MORNINGSTAR®

Baird Ultra Short Bond Institutional BUBIX

Consistent and excellent.

Morningstar's Take BUBIX

Overall Morningstar Rating™	★★★		
214 US Fund Ultrashort Bond (30 Apr 2026)			
	3 Yr 214 funds	5 Yr 182 funds	10 Yr 115 funds
Morningstar Rating™	3★	4★	3★

Morningstar Medalist Rating™	Gold
Analyst-Driven %	100.00
Data Coverage %	100.00

Morningstar Pillars	
Process (27 Apr 2026)	High
People (27 Apr 2026)	High
Parent (27 Feb 2026)	High
Performance (27 Apr 2026)	
Price (27 Apr 2026)	Price Score: 1.89

27 Apr 2026 | by Alec Lucas

Strong execution and a process whose incremental advantages add up make Baird Ultra Short Bond a top choice in the ultrashort bond Morningstar Category.

Baird's 10-person taxable bond management team may not be flashy, but its members excel as a group. Four senior leaders, including co-CIOs Warren Pierson and Jay Schwister, provide a mix of macroeconomic and investment guidance. The other six managers and their respective analyst benches focus on bond-picking and building the portfolio. Jeffrey Schrom, Andrew O'Connell, and Abhishek Pulakanti are corporate credit experts, Meghan Dean and Patrick Brown specialize in mortgage- and asset-backed securities, while M. Sharon deGuzman monitors portfolio construction and risk metrics.

The team concentrates on finding reliable sources of excess return. Since Baird believes interest rate calls are not one of them, the team matches the Bloomberg Short-Term US Government/Corporate Index's overall interest rate sensitivity, or duration, and then allocates to the bond sectors with the most attractive combination of underlying fundamentals, valuations, and liquidity. The result is a portfolio that tends to traffic heavily in corporate bonds relative to its index and most peers, especially those bonds with BBB ratings, while also consistently finding value in securitized bonds, primarily ABS and higher-quality nonagency residential and commercial MBS.

Discipline and simplicity are hallmarks of the approach. For example, rather than using derivatives to replicate the benchmark's duration, the team analyzes the impact of each trade and chooses specific Treasuries and securitized exposures to keep the overall portfolio's interest rate sensitivity in line with the benchmark's.

Thanks to its modest fee hurdle and effective style, multiyear outperformance has been consistent. From the fund's year-end 2013 inception through January 2026, the institutional share class' rolling three-year returns have beaten the benchmark and peer median (based on each fund's cheapest share class) in 98.2% and 83.6% of 110 rolling periods, respectively.

Process High | Alec Lucas | 27 Apr 2026
Baird Advisors' investing style is straightforward but effective. Focused on US dollar-denominated bonds of primarily investment-grade quality without the potential complications of derivatives or leverage, or the need to clear lofty fee hurdles, the strategy merits a High Process rating.

Citing the difficulty of consistently predicting interest rate changes, Baird's approach begins with matching this fund's overall interest rate sensitivity, or duration, to the Bloomberg Short-Term US Government/Corporate Index. Aiming to beat this bogy by 15 to 25 basis points per year, gross of fees, the team tries to add value through yield-curve positioning, sector allocation, security selection, and competitive trade execution.

Security selection and sector allocation among corporates, securitized (both agency mortgages and nonagency, high-quality securitizations), and government bonds receive the most focus. Whether individual bonds, issuers, or sectors, the team looks for strong fundamental features, attractive relative value, and fit within its broader macroeconomic views. Non-investment-grade debt is capped at 10%, but the managers typically stay far from that limit, and generally buy debt rated at least B or what they perceive to be equivalent quality if unrated. As a result, the fund's credit profile tends to look tame relative to more aggressive ultrashort bond peers.

The hunt for value even extends to yield-curve positioning through the fund's Treasury stake. The team looks for incrementally more attractive Treasuries when buying and selling those with the richest valuations.

Relative to its Treasury-heavy Bloomberg Short-Term US Government/Corporate Index, the strategy tends to overweight corporate credit. Over the past decade, it has allocated about 40% to 65% of its assets to the sector, versus 15% to 25% for the index. The fund's corporate bond weighting hit a recent high in June 2024 when credit spreads for short-term corporate debt were around 60 basis points. Although that was historically tight, spreads at year-end 2025 were even tighter at about 50 basis points. The fund's then 52.3% corporate bond stake was 32 percentage points overweight.

Preferring to build a portfolio with positive convexity (more upside and less downside potential than the index), the team tends to be highly selective in the portfolio's high-quality out-of-benchmark securitized allocation. These bonds typically account for 12% to 27% of the portfolio's assets. At year-end 2025, the fund's 18% securitized stake leaned toward ABS (10.6%), with most of the rest in nonagency commercial MBS.

The strategy tends to favor bonds with BBB ratings. At year-end 2025, its 36.2% allocation to BBB credits was 28.9 percentage points more than the index and ranked in the top decile of distinct ultrashort bond peers.

People High | Alec Lucas | 27 Apr 2026
Baird Advisors' capable and collaborative investing culture pairs well with the firm's straightforward but effective style. Other top-tier firms may have bigger staffs and broader remits; Baird's 10-person management team operates differently and is excellent in its own right. It earns a High People rating.

Four senior leaders with at least four decades of industry experience each provide a mix of macroeconomic and investment guidance to the team. They are co-founders Charles Groeschell and Mary Ellen Stanek, emeritus CIO since early 2025 and winner of Morningstar's 2022 Outstanding Portfolio Manager award, as well as co-CIOs Warren Pierson and Jay Schwister, who also serves as research director.

The six other named managers have a wide range of experience but collectively represent the next generation. Team lead Jeffrey Schrom and comanagers Andrew O'Connell and Abhishek Pulakanti work as part of a 11-strong credit group; Meghan Dean and Patrick Brown oversee a five-person (soon to be six-person) securitized team; and M. Sharon deGuzman guides Baird's seven-person portfolio construction and risk group.

Stability is a strength. Apart from two retirements in 2020 and 2021, respectively, no manager has left since this fund's year-end 2013 inception. There have also been only five analyst departures since 2016, each for personal reasons.

Fund ownership stands out, too. All 10 managers invest in all their strategies, with three owning more than USD 5 million each across the lineup and another six more than USD 1 million each, marking their commitment alongside fundholders.

Parent High | Alec Lucas | 27 Feb 2026
A bond-heavy blend of asset management businesses.

Baird continues to merit a High Parent rating.

Although Robert W. Baird and Co.'s origins date to 1919, its Milwaukee-based asset management business has, over more than a quarter-century, grown into an industry stalwart through deft talent acquisition. In early 2000, senior leaders from rival Firstar Investment Research & Management Co. joined to form the fixed-income-focused Baird Advisors. With modest fees and an effective, benchmark-aware approach, Baird's collaborative taxable bond team runs the lion's share of its assets under management. The firm bolstered its municipal bond expertise in mid-2015 and in August 2019; that part of the business now has considerable promise as well.

Baird's equity efforts are smaller and more geographically diffuse but also center on the opportunistic addition of talent. Baird Equity Asset Management purchased the international and global growth equity team of Colorado-based Chautauqua Capital Management in 2016, and in late 2021, it strengthened ties with proven Baltimore-based investor Joseph Milano, formerly of T. Rowe Price, while removing a small value team that had struggled over the prior decade.

Another facet of Baird stems from the parent company's 2018 acquisition of Strategas, a New York-based institutional brokerage firm that provides macro research, capital market, and advisory services. Strategas now offers three thematic equity exchange-traded funds through a partnership with Vident Asset Management, the biggest of which is Strategas Macro Thematic Opportunities. This ETF has cycled through at least 15 themes since its early 2022 inception while turning its portfolio over about 1-1.5 times per year and often holding hefty cash stakes that in April 2025 consistently exceeded 20%. Performance has been strong within its large-blend peer group thus far, but the ETF through late February 2026 modestly lagged the S&P 500 over its lifetime.

Each asset management business faces its own challenges. At Baird Advisors, succession bears monitoring as each of the firm's four senior leaders from Firmco is now a veteran of more than 40 years. Baird Equity Asset Management's strategies have a mixed record that requires the right balance of patience, support, and, if necessary, change. Strategas' approach, which is hardly staid, must show it offers enduring value to investors who can achieve broad market equity exposure through passive options for a fraction of the cost.

With more than 95% of its assets under management in fixed income strategies, Baird's bond-heavy blend of asset management businesses serves investors well. Backed by a strong parent company, Baird offers reliable active strategies at a reasonable cost that can serve as a cornerstone for the fixed-income portion of portfolios while complementing the equity side.

Performance | Alec Lucas | 27 Apr 2026
The strategy has a strong record since its year-end 2013 inception. Through January 2026, the 2.36% annualized gain of the mutual fund's institutional share class beat its primary prospectus Bloomberg Short-Term US Government/Corporate Index by 37 basis points while placing near the top third out of about 50 distinct ultrashort bond peers. Adjusted for volatility, results looked even better: The institutional shares' Sharpe ratio (a measure of return relative to standard deviation) was superior to the benchmark's and placed first in the peer group.

Consistent outperformance has been a hallmark here. Through 2025, the fund has beaten its index in nine of the past 10 years. Versus the benchmark, the fund's best showing over that span was in 2016, when its 1.56% return outpaced the index by 76 basis points. Bond-picking within and overweighting corporate credit helped the most that year.

Although prioritizing income consistent with capital preservation, the fund has nonetheless helped mitigate the effect of inflation, as measured by the Consumer Price Index. From January 2014 through December 2025 (the most recent month for which CPI data is available), the fund grew each initial dollar invested into USD 1.32, versus the roughly USD 1.39 required to maintain purchasing power. By contrast, the median peer (based on each fund's cheapest share class) grew each initial dollar invested into USD 1.29 over the same period.

Price | Alec Lucas | 27 Apr 2026
Baird Ultra Short Bond Institutional's Prospectus Adjusted Expense Ratio is 0.15% per year. It places it in the cheapest quintile of the Morningstar US Fund Ultrashort Bond Category, where the median fee is 0.33% per year. This cost positioning translates into a Medalist Rating Price Score of 1.89, which reflects its relative price positioning within the category. The Price Score ranges from -2.50 (most expensive) to +2.50 (cheapest), with higher scores indicating better cost competitiveness.

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The Data Coverage % data point is a summary metric describing the level of data completeness used to generate the overall rating. If the pillar is assigned directly or indirectly by analysts, the pillar has complete data availability, as no model was used to estimate the pillar score. If the pillar is assigned directly by algorithm, Morningstar counts the number of data points feeding both the positive and negative models and counts whether the vehicle has strategy-specific data available. A simple percentage is calculated per pillar. The overall data coverage % is then scaled by pillar weights.

Analyst-Driven %
The Analyst-Driven % data point displays the weighted percentage of a vehicle's pillar ratings assigned directly or indirectly by analysts. For example, if the People and Parent ratings are assigned directly or indirectly by analysts but the Process rating is assigned algorithmically, the Analyst-Driven % for an actively managed vehicle would disclose that 55% of the pillar weight was assigned by analysts and the Analyst-Driven % for a passively managed vehicle would disclose that 20% of the pillar weight was assigned by analysts.

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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 the Medalist Ratings, including their methodology, please go to http://global.morningstar. com/managerdisclosures

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Morningstar Rating™
The Morningstar Rating™for funds, or "star rating", is

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Investment Risks

Bonds
Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates. Portfolios that invest in lower-rated debt securities (i.e., "junk bonds") involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default. Tax- free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Equities
Equities are typically subject to greater fluctuations in market value than other asset classes due to factors such as a company's business performance, investor perceptions, stock market trends and general economic conditions. Stocks of small or mid-sized companies involve additional risks; such companies may have a higher risk of failure, are not as well established as larger blue-chip companies, and have historically experienced a greater degree of market volatility than the overall market average.

International/Emerging Markets Securities Risk
Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Liquidity Risk
Trading may be halted due to market conditions, impacting an investor's ability to sell a security.

Market Price Risk
The market price of securities traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

Market Risk
The market prices of securities can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Non-Diversified Strategies
Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Sector Strategies
Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Important Disclosure Information

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the data quoted. To obtain the most recent month-end performance data available, please visit bairdfunds.com.

Investors should consider the investment objectives, risks, charges and expense of each fund carefully before investing. This and other information is found in the prospectus and summary prospectus. For a prospectus or summary prospectus, visit bairdfunds.com. Please read the prospectus or summary prospectus carefully before investing.

The average annual total returns for the Institutional Class of the Baird Ultra Short Bond Fund as of April 30, 2026, are 4.40% for the one-year, 3.66% for the five-year, 2.73% for the ten-year, and 2.38% since its December 31, 2013, inception date. The gross expense ratio of the Institutional Class is 0.30%, the net expense ratio is 0.15%.

The average annual total returns for the Bloomberg Short-Term U.S. Government/Corporate Bond Index as of April 30, 2026, are 4.10% for the one-year, 3.34% for the five-year, 2.42% for the ten-year and 2.02% since the fund's inception.

The Net Expense Ratio is the Gross Expense Ratio minus any reimbursement from the advisor. The Advisor has contractually agreed to waive management fees for the Ultra Short Bond Fund in an amount equal to an annual rate of 0.15% of the average daily net assets for the Fund until April 30, 2026. The agreement may only be terminated prior to the end of this term by or with the consent of the Board of Directors of Baird Funds, Inc.
The Bloomberg Short-Term U.S. Government/Corporate Index contains securities that have fallen out of the U.S. Government/Credit Bond Index because of the standard minimum one-year-to-maturity constraint. Indices are unmanaged and are not available to direct investment.

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. 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. High yield securities may be subject to heightened market, interest rate or credit risk and should not be purchased solely because of the stated yield. All investments carry risk, including loss of principal.

This reprint must be accompanied with performance data current through the most recent quarter. For Morningstar ratings data and Fund holdings current through the most recent month-end, as well as credit quality profile current through the most recent quarter-end, please visit www.bairdfunds.com.

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Baird Advisors' investing style is straightforward but effective. Focused on US dollar-denominated bonds of primarily investment-grade quality without the potential complications of derivatives or leverage, or the need to clear lofty fee hurdles, the strategy merits a High Process rating.

Citing the difficulty of consistently predicting interest rate changes, Baird's approach begins with matching this fund's overall interest rate sensitivity, or duration, to the Bloomberg Short-Term US Government/Corporate Index. Aiming to beat this bogy by 15 to 25 basis points per year, gross of fees, the team tries to add value through yield-curve positioning, sector allocation, security selection, and competitive trade execution.

Security selection and sector allocation among corporates, securitized (both agency mortgages and nonagency, high-quality securitizations), and government bonds receive the most focus. Whether individual bonds, issuers, or sectors, the team looks for strong fundamental features, attractive relative value, and fit within its broader macroeconomic views. Non-investment-grade debt is capped at 10%, but the managers typically stay far from that limit, and generally buy debt rated at least B or what they perceive to be equivalent quality if unrated. As a result, the fund's credit profile tends to look tame relative to more aggressive ultrashort bond peers.

The hunt for value even extends to yield-curve positioning through the fund's Treasury stake. The team looks for incrementally more attractive Treasuries when buying and selling those with the richest valuations.

Relative to its Treasury-heavy Bloomberg Short-Term US Government/Corporate Index, the strategy tends to overweight corporate credit. Over the past decade, it has allocated about 40% to 65% of its assets to the sector, versus 15% to 25% for the index. The fund's corporate bond weighting hit a recent high in June 2024 when credit spreads for short-term corporate debt were around 60 basis points. Although that was historically tight, spreads at year-end 2025 were even tighter at about 50 basis points. The fund's then 52.3% corporate bond stake was 32 percentage points overweight.

Preferring to build a portfolio with positive convexity (more upside and less downside potential than the index), the team tends to be highly selective in the portfolio's high-quality out-of-benchmark securitized allocation. These bonds typically account for 12% to 27% of the portfolio's assets. At year-end 2025, the fund's 18% securitized stake leaned toward ABS (10.6%), with most of the rest in nonagency commercial MBS.

The strategy tends to favor bonds with BBB ratings. At year-end 2025, its 36.2% allocation to BBB credits was 28.9 percentage points more than the index and ranked in the top decile of distinct ultrashort bond peers.

People High | Alec Lucas | 27 Apr 2026
Baird Advisors' capable and collaborative investing culture pairs well with the firm's straightforward but effective style. Other top-tier firms may have bigger staffs and broader remits; Baird's 10-person management team operates differently and is excellent in its own right. It earns a High People rating.

Four senior leaders with at least four decades of industry experience each provide a mix of macroeconomic and investment guidance to the team. They are co-founders Charles Groeschell and Mary Ellen Stanek, emeritus CIO since early 2025 and winner of Morningstar's 2022 Outstanding Portfolio Manager award, as well as co-CIOs Warren Pierson and Jay Schwister, who also serves as research director.

The six other named managers have a wide range of experience but collectively represent the next generation. Team lead Jeffrey Schrom and comanagers Andrew O'Connell and Abhishek Pulakanti work as part of a 11-strong credit group; Meghan Dean and Patrick Brown oversee a five-person (soon to be six-person) securitized team; and M. Sharon deGuzman guides Baird's seven-person portfolio construction and risk group.

Stability is a strength. Apart from two retirements in 2020 and 2021, respectively, no manager has left since this fund's year-end 2013 inception. There have also been only five analyst departures since 2016, each for personal reasons.

Fund ownership stands out, too. All 10 managers invest in all their strategies, with three owning more than USD 5 million each across the lineup and another six more than USD 1 million each, marking their commitment alongside fundholders.

Parent High | Alec Lucas | 27 Feb 2026
A bond-heavy blend of asset management businesses.

Baird continues to merit a High Parent rating.

Although Robert W. Baird and Co.'s origins date to 1919, its Milwaukee-based asset management business has, over more than a quarter-century, grown into an industry stalwart through deft talent acquisition. In early 2000, senior leaders from rival Firstar Investment Research & Management Co. joined to form the fixed-income-focused Baird Advisors. With modest fees and an effective, benchmark-aware approach, Baird's collaborative taxable bond team runs the lion's share of its assets under management. The firm bolstered its municipal bond expertise in mid-2015 and in August 2019; that part of the business now has considerable promise as well.

Baird's equity efforts are smaller and more geographically diffuse but also center on the opportunistic addition of talent. Baird Equity Asset Management purchased the international and global growth equity team of Colorado-based Chautauqua Capital Management in 2016, and in late 2021, it strengthened ties with proven Baltimore-based investor Joseph Milano, formerly of T. Rowe Price, while removing a small value team that had struggled over the prior decade.

Another facet of Baird stems from the parent company's 2018 acquisition of Strategas, a New York-based institutional brokerage firm that provides macro research, capital market, and advisory services. Strategas now offers three thematic equity exchange-traded funds through a partnership with Vident Asset Management, the biggest of which is Strategas Macro Thematic Opportunities. This ETF has cycled through at least 15 themes since its early 2022 inception while turning its portfolio over about 1-1.5 times per year and often holding hefty cash stakes that in April 2025 consistently exceeded 20%. Performance has been strong within its large-blend peer group thus far, but the ETF through late February 2026 modestly lagged the S&P 500 over its lifetime.

Each asset management business faces its own challenges. At Baird Advisors, succession bears monitoring as each of the firm's four senior leaders from Firmco is now a veteran of more than 40 years. Baird Equity Asset Management's strategies have a mixed record that requires the right balance of patience, support, and, if necessary, change. Strategas' approach, which is hardly staid, must show it offers enduring value to investors who can achieve broad market equity exposure through passive options for a fraction of the cost.

With more than 95% of its assets under management in fixed income strategies, Baird's bond-heavy blend of asset management businesses serves investors well. Backed by a strong parent company, Baird offers reliable active strategies at a reasonable cost that can serve as a cornerstone for the fixed-income portion of portfolios while complementing the equity side.

Performance | Alec Lucas | 27 Apr 2026
The strategy has a strong record since its year-end 2013 inception. Through January 2026, the 2.36% annualized gain of the mutual fund's institutional share class beat its primary prospectus Bloomberg Short-Term US Government/Corporate Index by 37 basis points while placing near the top third out of about 50 distinct ultrashort bond peers. Adjusted for volatility, results looked even better: The institutional shares' Sharpe ratio (a measure of return relative to standard deviation) was superior to the benchmark's and placed first in the peer group.

Consistent outperformance has been a hallmark here. Through 2025, the fund has beaten its index in nine of the past 10 years. Versus the benchmark, the fund's best showing over that span was in 2016, when its 1.56% return outpaced the index by 76 basis points. Bond-picking within and overweighting corporate credit helped the most that year.

Although prioritizing income consistent with capital preservation, the fund has nonetheless helped mitigate the effect of inflation, as measured by the Consumer Price Index. From January 2014 through December 2025 (the most recent month for which CPI data is available), the fund grew each initial dollar invested into USD 1.32, versus the roughly USD 1.39 required to maintain purchasing power. By contrast, the median peer (based on each fund's cheapest share class) grew each initial dollar invested into USD 1.29 over the same period.

Price | Alec Lucas | 27 Apr 2026
Baird Ultra Short Bond Investor's Prospectus Adjusted Expense Ratio is 0.4% per year. It places it in the second-most-expensive quintile of the Morningstar US Fund Ultrashort Bond Category, where the median fee is 0.33% per year. This cost positioning translates into a Medalist Rating Price Score of -0.76, which reflects its relative price positioning within the category. The Price Score ranges from -2.50 (most expensive) to +2.50 (cheapest), with higher scores indicating better cost competitiveness.

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Market Risk
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The average annual total returns for the Bloomberg Short-Term U.S. Government/Corporate Bond Index as of April 30, 2026, are 4.10% for the one-year, 3.34% for the five-year, 2.42% for the ten-year and 2.02% since the fund's inception.

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