

Baird Municipal Bond Fund

Institutional – BMQIX | Investor –BMQSX

BAIRD

Baird Funds

As of December 31, 2023

bairdfunds.com | 866-442-2473

INVESTMENT OBJECTIVE

The investment objective of the Fund is to seek a high level of current income that is exempt from federal income tax and is consistent with preservation of capital.

INVESTMENT PHILOSOPHY

The Fund utilizes a national strategy monitoring valuations across all municipal sectors including state and local general obligations, essential service revenue bonds, transportation and healthcare sectors, sales tax issues and other municipal obligations. It targets an average maturity in the intermediate to long-term range, investing across the 1-30 year segment of the yield curve. The team utilizes yield curve positioning in the investment management process to capture pricing inefficiencies and optimize yield and “roll” while striving for tax efficiency.

INVESTMENT STRATEGY

The Fund invests in a broadly diversified portfolio of federally tax-exempt municipal obligations issued by governmental authorities throughout the U.S. and its territories. The Fund may invest in all types of municipal obligations, including pre-refunded bonds, general obligation bonds, revenue bonds, and municipal lease participations.

The Fund normally invests at least 80% of its net assets in municipal bonds and debentures, the income from which is exempt from federal income tax (including the federal alternative minimum tax). The Fund invests principally in investment grade municipal obligations, rated at the time of purchase by at least one major rating agency, but may invest up to 15% of its net assets in non-investment grade municipal obligations and may invest in unrated obligations that are determined by Baird Advisors to be comparable in quality to the rated obligations.

While obligations of any maturity may be purchased, under normal circumstances, the Fund’s dollar-weighted average effective maturity is generally expected to be between five years and twelve years.

MORNINGSTAR CATEGORY

Muni National Long

163 funds in category

OVERALL MORNINGSTAR RATING (Institutional class)¹



Based on risk-adjusted returns as of 12/31/2023

FUND STATISTICS

Fund Assets	\$187,857,037
Average Effective Duration	6.08 Years
Average Effective Maturity	6.47 Years
Annual Turnover Rate	60.71%
Number of Holdings	418

YIELD INFORMATION

	Institutional Shares	Investor Shares
SEC 30-Day Yield ²	3.70%	3.46%
Distribution Frequency	Monthly	Monthly

FUND INFORMATION

	Institutional Shares	Investor Shares
Ticker	BMQIX	BMQSX
CUSIP	057071482	057071490
Net Asset Value (NAV)	\$10.01	\$9.99
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%
AMT Exposure	8.05%	8.05%

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 (11/15/19)
Institutional	7.14	7.35	7.14	0.76	N/A	N/A	3.18
Investor	6.67	7.18	6.67	0.48	N/A	N/A	2.88
Benchmark	6.40	7.89	6.40	-0.40	N/A	N/A	1.15

	Calendar Year Total Returns (%)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Institutional	7.14	-7.73	3.46	9.95	N/A	N/A	N/A	N/A	N/A	N/A
Investor	6.67	-7.78	3.12	9.58	N/A	N/A	N/A	N/A	N/A	N/A
Benchmark	6.40	-8.53	1.52	5.21	N/A	N/A	N/A	N/A	N/A	N/A

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.

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FUND MANAGEMENT TEAM

The Fund is managed by a very deep and seasoned portfolio management team. 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:

- Lyle J. Fitterer, CFA
- Duane A. McAllister, CFA
- Gabriel G. Diederich, CFA
- Erik R. Schleicher, CFA
- Joseph J. Czechowicz, CFA

QUALITY PROFILE^{3, 4}

	Fund	Index
U.S. Treasury	0.0%	0.0%
U.S. Agency	0.0%	0.0%
AAA	12.0%	15.9%
AA	39.4%	55.5%
A	23.0%	23.1%
BBB	14.0%	5.5%
Below BBB	2.4%	0.0%
Not Rated	9.2%	0.0%

SECTOR PROFILE⁴

	Fund	Index
Pre-refunded ETM/ U.S. Treasury	2.5%	2.7%
General Obligation	20.0%	27.8%
Revenue	74.8%	69.4%
Cash	2.7%	0.0%

¹The 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 Municipal Bond Fund Institutional Class received a 5-star Overall Morningstar Rating rated against 163 funds in the Muni National Long Bond category as of 12/31/2023. The fund was rated 5-stars of out 163 funds for the 3-year period.

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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.

²The SEC 30-Day Yield reflects the rate at which the fund is earning income on its current portfolio of holdings after expenses.

³The 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). For pre-refunded securities, the reported credit quality reflects the highest reported rating from S&P, Moody's or Fitch for the underlying collateral. 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).

⁴Totals sum based on unrounded data. Breakouts are shown rounded to the nearest tenth and may not visually sum.

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.

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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://www.bairdfunds.com). Read it carefully before investing.