

# Baird Aggregate Bond Fund

Institutional – BAGIX | Investor – BAGSX

BAIRD

Baird Funds

As of December 31, 2023

bairdfunds.com | 866-442-2473

## 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 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 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.

## MORNINGSTAR CATEGORY

Intermediate Core Bond  
425 funds in category

## MORNINGSTAR MEDALIST RATING (Institutional class)<sup>1</sup>



(2/7/2023)  
Analyst-Driven 100%  
Data Coverage 100%

## BENCHMARK

Bloomberg U.S. Aggregate Index

## OVERALL MORNINGSTAR RATING (Institutional class)<sup>2</sup>



Based on risk-adjusted returns as of 12/31/23

## FUND STATISTICS

|                            |                  |
|----------------------------|------------------|
| Fund Assets                | \$42,865,185,008 |
| Average Effective Duration | 6.24 Years       |
| Average Effective Maturity | 8.27 Years       |
| Annual Turnover Rate       | 38.78%           |
| Number of Holdings         | 1,758            |

## YIELD INFORMATION

|                               | Institutional Shares | Investor Shares |
|-------------------------------|----------------------|-----------------|
| SEC 30-Day Yield <sup>3</sup> | 4.27%                | 4.02%           |
| Distribution Frequency        | Monthly              | Monthly         |

## FUND INFORMATION

|                            | Institutional Shares | Investor Shares        |
|----------------------------|----------------------|------------------------|
| Ticker                     | BAGIX                | BAGSX                  |
| CUSIP                      | 057071854            | 057071862              |
| Net Asset Value (NAV)      | \$9.86               | \$10.25                |
| Load Type                  | No-Load              | No-Load                |
| 12b-1 Fees                 | —                    | 0.25%                  |
| Minimum Initial Investment | \$10,000             | \$2,500 (IRA: \$1,000) |
| Expense Ratio              | 0.30%                | 0.55%                  |

## PERFORMANCE INFORMATION (as of December 31, 2023)

|               | Total Returns (%) |          | Average Annual Total Returns (%) |         |         |          |                           |
|---------------|-------------------|----------|----------------------------------|---------|---------|----------|---------------------------|
|               | YTD               | 3 Months | 1 Year                           | 3 Years | 5 Years | 10 Years | Since Inception (9/29/00) |
| Institutional | 6.43              | 7.20     | 6.43                             | -3.14   | 1.56    | 2.25     | 4.34                      |
| Investor      | 6.13              | 7.17     | 6.13                             | -3.38   | 1.31    | 2.00     | 4.09                      |
| Benchmark     | 5.53              | 6.82     | 5.53                             | -3.31   | 1.10    | 1.81     | 3.87                      |

|               | Calendar Year Total Returns (%) |        |       |      |      |       |      |      |      |      |
|---------------|---------------------------------|--------|-------|------|------|-------|------|------|------|------|
|               | 2023                            | 2022   | 2021  | 2020 | 2019 | 2018  | 2017 | 2016 | 2015 | 2014 |
| Institutional | 6.43                            | -13.35 | -1.46 | 8.63 | 9.48 | -0.30 | 4.20 | 3.52 | 0.55 | 6.89 |
| Investor      | 6.13                            | -13.52 | -1.74 | 8.42 | 9.17 | -0.54 | 3.90 | 3.34 | 0.21 | 6.71 |
| Benchmark     | 5.53                            | -13.01 | -1.54 | 7.51 | 8.72 | 0.01  | 3.54 | 2.65 | 0.55 | 5.97 |

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. 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.

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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
- Warren D. Pierson, CFA
- Charles B. Groeschell
- Jay E. Schwister, CFA
- M. Sharon deGuzman
- Jeffrey L. Schrom, CFA
- Meghan H. Dean, CFA
- Patrick W. Brown, CFA
- Andrew J. O'Connell, CFA
- Abhishek Pulakanti, CFA

## QUALITY PROFILE<sup>4,5</sup>

|               | Fund  | Index |
|---------------|-------|-------|
| U.S. Treasury | 23.0% | 41.6% |
| U.S. Agency   | 25.3% | 28.4% |
| AAA           | 12.7% | 3.1%  |
| AA            | 3.4%  | 2.7%  |
| A             | 12.9% | 11.7% |
| BBB           | 22.5% | 12.5% |
| Below BBB     | 0.1%  | 0.0%  |
| Not Rated     | 0.0%  | 0.0%  |

## SECTOR PROFILE<sup>5</sup>

|                           | Fund  | Index |
|---------------------------|-------|-------|
| U.S. Government (Non-MBS) | 23.0% | 42.6% |
| U.S. Treasury             | 23.0% | 41.6% |
| U.S. Agency (Non-MBS)     | 0.0%  | 0.9%  |
| Credit                    | 38.9% | 28.7% |
| Industrials               | 20.3% | 14.5% |
| Utilities                 | 1.4%  | 2.2%  |
| Financials                | 16.5% | 8.2%  |
| Non-Corporate Credit      | 0.8%  | 3.8%  |
| Securitized               | 37.4% | 28.7% |
| U.S. Agency RMBS          | 23.8% | 26.6% |
| U.S. Agency CMBS          | 1.4%  | 0.8%  |
| Non-Agency RMBS           | 4.6%  | 0.0%  |
| Non-Agency CMBS           | 4.5%  | 0.8%  |
| ABS                       | 3.1%  | 0.5%  |
| Cash                      | 0.6%  | 0.0%  |

<sup>1</sup>The Morningstar Medalist Rating™ is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to [global.morningstar.com/managerdisclosures/](https://global.morningstar.com/managerdisclosures/). The Morningstar Medalist Ratings are not statements of fact, nor are they credit or risk ratings. **The Morningstar Medalist Rating (i) should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause expectations not to occur or to differ significantly from what was expected, (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically, (iv) involve the risk that the return target will not be met due to such things as unforeseen changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions, and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medalist Rating can mean that the rating is subsequently no longer accurate.**

<sup>2</sup>The 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 Rating does not include any adjustment for sales loads. The top 10% of products in each product 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. The Overall Morningstar Rating for a managed product 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 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 425 funds in the Intermediate Core Bond category as of 12/31/2023. The fund was rated 4 stars out of 425 funds, 4 stars out of 385 funds; and 5 stars out of 277 funds in the Intermediate Core Bond category for the 3-, 5- and 10-year periods, respectively.

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Investment results 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 U.S. dollar denominated securities 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 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.

<sup>3</sup>The SEC 30-Day Yield reflects the rate at which the fund is earning income on its current portfolio of holdings after expenses. | <sup>4</sup>The quality profile is calculated on a market value-weighted basis. Per the Baird Funds prospectus, each security in the Fund is assigned the highest credit quality rating provided by a nationally recognized statistical rating organization (e.g. S&P, Moody's, Fitch). Per the Bloomberg Index controlling rating methodology, each security in the index is assigned a rating using S&P, Moody's, and Fitch (middle of three ratings, lower of two ratings, or singular rating if rated by one rating agency). Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). | <sup>5</sup>Totals sum based on unrounded data. Breakouts are shown rounded to the nearest tenth and may not visually sum.

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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](https://bairdfunds.com). Read it carefully before investing.**