

Baird Ultra Short Bond Institutional BUBIX

Consistent and excellent.

Morningstar's Take BUBIX

Overall Morningstar Rating™	★★★		
211 US Fund Ultrashort Bond (28 Feb 2026)			
	3 Yr 211 funds	5 Yr 183 funds	10 Yr 110 funds
Morningstar Rating™	3★	4★	3★
Morningstar Medalist Rating™	Gold		
Analyst-Driven %	100.00		
Data Coverage %	100.00		

Morningstar Pillars

Process (4 Feb 2026)	High
People (4 Feb 2026)	High
Parent (27 Feb 2026)	High
Performance (4 Feb 2026)	
Price (4 Feb 2026)	

4 Feb 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 | 4 Feb 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 bogey 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 | 4 Feb 2026

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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 | 4 Feb 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 | 4 Feb 2026

It's critical to evaluate expenses, as they come directly out of returns. Based on our assessment of the fund's People, Process, and Parent Pillars in the context of these expenses, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Medalist Rating of Gold.

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Data Coverage %

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.

Morningstar Medalist Rating™

The Morningstar Medalist Rating is the summary expression of Morningstar's forward-looking analysis of

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Morningstar Rating™

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

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The average annual total returns for the Institutional Class of the Baird Ultra Short Bond Fund as of January 31, 2026, are 4.65% for the one-year, 3.49% for the five-year, 2.69% for the ten-year, and 2.36% 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 January 31, 2026, are 4.37% for the one-year, 3.18% for the five-year, 2.36% for the ten-year and 1.99% 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.

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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' 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 | 4 Feb 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 | 4 Feb 2026

It's critical to evaluate expenses, as they come directly out of returns. Based on our assessment of the fund's People, Process, and Parent Pillars in the context of these expenses, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Medalist Rating of Gold.

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The average annual total returns for the Bloomberg Short-Term U.S. Government/Corporate Bond Index as of January 31, 2026, are 4.37% for the one-year, 3.18% for the five-year, 2.36% for the ten-year and 1.99% since the fund's inception.

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