, it offers asset management, estate planning, wealth transfer, tax planning and trust services to high-net-worth clients and a wide range of institutions. The Trust Company team includes 65 professionals, including trust and estate administrators and investment professionals with deep industry experience and tenure with the team. Our Trust Company professionals have an average of 25 years of industry experience and 15 years with the business.

HILLIARD LYONS TRUST



A Baird Company



Asset Management

Baird Advisors

Baird Advisors, our fixed income asset management business, delivered competitive performance across its suite of products in 2019. Three of its funds—the Core Plus Bond Fund, Aggregate Bond Fund and Short-Term Bond Fund—earned prestigious Gold ratings from Morningstar. The team’s steady focus on client stewardship and generating competitive returns for investors resulted in another year of growth for Baird Advisors, which had over \$87 billion in assets under management at the end of 2019. Their approach to fixed income investing is nationally recognized, and their expertise frequently appears in industry and national press including *Barron’s*, *The Wall Street Journal* and *Kiplinger*.

Steady Approach

Our team includes 60 highly experienced professionals and is led by a group of senior portfolio managers who have invested together for more than 35 years. Several of these individuals formed our original team, which will celebrate its 20th anniversary at Baird in 2020. Additionally, Mary Ellen Stanek, Chief Investment Officer of Baird



- » Ranked 2 of 150 US fund families by Morningstar Research Services LLC.
- » Four Baird Funds Named to “Thrilling 34” List

Source: “Fund Family 150” by Michael Laske, published as of June 30, 2019. © 2019 Morningstar Research Services LLC. All Rights Reserved. Based on a rank of asset-weighted fund scores for the 150 largest US fund families compared in the report.

Imagine a world-class investment partner with time-tested expertise.



60 PROFESSIONALS

Advisors, was nominated for the 2019 Morningstar Outstanding Portfolio Manager Award. These long tenures and industry recognitions are humbling, and we believe they underscore the power of our team's continuity in investment philosophy, focus and client service.

In their leadership responsibilities, our senior portfolio managers are committed to developing our business' next generation of talent and actively mentor professionals at all levels of our business. We are also thoughtfully growing our team to support the growth of our business and deepen our capabilities for our clients. We welcomed Lyle Fitterer, a nationally recognized municipal bond manager, who now co-leads our municipal team with Duane McAllister. We also added talent to our client service team and made additional technological and operational enhancements.

Each member of our team shares a focus on winning for our clients and providing them with

superior service. We take a disciplined, risk-controlled approach to investing, which enables us to take the long view and drive toward long-term, competitive performance that supports our clients' investment goals. We're proud to share similarly long-term relationships with our clients. Our average relationship now exceeds 12 years, and many clients have worked with us for decades.

Municipal Team Highlights

Our municipal bond team, which joined Baird Advisors in 2015, has quickly gained traction. The team, which managed nearly \$5 billion in client assets at year end, has achieved peer group-leading performance. Its Short-Term Municipal Bond Fund was recognized with a 2020 Refinitiv Lipper Fund Award for strong three-year performance. In addition to adding breadth to the team's talent in 2019, the team also expanded its product lineup with two new bond funds.



Baird Equity Asset Management

Equity Asset Management manages strategies and mutual funds for individual and institutional investors. Each of the business' four teams is staffed with experienced investors who possess a deep expertise in targeted areas of the equity markets. All share the objective of delivering strong performance and exceptional service to our clients. We employ time-tested investment philosophies and processes, with a focus on consistency and purity of style, to deliver high-conviction active management. Our assets under management have increased 226% over the past five years.

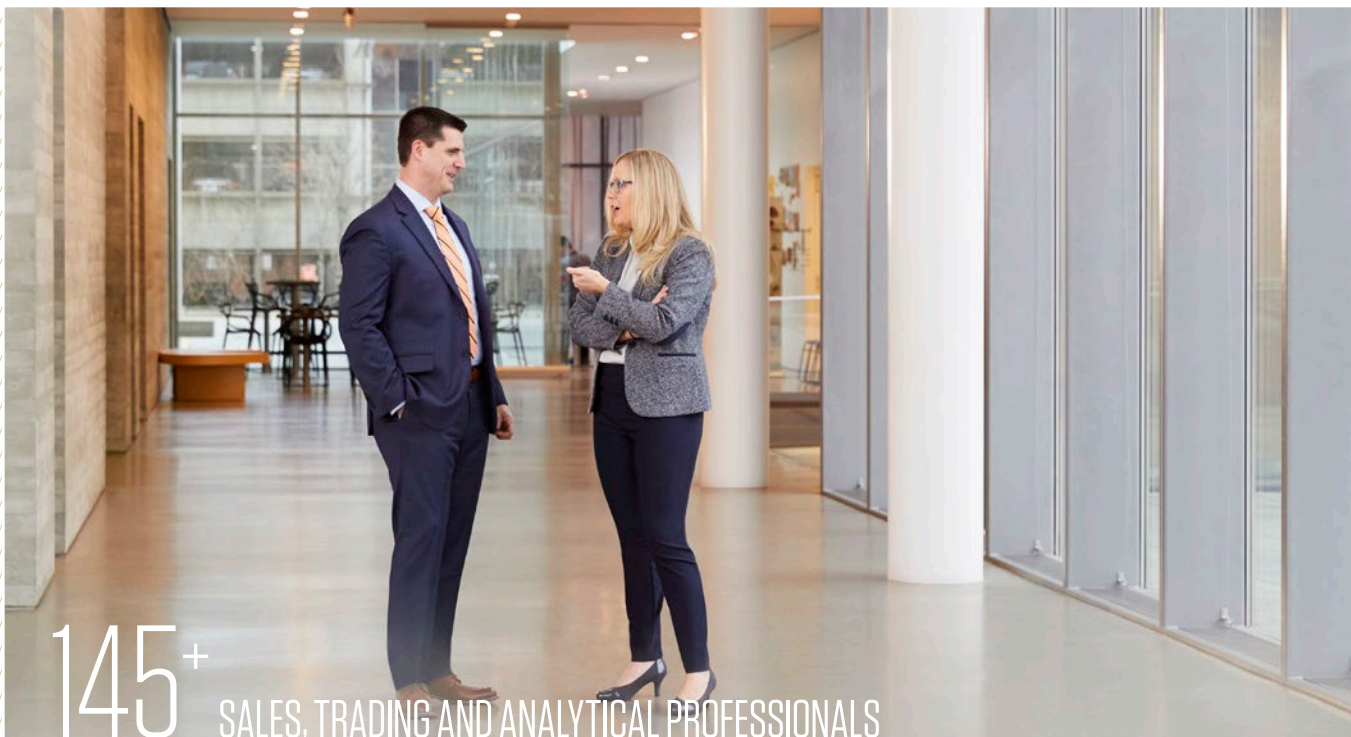
Team Highlights

Our Growth team's Mid Cap strategy was recognized as Asset Manager of the Year by Investnet for the second consecutive year. Its assets under management totaled \$3.4 billion at year's end, an increase of 38% over 2018.

Meanwhile, our Value team maintained strong client retention during continued headwinds for value investing. Chautauqua Capital Management, our international and global team, saw its mutual funds achieve their third anniversary and appear on several recommended lists. Our Specialized Asset Management team, which manages customized portfolios for high-net-worth clients, launched a dividend growth portfolio. Its assets under management totaled \$1.76 billion at the end of 2019 and have nearly tripled over the past three years.

In the years ahead, we will continue to make thoughtful, strategic investments in our business by adding selective talent, technology and research capabilities – all to best serve our clients.

Imagine a financial partner who shares your long-term vision.



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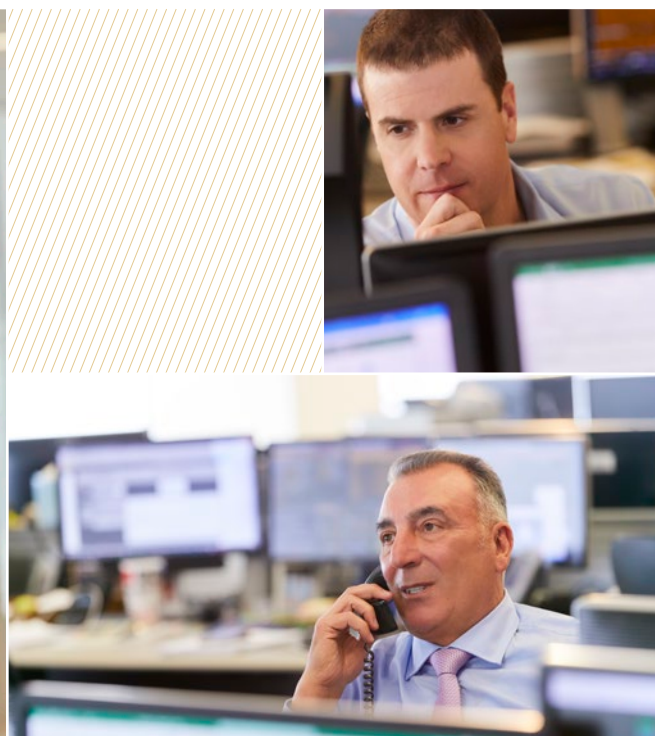
SALES, TRADING AND ANALYTICAL PROFESSIONALS

Fixed Income Capital Markets

Fixed Income Sales & Trading

When Baird was founded in 1919, we primarily dealt in fixed income securities. We've maintained our commitment to fixed income over the past 100 years as many of our competitors have redefined or downsized their offerings. Today, we're proud to deliver premier research, sales and trading capabilities for a full range of fixed income securities.

Our team includes more than 145 institutional sales, trading and analytical professionals working in 28 offices across the U.S. They provide deep product expertise and differentiated execution to our clients, working with them through market cycles and over many years to build deep relationships and deliver a comprehensive range of products. We enhanced our platform in 2019 by welcoming 11 talented professionals, who bring additional specialized product and trading expertise to our team. We also established municipal underwriting desks in Chicago and Naples. These additions complement our existing platform and will further enhance the value we provide to our clients.



Our continued focus on strategically building out our platform drove strong results in 2019. The low interest rate environment drove our municipal business, which grew revenues by 67% compared to 2018. Over the last three years, our team has traded an average of \$19.86 billion per month.

Public Finance

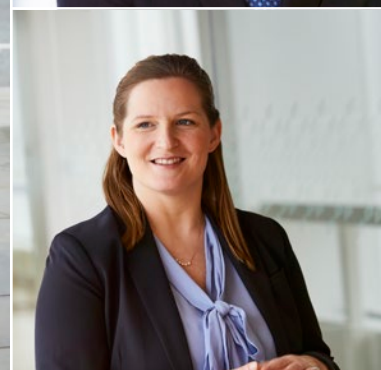
Baird Public Finance works with clients in the public, private and nonprofit sectors. We offer a full suite of underwriting, advisory, consultant and placement agent services to help our clients pursue and achieve their long-term financing goals. In 2019, Baird ranked as the No. 1 leading municipal underwriter in the U.S. based on the number of issues for the 11th consecutive year.¹ We also ranked No. 2 for issues of \$100 million or less by par value and, for the first time in firm history, ranked among the top five municipal advisors in the country, also based on number of issues.²

We deepened our public finance capabilities in 2019 by adding senior bankers in Indiana, Kentucky, Minnesota, Missouri, New Jersey, Pennsylvania and Wisconsin. Our team now includes 31 bankers, 36 analysts and 10 professionals who serve clients from 21 offices in 13 states. This national presence enables us to bring relevant perspective and experience to local- and state-level financings. Baird has served issuers in all 50 states and Washington, D.C. since 2009. We are committed to continuing to grow our presence and deepen our capabilities nationally in the years ahead.

¹ Based on number of issues from 2009 to 2019, according to Ipreo MuniAnalytics.

² Ipreo MuniAnalytics as of December 31, 2019. Does not include private placements or notes.

Imagine taking your business to the next level.



Equity Capital Markets

Global Investment Banking

Baird Global Investment Banking delivers advisory and financing services to companies, entrepreneurs and private equity firms around the world. We achieved our second-highest year of revenues in the history of our business in 2019. We also completed nearly 200 advisory and financing deals, with increases in M&A dollar volume, equity capital raised and number of debt advisory transactions over the prior year. In addition to serving many repeat clients during 2019, we also advised 35 new financial sponsor clients. We ended the year with our best quarter ever, generating the highest three months of revenue in the history of our business, and entered 2020 with a record level of engagements.

A Year of Milestones

2019 marked both the 100th anniversary of Baird and the 25th anniversary of our Global Investment Banking business, and we are incredibly proud of and grateful for the truly international



375 BANKERS GLOBALLY



platform that we have today and the ability to use those resources to support and serve our client partners around the world.

One of our competitive advantages is our deep subsector expertise within our industries of focus, and in 2019 we continued to deepen our sector, product and geographic coverage to complement our existing platform. We expanded our global technology & services franchise by adding London-based coverage for technology and deepened our coverage of the facilities, industrial, rental and environmental (FIRE) sector. With new strategic alliances, we strengthened our capabilities and offerings in the energy and real estate sectors. To expand our global healthcare platform, we enhanced our provider services sector coverage. We also welcomed additional senior resources to our Financial Sponsor Group and deepened our team of well-regarded M&A leaders.

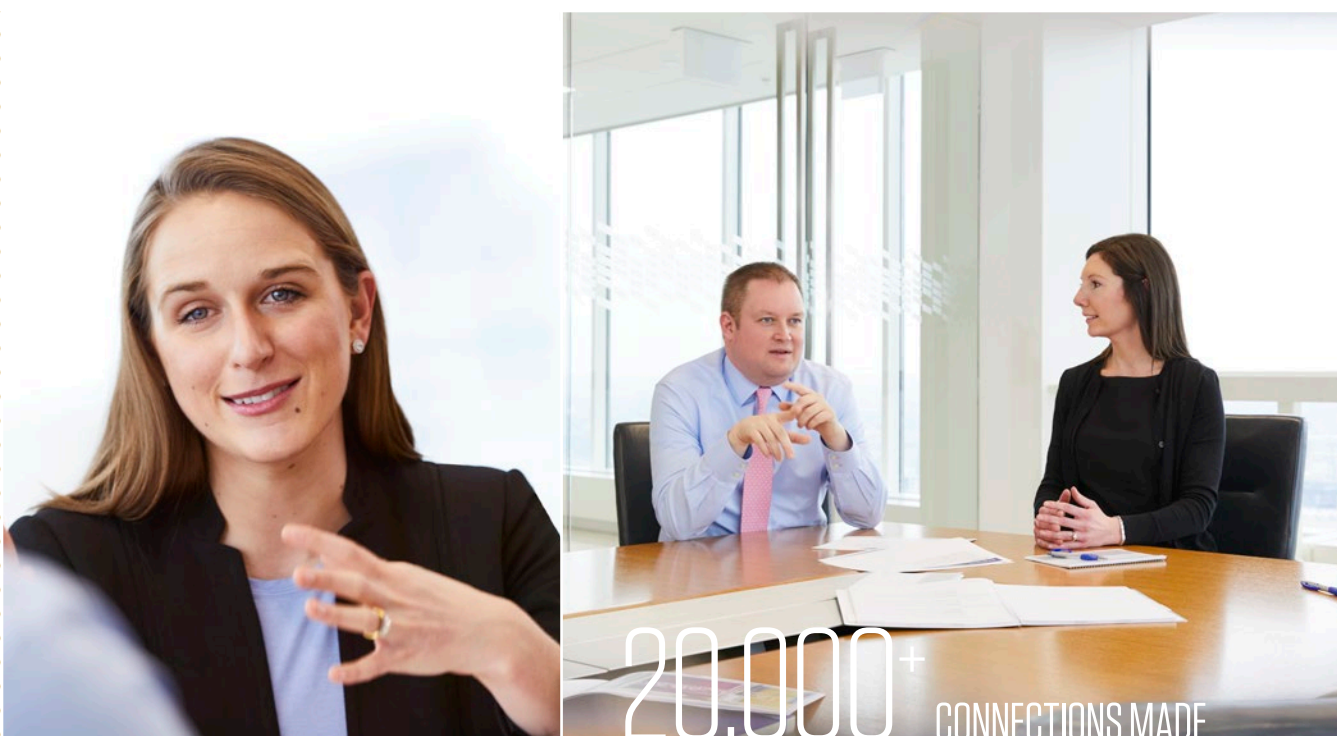
Baird's franchise now includes approximately 375 investment bankers around the world – the most talented team we've ever had.

Unique Approach, Unique Culture

These developments underscore our commitment to delivering the right mix of industry knowledge, product expertise and geographic insight to each client. We take a "one global team" approach to all we do, working as a single unit to serve each of our clients. Operating on one profit-and-loss statement drives deep collaboration and helps ensure each of our clients benefits from our full team's expertise, creativity and perspective.

This model creates a distinct culture in our business. We are a team focused on delivering outstanding client service and driving exceptional outcomes through a high level of integrity, a commitment to excellence and innovative thinking. We are committed to preserving this culture in the years ahead, remaining the employer of choice in investment banking and supporting our team as they advance in their careers.

Imagine a partner to help you navigate changing markets.



Equities

While industry headwinds persisted during 2019, we continued to invest in our platform. We covered more than 700 companies at year's end, continuing our commitment to delivering high-quality, actionable insights. This coverage is complemented by macroeconomic research from Strategas, an industry-renowned Baird company that was recognized as the top macro firm on Wall Street by *Institutional Investor* for the third consecutive year.

Meanwhile, Baird's equities capabilities were recognized in Greenwich Associates' annual survey of institutional investors and portfolio managers. We were humbled to be recognized as No. 1 for overall quality in sales, corporate access and research and "best trading for small-/mid-cap equities" among middle-market firms.¹

Additionally, we remain committed to offering a world-class execution platform and continued to invest in our electronic execution capabilities by strategically adding talent, tools and technology to provide a differentiated level of service in this evolving marketplace.

Our Global Corporate Access team is entering its sixth decade of long-standing corporate relationships, focused on facilitating connections between institutional investors and corporate leadership. In addition to generating more than 20,000 investor meetings during 2019, the team executed three annual investor conferences and upheld the firm's No. 1 ranking for "most useful conferences and seminars" in the 2019 Greenwich survey.

We are committed to being an employer of choice in our industry. Our Equities leaders are focused on retaining our talent and recruiting new, top talent to our team.

¹ Greenwich Associates North American Equity Investors – U.S. Small-/Mid-Cap Funds and U.S. Equities Sales, Corporate Access & Research, May 2019. Surveys conducted with 100 small-cap and mid-cap fund managers and 169 fund managers and 269 traders, respectively. Rankings for qualitative metrics based on leading research firms in surveys.



Principal Investments

Our Principal Investments group includes three investment strategies:

- *Baird Capital*: The group's only externally marketed offering makes direct investments in emerging and lower middle-market companies.
- *Baird Principal Group*: Makes minority co-investments in middle-market private companies as a complement to Baird Capital's direct investment strategies.
- *Strategic Investments*: Makes equity investments in third-party financial services entities that complement Baird's capabilities, as well as strategic third-party fund limited partner investments.

Baird Capital

Baird Capital has raised and invested capital in high-potential companies through a series of private equity partnerships since our inception in 1989. Baird is a meaningful investor in the Baird Capital funds, and third-party investors and qualified Baird associates are also investors in the funds. Since inception, Baird Capital and related legacy entities have collectively raised and managed approximately \$3.5 billion and made more than 310 investments.

Imagine investing alongside a veteran investment partner with global access.



We know our portfolio companies need more than financial capital to compete and succeed in their markets. That's why we provide additional resources like operating partners, industry expertise and access to resources via the broader Baird network to help them reach their full potential. Our global team collaborates across geographies to support our portfolio. We believe our team's diversity is an important, additive dimension of our investment process, and we are committed to hiring talented professionals with diverse backgrounds, perspectives and skill sets.

We invest through two investment platforms: Global Private Equity and U.S. Venture Capital.

Global Private Equity

Our Global Private Equity platform invests in lower middle-market companies in the U.S., U.K. and Asia. We make growth equity and buyout investments in high-potential businesses in the technology & services, healthcare and industrial solutions sectors. Our unique approach enables us to provide investors exposure to investments across industries and geographies.

Venture Capital

Our Venture Capital platform is one of the largest venture capital firms focused on mid-stage companies in the greater Midwest region. We invest in early- and expansion-stage companies in the healthcare and technology & services sectors. During 2019, Baird Venture Partners V exceeded its fundraising target of \$185 million and made its first investments from the fund. Subsequent to year end, this fund was closed at \$215 million – well in excess of its \$185 million target.

2019 Results

It was an active year for new investments and our existing portfolio. Across our investment platforms, we realized \$258 million, primarily from the exit of 12 investments. Our team also deployed \$30 million in 4 new investments. Additionally, we made 16 follow-on investments totaling \$19 million to support the growth of our portfolio companies.

2019 Leadership

The members of Baird's Executive Committee average more than 20 years at the firm, representing a significant continuity of leadership and advocacy for the core values Baird was founded on in 1919.

Executive Committee

Paul E. Purcell*
*Chairman of the Board
and Chairman of
Baird Capital*

Steven G. Booth*
*President &
Chief Executive Officer*

James R. Allen
Vice Chairman

Timothy P. Byrne
Chief Information Officer

Erik C. Dahlberg
*Executive Director of
Private Wealth Management*

Leslie H. Dixon
*Chief Human
Resources Officer*

Brian S. Doyal
*Co-Head of Global
Investment Banking*

Rodney Jones-Tyson
Chief Risk Officer

Jon A. Langenfeld
Head of Global Equities

Patrick S. Lawton*
*Director of Fixed Income
Capital Markets*

C.H. Randolph Lyon
Vice Chairman

Terrance P. Maxwell*
Chief Financial Officer

Brian P. McDonagh
*Co-Head of Global
Investment Banking*

Gordon G. Pan
President of Baird Capital

Michael J. Schroeder*
*President of Private
Wealth Management*

Paul L. Schultz
*General Counsel and
Secretary*

Russell P. Schwei
Vice Chairman

Mary Ellen Stanek*
Director of Asset Management

John G. Taft
Vice Chairman

Laura K. Thurow
*Executive Director of
Wealth Solutions and Operations*

Jason De Sena Trennert
*Chairman and
Chief Executive Officer
of Strategas*

**Director of Baird Financial Group*

Executive Management and Managing Directors

*A full listing of Baird's Managing Directors can be found in
the online version of this report at bairdannualreport.com.*

Imagine creating brighter tomorrows, together.



Community

Community service has been an integral part of Baird's mission for a full century. As we celebrated our 100th anniversary throughout 2019, we marked the milestone with a number of special community projects and initiatives. When members of our worldwide team gathered in Milwaukee in June for our centennial celebration, we worked together to fill 3,000 backpacks with personal care items for families in need in partnership with United Way. The backpacks were distributed to organizations in Milwaukee and eight other cities, including the Gary Comer Youth Center in Chicago and the Center for Women and Families in Louisville.

Baird Gives Back Week, which marked its 10th anniversary in 2019, brings our associates, families and friends together for collaborative volunteering opportunities. 2019 was a record year for this initiative. Nearly 2,200 Baird volunteers from more than 100 Baird offices participated, contributing more than 7,800 hours of service. Their efforts benefited 179 organizations and nonprofits globally.



To share our 100th anniversary celebration with our communities, we launched a special initiative called “100 Days of Giving.” One hundred associates who volunteered during Baird Gives Back Week, including individuals from our U.S., European and Asia offices, were selected to direct \$1,000 from Baird Foundation to the nonprofit of their choice. Many chose to support causes they care deeply about, such as Operation Gratitude, which provides care packages for American military personnel, and children’s hospitals in Michigan, Wisconsin, Tennessee and Washington state.

More than 1,000 of our associates are active members of our Associate Resource Groups (ARGs). In addition to providing opportunities for personal and professional growth, our ARGs support Baird’s commitment to inclusion and diversity and foster a stronger sense of community both within Baird and in our communities. Our ARGs are devoted to

multicultural diversity, veterans, community involvement, women, millennials and LGBTQ causes and also support nonprofits in the communities where our associates live and work.

Baird Foundation makes matching and charitable gifts to enhance our associates’ personal donations, with a focus in the areas of health and human services, education, the arts and diversity. It also makes donations to organizations where our associates are actively involved. In 2019, Baird Foundation donated \$3.4 million to qualified nonprofits, including more than \$1.1 million to match associates’ personal giving.

Financial Information

Baird Financial Group is the ultimate parent company of all of Baird's global operations. Our primary businesses are wealth management, capital markets, asset management and private equity. We are privately held and employee-owned.

Baird Financial Group: Financial Highlights

	Net Revenues (millions)	Operating Results Operating Income (millions)	Per-Share Data Book Value (fully diluted)	Cash Dividend	Financial Position Total Assets (millions)	Other Data Associates	Financial Advisors
2019	\$ 2,060	\$ 262	\$ 53.21	\$ 2.50	\$ 3,343	4,641	1,298
2018	\$ 1,784	\$ 244	\$ 48.77	\$ 0.00	\$ 3,235	3,642	937
2017	\$ 1,533	\$ 199	\$ 39.77	\$ 2.10	\$ 3,114	3,410	858
2016	\$ 1,390	\$ 155	\$ 34.67	\$ 7.50	\$ 2,613	3,410	877
2015	\$ 1,286	\$ 154	\$ 37.48	\$ 2.00	\$ 2,793	3,312	872
2014	\$ 1,202	\$ 135	\$ 34.87	\$ 1.85	\$ 2,635	3,172	816
2013	\$ 1,069	\$ 117	\$ 31.78	\$ 1.65	\$ 2,259	2,935	727
2012	\$ 961	\$ 100	\$ 28.98	\$ 1.60	\$ 2,340	2,787	698
2011	\$ 925	\$ 86	\$ 27.19	\$ 7.50	\$ 2,264	2,752	694
2010	\$ 847	\$ 84	\$ 31.51	—	\$ 2,414	2,629	680

Financial information does not reflect the consolidation of certain private equity partnerships.

BOOK VALUE: Baird paid cash dividends per share of \$2.50, \$2.10, \$7.50, \$2.00, \$1.85, \$1.65, \$1.60 and \$7.50 in December of 2019, 2017, 2016, 2015, 2014, 2013, 2012 and 2011, respectively, which resulted in corresponding decreases in book value. In addition, per-share amounts have been restated to give effect for a three-for-one stock split, effective November 30, 1999, and a two-for-one stock split, effective February 19, 2008.

NET REVENUES

(millions)



OPERATING INCOME

(millions)



BOOK VALUE

(per share / including cumulative dividends)



*Represents the book value per share of Baird stock at December 31, 2019, of \$53.21 plus cumulative cash dividends per share from 2011 through 2019 of \$26.70 per share, representing annual dividends of \$2.50, \$2.10, \$7.50, \$2.00, \$1.85, \$1.65, \$1.60 and \$7.50 per share in 2019, 2017, 2016, 2015, 2014, 2013, 2012 and 2011, respectively.

RETURN ON BOOK VALUE**

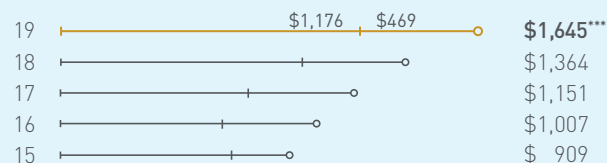
(per share)



**For comparative purposes, book value appreciation includes an adjustment for the value of the dividends paid in December of each year.

STOCKHOLDERS' EQUITY

(millions / including cumulative dividends)



***Represents stockholders' equity at December 31, 2019, of \$1,176 million plus cumulative cash dividends from 2011 through 2019 of \$469 million, representing annual dividends of \$55 million, \$39 million, \$136 million, \$35 million, \$32 million, \$27 million, \$25 million and \$120 million in 2019, 2017, 2016, 2015, 2014, 2013, 2012 and 2011, respectively.

ASSOCIATES



To learn more about Baird, visit rwbaird.com.

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