INVESTMENT OBJECTIVE

The investment objective of the Fund is to seek an annual rate of total return, before fund expenses, greater than the annual rate of total return of the Bloomberg Barclays U.S. Aggregate Bond Index.

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. The duration of the Fund is set equal to the duration of the Bloomberg Barclays U.S. Aggregate Bond Index, thus helping to ensure a high degree of predictability in tracking benchmark returns.

Incremental value is added through security selection, yield curve positioning, sector allocation and competitive execution of trades.

INVESTMENT STRATEGY

The Fund normally invests at least 80% of its net assets in the following types of U.S. dollar-denominated debt obligations:

- U.S. government and other public-sector entities
- Asset-backed and mortgage-backed obligations of U.S. and foreign issuers
- Corporate debt of U.S. and foreign issuers

The Fund only invests in debt obligations rated investment grade at the time of purchase by at least one major rating agency or, if unrated, determined by Baird Advisors to be investment grade.

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 five years but less than ten years during normal market conditions. The Fund may invest in debt obligations of all maturities. Baird Advisors attempts to diversify the Fund’s portfolio by holding obligations of many different issuers and choosing issuers in a variety of sectors.
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
- Charles B. Groeschell
- Warren D. Pierson, CFA
- M. Sharon deGuzman
- Daniel A. Tranchita, CFA
- Meghan H. Dean, CFA
- Jeffrey L. Schrom, CFA
- Jay E. Schwister, CFA

QUALITY PROFILE

| U.S. Treasury | 20.9% | 37.1% |
| U.S. Agency | 23.2% | 29.3% |
| AAA | 11.1% | 3.8% |
| AA | 3.8% | 3.1% |
| A | 16.6% | 12.2% |
| BBB | 23.4% | 14.5% |
| Below BBB | 1.0% | 0.0% |
| Not Rated | 0.0% | 0.0% |

SECTOR PROFILE

| U.S. Treasury | 20.9% | 37.1% |
| U.S. Agency (Non-MBS) | 0.0% | 1.6% |
| Other Government Related | 1.6% | 4.7% |
| Industrials | 22.8% | 16.8% |
| Utilities | 1.6% | 2.2% |
| Financials | 18.5% | 8.3% |
| U.S. Agency RMBS | 19.4% | 26.8% |
| Non-Agency RMBS | 1.9% | 0.0% |
| U.S. Agency CMBS | 3.8% | 0.9% |
| Non-Agency CMBS | 4.7% | 1.3% |
| ABS | 2.1% | 0.3% |
| Cash | 2.7% | 0.0% |

1The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by Morningstar’s manager research group, consisting of various Morningstar, Inc. subsidiaries (“Manager Research Group”). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on several key pillars, which are process, performance, people, parent, and price to determine how they believe funds are likely to perform relative to a benchmark over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research. For actively managed strategies, people and process each receive a 45% weighting in their analysis, while parent receives a 10% weighting. For both active and passive strategies, performance has a explicit weight as it is incorporated into the analysis of people and process; price at the share-class level (where applicable) is directly subtracted from an expected gross alpha estimate derived from the analysis of the other pillars. The impact of the weighted pillar scores for people, process and parent on the final Analyst Rating is further modified by a measure of the dispersion of historical alphas among relevant peers. For certain peer groups where standard benchmarking is not applicable, primarily peer groups of funds using alternative investment strategies, the modification by alpha dispersion is not used. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. For active funds, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group’s expectation that an active fund will be able to deliver positive alpha net of fees relative to the standard benchmark index assigned to the Morningstar category. The level of the rating relates to the level of expected positive net alpha relative to Morningstar category peers for active funds. For passive funds, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group’s expectation that a fund will be able to deliver a higher alpha net of fees than the lesser of the relevant Morningstar category median or 0. The level of the rating relates to the level of expected net alpha relative to Morningstar category peers for passive funds. Analyst Ratings ultimately reflect the Manager Research Group’s overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar’s Analyst Rating, including its methodology, please go to https://shareholders.morningstar.com/investor-relations/governance/Compliance--Disclosure/default.aspx. The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group’s expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

2The Morningstar Rating for funds, or “star rating”, is calculated for managed products with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Risk-Adjusted Return is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The Baird Aggregate Bond Fund (Institutional Class) received a 5-star Overall Morningstar Rating out of 380 funds in the Intermediate Core Bond category as of 9/30/20. The fund was rated 4 stars out of 380 funds, 4 stars out of 335 funds, and 5 stars out of 255 funds in the Intermediate Core Bond category for the 5-, and 10-year periods, respectively. © 2020 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Morningstar makes no representations or warranties as to the accuracy or completeness of the information contained herein.

Investment returns assume all distributions are reinvested and reflect applicable fees and expenses. The Fund may invest in mortgage- and asset-backed securities which may be subject to prepayment risk and thus may be more sensitive to interest rate changes than other types of debt securities. The Fund may also invest in letters of credit issued by foreign issuers which involve additional risks including political and economic instability, differences in financial reporting standards and less regulated securities markets. While the U.S. government has historically provided financial support to various U.S. government-sponsored agencies, no assurance can be given that it will do so in the future if it is not obligated by law. All investments carry, 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.

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