

# Annual Report – Baird Funds

December 31, 2020

Baird MidCap Fund  
Baird Small/Mid Cap Growth Fund  
Baird Small/Mid Cap Value Fund  
Baird SmallCap Value Fund  
Chautauqua International Growth Fund  
Chautauqua Global Growth Fund

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This report has been prepared for shareholders and may be distributed to others only if preceded or accompanied by a current prospectus.

**Cautionary Note on Analyses, Opinions and Outlooks:** In this report we offer analyses and opinions on the performance of individual securities, companies, industries, sectors, markets, interest rates and governmental policies, including predictions, forecasts and outlooks regarding possible future events. These can generally be identified as such because the context of the statements may include such words as “believe,” “should,” “will,” “expects,” “anticipates,” “hopes” and words of similar effect. These statements reflect the portfolio managers’ good faith beliefs and judgments and involve risks and uncertainties, including the risk that the portfolio managers’ analyses, opinions and outlooks are or will prove to be inaccurate. It is inherently difficult to correctly assess and explain the performance of particular securities, sectors, markets, interest rate movements, governmental actions or general economic trends and conditions, and many unforeseen factors contribute to the performance of Baird Funds. Investors are, therefore, cautioned not to place undue reliance on subjective judgments contained in this report.

Baird Funds  
1-866-442-2473  
[www.bairdfunds.com](http://www.bairdfunds.com)

February 26, 2021

Dear Shareholder,

After the challenges we have all endured over the past year, our Baird Equity Asset Management team hopes this letter finds you, your families and your loved ones healthy and safe. To say that 2020 was a challenging year for the financial markets and investors truly understates what we have all experienced. The impact of the coronavirus on our investors' lives, families, businesses and communities felt at times overwhelming, but you all persevered and we are honored to have been your equity manager during this period.

For our Baird Equity Asset Management team, this year has reminded us of the importance of looking out for each other and remaining laser focused on delivering on your financial needs. We have spent many years building and refining our equity strategies and I am extremely proud of our team for navigating the unprecedented challenges in 2020. We not only delivered competitive returns, but also peace of mind that your equity portfolio was doing what it was supposed to do. Having talented, experienced teams with time-tested strategies remains a significant competitive advantage. That expertise and talent was a contributor to the Funds' competitive performance in 2020.

Amidst this extremely volatile and challenged environment, the MidCap, Small/Mid Cap Growth, Chautauqua International Growth and Chautauqua Global Growth Funds delivered very strong absolute performance. Our Value Funds, while lagging in the growth environment, performed as they should have, particularly with superior downside protection during the March downdraft in the market. All of the Baird Equity Funds' long-term track records remain competitive and the portfolios are positioned well as we enter 2021.

While much in the world has changed, our core commitment to our investors has not. We remain dedicated to generating competitive, risk-controlled returns over full market cycles, providing competitively-priced products, delivering outstanding service and continuing to invest in our long-tenured and seasoned investment team.

Through all of the challenges in 2020, we never lost sight of the fact that our long-term success rests on the trust you have placed in us to be effective stewards of your assets. We want to express our sincere appreciation for your confidence in our work and continued investment in the Baird Equity Funds. May 2021 bring you health, happiness and success.

Sincerely,

A handwritten signature in black ink that reads "Mary Ellen Stanek". The signature is fluid and cursive, with a long, sweeping underline.

Mary Ellen Stanek, CFA  
President  
Baird Funds

# Baird MidCap Fund

December 31, 2020 (Unaudited)

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## Portfolio Managers' Commentary

For the year ended December 31, 2020, the Baird MidCap Fund Institutional Class posted a total return of 34.81% as compared to 35.59% for the Russell Midcap<sup>®</sup> Growth Index, the Fund's benchmark index.

The ability of equity markets to perform so well in 2020 amid a global pandemic and a near full stop of the economy was rather remarkable, but scientific ingenuity applied to vaccine development and significant central bank and government stimulus helped offset the devastating impacts of the virus. The Fund's positioning entering the year rested on an expectation for continued economic growth. Importantly, our underlying philosophy of investing in a mix of diversified, high-quality growth businesses helped the Fund navigate the significant market decline as the pandemic unfolded in March, as well as the sharp market rebound that followed. The Fund produced a second consecutive year of returns in excess of 30%, and we were pleased with the performance compared to the benchmark, particularly given favorable results in most benchmark sectors.

The Fund's consumer discretionary holdings played a key role in driving relative outperformance. Despite the pandemic's significant toll on employment, substantial monetary and fiscal stimulus created enough of a bridge to carry market expectations beyond the worst of the pandemic's economic impact. The positive wealth effect from a strong equity market and rising home prices and increased levels of consumer savings helped support consumer confidence and spending. Typically, to achieve very strong relative performance in this sector, it takes good stock picking in several areas, and this was the case in 2020 as the Fund holdings we selected in diversified retail, home building, leisure, and the restaurant industries performed well. The Fund's overweight positioning in the sector relative to the benchmark, based on the favorable fundamentals described above, also contributed to performance.

The Fund's returns from investments in the producer durables and materials sectors exceeded benchmark performance. It is worth grouping these two sectors together given that the prospects of many companies in both tend to be heavily influenced by changes in the economic cycle. As a result, economic weakness in the first half of the year challenged the stock performance of many companies in these sectors but returns broadly improved in the second half. Fund holdings with exposure to areas experiencing increased activity and spending performed well and included, testing and measurement for the 5G network buildout, trucking, and power transmission equipment. The standout performer for the Fund in the materials sector was a company that produces composite decking primarily for residential homes. The overall housing market was strong in 2020 and Fund holdings in companies along the home spending chain, including repair and remodel, benefitted. The Fund also held several processing and services businesses and their generally more stable revenue streams held up well amid the market volatility during the year.

As a partial offset to the strength in preceding sectors, the Fund's technology holdings meaningfully trailed benchmark performance. Returns were quite strong throughout the sector, particularly in the large software and services group, leaving little room for stock-selection error. In some respects, the performance headwind was a matter of style over substance. The technology sector includes an increasing number of high revenue growth, but unprofitable companies. We view sustainable revenue growth and the ability to generate a profit as important measures of quality. As a result, profitability is a fundamental characteristic that we require when selecting investments for the Fund. Unprofitable companies as a group produced stronger stock price returns in 2020 compared to profitable companies, and the performance differential between unprofitable and profitable business was particularly acute in the technology sector.

The financial services sector also detracted from relative performance. The payments and processing businesses held in the Fund did not keep pace. In addition, the Fund's credit sensitive financial holdings struggled, suffering from the overhang of potential credit problems given economic weakness, and the headwind of low rates and a flat yield curve. Even a small weight in this area hurt relative performance. Exposure to a company providing a leading electronic bond trading platform, which performed well, helped moderate the sector's underperformance.

# Baird MidCap Fund

December 31, 2020 (Unaudited)

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The healthcare sector positively contributed to Fund performance due to good stock picking. Notable performance from holdings in the healthcare services, medical and dental instruments, and equipment industries led to outperformance, highlighting the diversity of strength. Of note, two holdings providing technologies used in the emerging treatment systems for diabetes also continued to perform well.

The Fund's investments in two sectors, energy, and consumer staples, each had a single holding during the year, owing to their small benchmark weights. Within energy, we sold a traditional oil and gas holding to reduce exposure to falling oil prices. While the sale proved helpful, not participating in the sector's alternative energy industry, notably solar, hurt overall Fund performance. The consumer staples sector typically behaves in a more defensive manner; however, the Fund's holding of a specialty potato producer underperformed both in the market decline and subsequent recovery as pandemic restrictions caused many restaurant closures, a key end market for the company.

While the Fund's cash position is not used tactically, in such a strong market advance even the modest amount held by the Fund to accommodate additions to individual holdings or new investment ideas created a drag on relative performance.

Signs of an increased appetite for risk among market participants appeared later in the year evidenced by significant equity market strength and an uptick in mergers & acquisitions, not to mention sharp price appreciation in other corners of the market like Bitcoin and IPOs. The Fed continues to signal a desire for an accommodative monetary position to support the economy and lift inflation. We are encouraged by the prospects for the economy to recover further in 2021 but are on guard for excesses that might emerge from the significant push of money into the economic system.

The long-standing investment process underlying the Fund remains focused on identifying high-quality companies that deliver attractive returns and above average growth relative to peers. Seeking to control risk at the sector and position level is also a priority of our process, with the goal of providing lower volatility of returns for the Fund compared to its benchmark index.

Portfolio Managers:

Charles F. Severson, CFA

Kenneth M. Hemaier, CFA

# Baird MidCap Fund

December 31, 2020 (Unaudited)

## Portfolio Characteristics

A December 31, 2020 summary of the Fund's top 10 holdings and equity sector analysis compared to the Russell Midcap® Growth Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

Monolithic Power Systems, Inc.	3.1%
Paycom Software, Inc.	2.9%
EPAM Systems, Inc.	2.8%
Five Below, Inc.	2.6%
Synopsys, Inc.	2.6%
Align Technology, Inc.	2.6%
Chipotle Mexican Grill, Inc.	2.5%
Pool Corp.	2.4%
Keysight Technologies, Inc.	2.4%
Microchip Technology, Inc.	2.3%

Net Assets:	\$2,265,825,678
Portfolio Turnover Rate:	47%
Number of Equity Holdings:	60

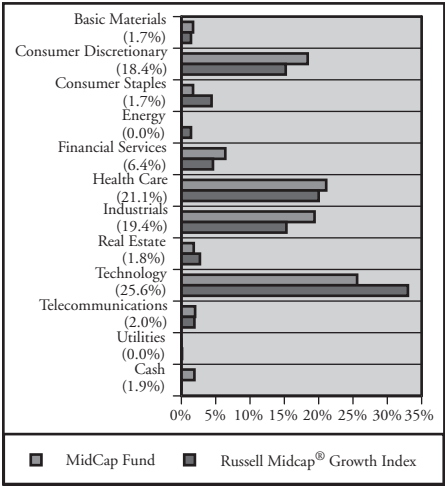
### Annualized Portfolio Expense Ratio<sup>(3)</sup>:

Gross	
Institutional Class:	0.82%
Investor Class:	1.07% <sup>(4)</sup>

### Net

Institutional Class:	0.82%
Investor Class:	1.07% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>

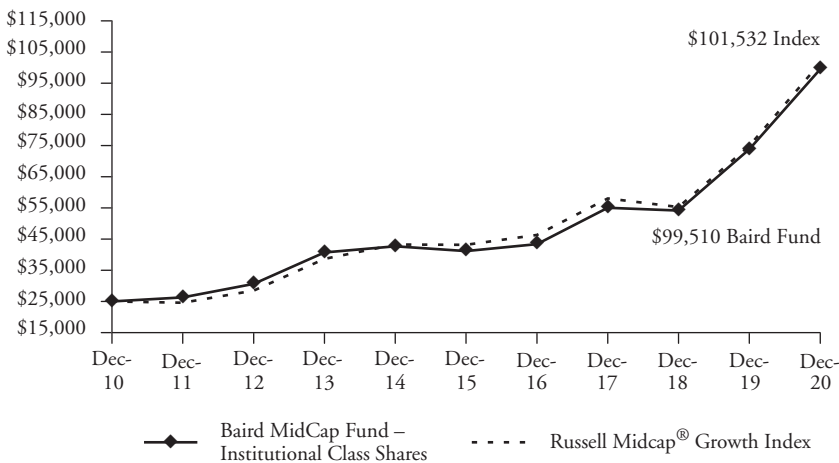


- (1) The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2020.
- (2) Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2020, and may not add up to 100% due to rounding.
- (3) Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.85% of average daily net assets for the Institutional Class shares and 1.10% of average daily net assets for the Investor Class shares, at least through April 30, 2022.
- (4) Includes 0.25% 12b-1 fee.

# Baird MidCap Fund

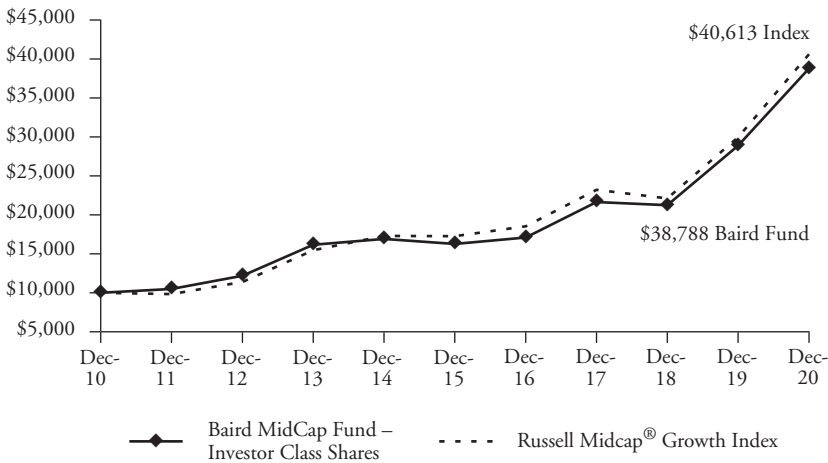
December 31, 2020 (Unaudited)

Institutional Class  
Value of a \$25,000 Investment



Growth of a hypothetical investment of \$25,000 made on 12/31/10, assuming reinvestment of all distributions.

Investor Class  
Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 12/31/10, assuming reinvestment of all distributions.

# Baird MidCap Fund

December 31, 2020 (Unaudited)

## Total Returns

<i>For the Periods Ended December 31, 2020</i>	Average Annual			
	One Year	Five Years	Ten Years	Since Inception <sup>(1)</sup>
Institutional Class Shares	34.81%	19.31%	14.81%	9.41%
Investor Class Shares	34.32%	18.98%	14.52%	9.14%
Russell Midcap® Growth Index <sup>(2)</sup>	35.59%	18.66%	15.04%	8.91%

(1) For the period from December 29, 2000 (inception date) through December 31, 2020.

(2) The Russell Midcap® Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

*The line graphs on the previous page and the returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.*

*The gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".*

*The Fund focuses on growth-style stocks and therefore the performance of the Fund will typically be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. The Fund may invest up to 15% of its total assets in U.S. dollar denominated foreign securities and ADRs. Foreign investments involve additional risks such as currency rate fluctuations, political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund invests a substantial portion of its assets in the stocks of mid-capitalization companies. Mid-capitalization companies often are more volatile and face greater risks than larger, more established companies. U.S. and international markets have experienced significant periods of volatility in recent years and months due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic and related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the threat of tariffs imposed by the U.S. and other countries. These and other geopolitical events may cause market disruptions and could have an adverse effect on the value of the Fund's investments.*

*Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.*

*For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit [www.bairdfunds.com](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*



# Baird MidCap Fund

Schedule of Investments, December 31, 2020

## Common Stocks

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Aerospace &amp; Defense</b>			
HEICO Corp.	231,150	\$ 30,604,260	1.3%
Mercury Systems, Inc. <sup>(1)</sup>	374,419	32,971,337	1.5%
		63,575,597	2.8%
<b>Banks</b>			
Pinnacle Financial Partners, Inc.	444,433	28,621,485	1.3%
<b>Biotechnology</b>			
BioMarin Pharmaceutical, Inc. <sup>(1)</sup>	162,810	14,276,809	0.6%
<b>Building Products</b>			
Trex Co, Inc. <sup>(1)</sup>	504,123	42,205,178	1.9%
<b>Capital Markets</b>			
MarketAxess Holdings, Inc.	50,955	29,072,885	1.3%
MSCI, Inc.	63,750	28,466,287	1.2%
		57,539,172	2.5%
<b>Commercial Services &amp; Supplies</b>			
Copart, Inc. <sup>(1)</sup>	391,956	49,876,401	2.2%
<b>Distributors</b>			
Pool Corp.	145,453	54,181,242	2.4%
<b>Electrical Equipment</b>			
Generac Holdings, Inc. <sup>(1)</sup>	216,525	49,239,950	2.2%
Rockwell Automation, Inc.	106,164	26,626,993	1.2%
		75,866,943	3.4%
<b>Electronic Equipment, Instruments &amp; Components</b>			
CDW Corp.	334,450	44,077,166	1.9%
Keysight Technologies, Inc. <sup>(1)</sup>	404,794	53,469,239	2.4%
		97,546,405	4.3%
<b>Entertainment</b>			
Take-Two Interactive Software, Inc. <sup>(1)</sup>	206,268	42,860,428	1.9%
<b>Food Products</b>			
Lamb Weston Holdings, Inc.	490,689	38,636,852	1.7%
<b>Health Care Equipment &amp; Supplies</b>			
Align Technology, Inc. <sup>(1)</sup>	108,093	57,762,738	2.6%
Cooper Cos., Inc.	110,116	40,007,345	1.8%
DexCom, Inc. <sup>(1)</sup>	88,675	32,784,921	1.5%
IDEXX Laboratories, Inc. <sup>(1)</sup>	96,113	48,044,005	2.1%
Insulet Corp. <sup>(1)</sup>	180,592	46,164,733	2.0%
ResMed, Inc.	206,798	43,956,983	1.9%
		268,720,725	11.9%

*The accompanying notes are an integral part of these financial statements.*

# Baird MidCap Fund

Schedule of Investments, December 31, 2020

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Health Care Technology</b>			
Veeva Systems, Inc. <sup>(1)</sup>	180,129	\$ 49,040,120	2.2%
<b>Hotels, Restaurants &amp; Leisure</b>			
Chipotle Mexican Grill, Inc. <sup>(1)</sup>	40,565	56,251,891	2.5%
<b>Household Durables</b>			
DR Horton, Inc.	260,929	17,983,227	0.8%
<b>Insurance</b>			
Arthur J Gallagher & Co.	312,943	38,714,179	1.7%
<b>IT Services</b>			
Broadridge Financial Solutions, Inc.	151,012	23,135,038	1.0%
EPAM Systems, Inc. <sup>(1)</sup>	175,894	63,031,615	2.8%
Euronet Worldwide, Inc. <sup>(1)</sup>	243,459	35,282,078	1.6%
Jack Henry & Associates, Inc.	108,395	17,558,906	0.8%
VeriSign, Inc. <sup>(1)</sup>	131,424	28,440,154	1.2%
		167,447,791	7.4%
<b>Life Sciences Tools &amp; Services</b>			
ICON PLC <sup>(1)(2)</sup>	220,694	43,030,916	1.9%
Repligen Corp. <sup>(1)</sup>	194,092	37,193,850	1.6%
		80,224,766	3.5%
<b>Machinery</b>			
Graco, Inc.	517,159	37,416,454	1.7%
IDEX Corp.	119,314	23,767,349	1.0%
RBC Bearings, Inc. <sup>(1)</sup>	62,232	11,142,017	0.5%
		72,325,820	3.2%
<b>Media</b>			
Cable One, Inc.	20,514	45,699,448	2.0%
<b>Pharmaceuticals</b>			
Catalent, Inc. <sup>(1)</sup>	499,425	51,975,160	2.3%
Jazz Pharmaceuticals PLC <sup>(1)(2)</sup>	140,821	23,242,506	1.0%
		75,217,666	3.3%
<b>Professional Services</b>			
CoStar Group, Inc. <sup>(1)</sup>	45,397	41,959,539	1.8%
TransUnion	301,983	29,962,753	1.3%
Verisk Analytics, Inc.	193,298	40,126,732	1.8%
		112,049,024	4.9%
<b>Road &amp; Rail</b>			
J.B. Hunt Transport Services, Inc.	197,321	26,963,915	1.2%
<b>Semiconductors &amp; Semiconductor Equipment</b>			
Microchip Technology, Inc.	377,199	52,094,954	2.3%
Monolithic Power Systems, Inc.	189,063	69,240,543	3.1%
		121,335,497	5.4%

*The accompanying notes are an integral part of these financial statements.*

# Baird MidCap Fund

Schedule of Investments, December 31, 2020

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Software</b>			
Alteryx, Inc. <sup>(1)</sup>	151,806	\$ 18,488,453	0.8%
ANSYS, Inc. <sup>(1)</sup>	94,829	34,498,790	1.5%
Aspen Technology, Inc. <sup>(1)</sup>	261,525	34,063,631	1.5%
Paycom Software, Inc. <sup>(1)</sup>	142,882	64,618,384	2.9%
PTC, Inc. <sup>(1)</sup>	277,343	33,172,996	1.5%
Qualys, Inc. <sup>(1)</sup>	195,018	23,766,844	1.0%
Synopsys, Inc. <sup>(1)</sup>	230,157	59,665,901	2.6%
Tyler Technologies, Inc. <sup>(1)</sup>	92,712	40,470,642	1.8%
		<u>308,745,641</u>	<u>13.6%</u>
<b>Specialty Retail</b>			
Burlington Stores, Inc. <sup>(1)</sup>	197,599	51,682,018	2.3%
Five Below, Inc. <sup>(1)</sup>	344,111	60,212,543	2.6%
Floor & Decor Holdings, Inc. <sup>(1)</sup>	258,745	24,024,473	1.1%
Tractor Supply Co.	309,353	43,488,845	1.9%
		<u>179,407,879</u>	<u>7.9%</u>
<b>Technology Hardware, Storage &amp; Peripherals</b>			
NCR Corp. <sup>(1)</sup>	667,093	25,062,684	1.1%
<b>Textiles, Apparel &amp; Luxury Goods</b>			
Under Armour, Inc. <sup>(1)</sup>	1,440,370	24,731,153	1.1%
<b>Trading Companies &amp; Distributors</b>			
Fastenal Co.	552,696	26,988,146	1.2%
<b>Total Common Stocks</b> <b>(Cost \$1,250,806,335)</b>		<u>2,262,096,084</u>	<u>99.9%</u>

## Short-Term Investment

### Money Market Mutual Fund

First American Government Obligations Fund, Class U, 0.04% <sup>(3)</sup>	9,864,530	<u>9,864,530</u>	<u>0.4%</u>
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### Total Short-Term Investment

<b>(Cost \$9,864,530)</b>		<u>9,864,530</u>	<u>0.4%</u>
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### Total Investments

<b>(Cost \$1,260,670,865)</b>		<u>2,271,960,614</u>	<u>100.3%</u>
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### Liabilities in Excess of Other Assets

		<u>(6,134,936)</u>	<u>(0.3)%</u>
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### TOTAL NET ASSETS

		<u>\$2,265,825,678</u>	<u>100.0%</u>
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## Notes to Schedule of Investments

(1) Non-Income Producing.

(2) Foreign Security.

(3) Seven-Day Yield.

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

*The accompanying notes are an integral part of these financial statements.*

# Baird MidCap Fund

## Summary of Fair Value Exposure at December 31, 2020

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$2,262,096,084	\$ —	\$ —	\$2,262,096,084
<b>Total Equity</b>	2,262,096,084	—	—	2,262,096,084
<b>Short-Term Investment</b>				
Money Market Mutual Fund	9,864,530	—	—	9,864,530
<b>Total Short-Term Investment</b>	9,864,530	—	—	9,864,530
<b>Total Investments*</b>	<u>\$2,271,960,614</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$2,271,960,614</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers into or out of Level 3 during the reporting period, as compared to the security classifications from the prior year’s annual report. See Fund’s Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*

# Baird Small/Mid Cap Growth Fund

December 31, 2020 (Unaudited)

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## Portfolio Manager's Commentary

For the year ended December 31, 2020, the Baird Small/Mid Growth Fund Institutional Class posted a total return of 44.57% as compared to 40.47% for the Russell 2500® Growth Index, the Fund's benchmark index.

The ability of equity markets to perform so well in 2020 amid a global pandemic and a near full stop of the economy was rather remarkable, but scientific ingenuity applied to vaccine development and significant central bank and government stimulus helped offset the devastating impacts of the virus. The Fund's positioning entering the year rested on an expectation for continued economic growth. Importantly, our underlying philosophy of investing in a mix of diversified, high-quality growth businesses helped the Fund navigate the significant market decline as the pandemic unfolded in March, as well as the sharp market rebound that followed. The Fund produced a second consecutive year of returns in excess of 35%, exceeding the benchmark return both years.

The Fund's consumer discretionary holdings played a key role in driving relative outperformance. Despite the pandemic's significant toll on employment, substantial monetary and fiscal stimulus created enough of a bridge to carry market expectations beyond the worst of the pandemic's economic impact. The positive wealth effect from a strong equity market and rising home prices and increased levels of consumer savings helped support consumer confidence and spending. Typically, to achieve very strong relative performance in this sector, it takes good stock picking in several areas, and this was the case in 2020 as the Fund holdings we selected in diversified retail, e-commerce, home-related spending, and home building, industries performed well. The Fund's overweight positioning in the sector relative to the benchmark, based on the favorable fundamentals described above, also contributed to performance.

The healthcare sector produced the second strongest relative returns for the Fund in calendar 2020. This was due to better than benchmark returns from businesses that either benefited from the coronavirus (COVID-19) crisis response, or were able to grow sales and earnings in spite of the crisis. Examples include medical technology companies with novel products, vaccine manufacturing or diagnostic testing companies, or companies that provide life-saving products to treat cancer or diabetes. Furthermore, a few select Fund holdings that were adversely affected due to COVID-19, did better than benchmark returns as the market seemed to assign increased valuations to them based on future years earnings from a more "normal" economic environment.

Based on new Russell benchmark industry definitions in 2020, the financial sector weight was reduced to less than 5%. The Fund's relative returns were better than the benchmark due to two holdings in the portfolio, one focused on insurance sold to small businesses and the other an electronic trading platform for fixed income securities. The Fund's lone regional bank holding was a negative contributor to annual relative performance.

Similar to financials, the Fund holds only two telecommunications stocks, including a re-classified consumer company the Fund has owned since inception. This small industry was also a positive contributor to relative performance for the year.

The Fund's returns from investments in the producer durables and materials sectors exceeded benchmark performance. It is worth grouping these two sectors together given that the prospects of many companies in both tend to be heavily influenced by changes in the economic cycle. As a result, economic weakness in the first half of the year challenged the stock performance of many companies in these sectors but returns broadly improved in the second half. The standout performer for the Fund in the materials sector was a company that produces composite decking primarily for residential homes. The overall housing market was strong in 2020 and Fund holdings in companies along the home spending chain, including repair and remodel, benefitted. Other industrial companies that benefitted the portfolio included auto suppliers, HVAC distributors, and a leading manufacturer of back-up generators and storage technologies for solar energy. The Fund also held a few services businesses and their generally more stable revenue streams held up well amid the market volatility during the year.

# Baird Small/Mid Cap Growth Fund

December 31, 2020 (Unaudited)

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As a partial offset to the strength in preceding sectors, the Fund's technology holdings trailed benchmark performance. Returns were quite strong throughout the sector, particularly in the large software and services group, leaving little room for stock-selection error. In some respects, the performance headwind was a matter of style over substance. The technology sector includes an increasing number of high revenue growth, but unprofitable companies. We view sustainable revenue growth and the ability to generate a profit as important measures of quality. As a result, profitability is a fundamental characteristic that we generally require when selecting investments for the Fund, although a small amount of Fund assets can be invested in unprofitable businesses. Unprofitable companies as a group produced stronger stock price returns in 2020 compared to profitable companies, and the performance differential between unprofitable and profitable business was particularly acute in the technology sector. So, although the Fund benefited from a few unprofitable holdings, that was not enough to keep up with strong benchmark returns.

The Fund held only one stock in total between the energy and consumer staples sectors. The consumer staples sector typically behaves in a more defensive manner; however, the Fund's holding of a specialty potato producer underperformed both in the market decline and subsequent recovery as pandemic restrictions caused many restaurant closures, a key end market for the company. The energy industry group in the Fund's benchmark is majority-weighted to clean or alternative energy businesses, and having no holdings in this group was a detractor to the Fund's relative performance for the year.

While the Fund's cash position is not used tactically, in such a strong market advance even the modest amount held by the Fund to accommodate additions to individual holdings or new investment ideas created a drag on relative performance.

Signs of an increased appetite for risk among market participants appeared later in the year evidenced by significant equity market strength and an uptick in mergers & acquisitions, not to mention sharp price appreciation in other corners of the market like Bitcoin and IPOs. The Fed continues to signal a desire for an accommodative monetary position to support the economy and lift inflation. We are encouraged by the prospects for the economy to recover further in 2021 but are on guard for excesses that might emerge from the significant push of money into the economic system.

The long-standing investment process underlying the Fund remains focused on identifying high-quality companies that deliver attractive returns and above average growth relative to peers. Seeking to control risk at the sector and position level is also a priority of our process, with the goal of providing lower volatility of returns for the Fund compared to its benchmark index.

Portfolio Manager:

Jonathan Good

# Baird Small/Mid Cap Growth Fund

December 31, 2020 (Unaudited)

## Portfolio Characteristics

A December 31, 2020 summary of the Fund's top 10 holdings and equity sector analysis compared to the Russell 2500® Growth Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

Five Below, Inc.	3.1%
Generac Holdings, Inc.	2.7%
SiteOne Landscape Supply, Inc.	2.7%
Pool Corp.	2.6%
Monolithic Power Systems, Inc.	2.5%
Burlington Stores, Inc.	2.4%
Euronet Worldwide, Inc.	2.4%
LHC Group, Inc.	2.3%
Insulet Corp.	2.3%
Repligen Corp.	2.2%

Net Assets:	\$51,814,671
Portfolio Turnover Rate:	65%
Number of Equity Holdings:	60

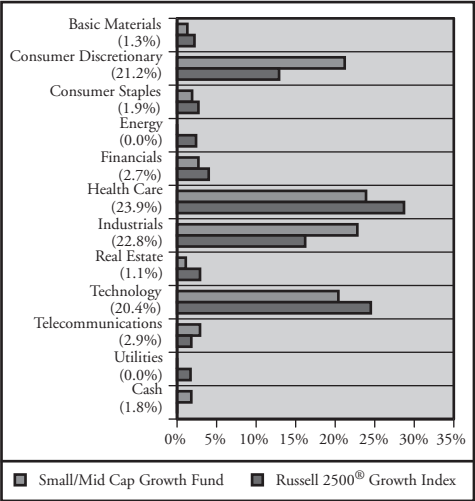
### Annualized Portfolio Expense Ratio<sup>(3)</sup>:

Gross	
Institutional Class:	2.10%
Investor Class:	2.35% <sup>(4)</sup>

### Net

Institutional Class:	0.85%
Investor Class:	1.10% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>

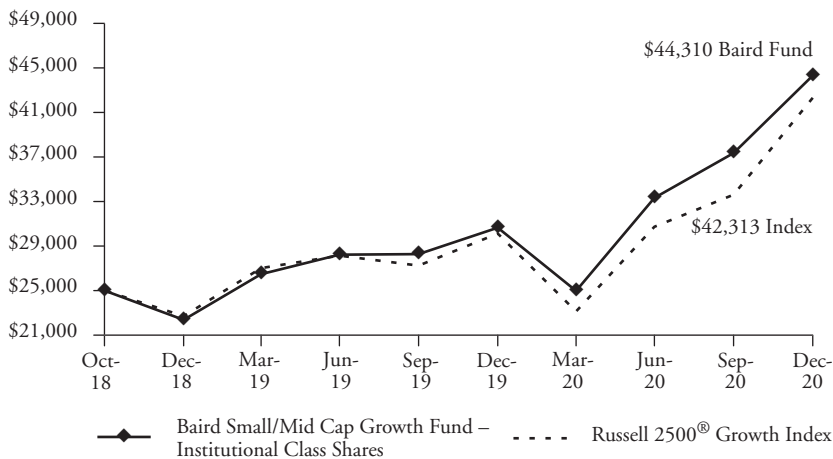


- (1) The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2020.
- (2) Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2020, and may not add up to 100% due to rounding.
- (3) Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.85% of average daily net assets for the Institutional Class shares and 1.10% of average daily net assets for the Investor Class shares, at least through April 30, 2022.
- (4) Includes 0.25% 12b-1 fee.

# Baird Small/Mid Cap Growth Fund

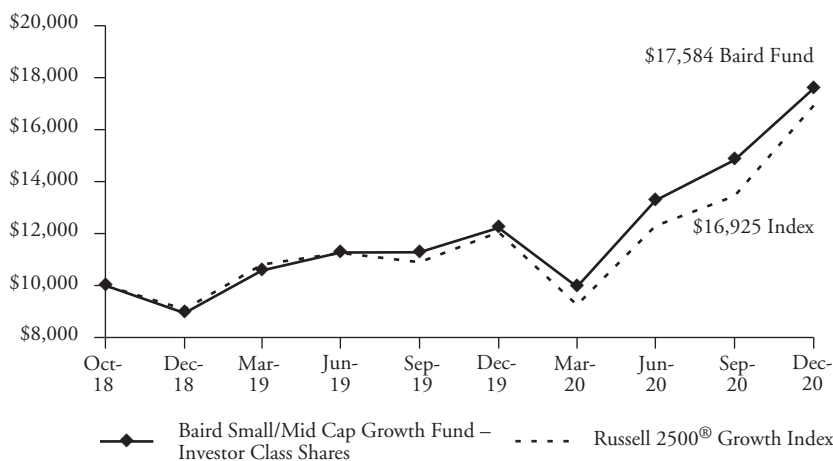
December 31, 2020 (Unaudited)

Institutional Class  
Value of a \$25,000 Investment



*Growth of a hypothetical investment of \$25,000 made on the Fund's inception date (10/31/18), assuming reinvestment of all distributions.*

Investor Class  
Value of a \$10,000 Investment



*Growth of a hypothetical investment of \$10,000 made on the Fund's inception date (10/31/18), assuming reinvestment of all distributions.*



# Baird Small/Mid Cap Growth Fund

December 31, 2020 (Unaudited)

## Total Returns

	One Year	Average Annual Since Inception <sup>(1)</sup>
<i>For the Periods Ended December 31, 2020</i>		
Institutional Class Shares	44.57%	30.23%
Investor Class Shares	43.89%	29.75%
Russell 2500® Growth Index <sup>(2)</sup>	40.47%	27.48%

- (1) For the period from October 31, 2018 (inception date) through December 31, 2020.
- (2) The Russell 2500® Growth Index measures the performance of the Small-to-Mid Cap Growth segment of the U.S. equity universe. It includes those Russell 2500® Index companies with higher price-to-book ratios and higher forecasted growth values. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

*The line graphs on the previous page and the returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.*

*The gross expense ratio for each Class, as reflected in the Fund’s current prospectus, is set forth under “Portfolio Characteristics”.*

*The Fund focuses on growth-style stocks and therefore the performance of the Fund will typically be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. The Fund may invest up to 15% of its total assets in U.S. dollar denominated foreign securities and ADRs. Foreign investments involve additional risks such as currency rate fluctuations, political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund invests a substantial portion of its assets in the stocks of small- and mid-capitalization companies. Small- and mid-capitalization companies often are more volatile and face greater risks than larger, more established companies. U.S. and international markets have experienced significant periods of volatility in recent years and months due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic and related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the threat of tariffs imposed by the U.S. and other countries. These and other geopolitical events may cause market disruptions and could have an adverse effect on the value of the Fund’s investments.*

*Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost.*

*For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit [www.bairdfunds.com](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*

# Baird Small/Mid Cap Growth Fund

Schedule of Investments, December 31, 2020

## Common Stocks

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Aerospace &amp; Defense</b>			
HEICO Corp.	7,172	\$ 949,573	1.8%
<b>Banks</b>			
Western Alliance Bancorp	8,825	529,059	1.0%
<b>Biotechnology</b>			
Halozyme Therapeutics, Inc. <sup>(1)</sup>	20,725	885,165	1.7%
<b>Building Products</b>			
Lennox International, Inc.	1,666	456,434	0.9%
Trex Co, Inc. <sup>(1)</sup>	10,696	895,469	1.7%
		1,351,903	2.6%
<b>Commercial Services &amp; Supplies</b>			
IAA, Inc. <sup>(1)</sup>	15,984	1,038,640	2.0%
<b>Construction &amp; Engineering</b>			
MasTec, Inc. <sup>(1)</sup>	16,452	1,121,697	2.2%
WillScot Mobile Mini Holdings Corp. <sup>(1)</sup>	22,255	515,648	1.0%
		1,637,345	3.2%
<b>Containers &amp; Packaging</b>			
AptarGroup, Inc.	6,842	936,601	1.8%
<b>Distributors</b>			
Pool Corp.	3,675	1,368,938	2.6%
<b>Diversified Telecommunication Services</b>			
Bandwidth, Inc. <sup>(1)</sup>	3,111	478,067	0.9%
<b>Electrical Equipment</b>			
Generac Holdings, Inc. <sup>(1)</sup>	6,216	1,413,581	2.7%
<b>Electronic Equipment, Instruments &amp; Components</b>			
Littelfuse, Inc.	3,521	896,658	1.7%
<b>Equity Real Estate Investment Trusts (REITs)</b>			
National Storage Affiliates Trust	15,554	560,411	1.1%
<b>Food Products</b>			
Lamb Weston Holdings, Inc.	12,783	1,006,533	1.9%
<b>Health Care Equipment &amp; Supplies</b>			
Insulet Corp. <sup>(1)</sup>	4,613	1,179,220	2.3%
Masimo Corp. <sup>(1)</sup>	3,000	805,140	1.6%
Novocure Ltd. <sup>(1)(2)</sup>	5,920	1,024,396	2.0%
QUIDEL Corp. <sup>(1)</sup>	2,938	527,812	1.0%
Shockwave Medical, Inc. <sup>(1)</sup>	6,193	642,338	1.2%
STAAR Surgical Co. <sup>(1)</sup>	8,225	651,585	1.3%
		4,830,491	9.4%
<b>Health Care Providers &amp; Services</b>			
LHC Group, Inc. <sup>(1)</sup>	5,575	1,189,259	2.3%

*The accompanying notes are an integral part of these financial statements.*

# Baird Small/Mid Cap Growth Fund

Schedule of Investments, December 31, 2020

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Health Care Technology</b>			
Inspire Medical Systems, Inc. <sup>(1)</sup>	5,023	\$ 944,777	1.8%
Phreesia, Inc. <sup>(1)</sup>	13,521	733,649	1.4%
Vocera Communications, Inc. <sup>(1)</sup>	9,800	406,994	0.8%
		<u>2,085,420</u>	<u>4.0%</u>
<b>Household Durables</b>			
LGI Homes, Inc. <sup>(1)</sup>	3,468	367,088	0.7%
<b>Insurance</b>			
Kinsale Capital Group, Inc.	4,207	841,947	1.6%
<b>Internet &amp; Direct Marketing Retail</b>			
Etsy, Inc. <sup>(1)</sup>	5,727	1,018,891	2.0%
<b>IT Services</b>			
Endava PLC – ADR <sup>(1)(2)</sup>	6,895	529,191	1.0%
Euronet Worldwide, Inc. <sup>(1)</sup>	8,209	1,189,648	2.4%
Globant SA <sup>(1)(2)</sup>	3,334	725,512	1.4%
Jack Henry & Associates, Inc.	4,430	717,616	1.4%
		<u>3,161,967</u>	<u>6.2%</u>
<b>Life Sciences Tools &amp; Services</b>			
ICON PLC <sup>(1)(2)</sup>	4,822	940,194	1.8%
Repligen Corp. <sup>(1)</sup>	5,950	1,140,198	2.2%
		<u>2,080,392</u>	<u>4.0%</u>
<b>Machinery</b>			
RBC Bearings, Inc. <sup>(1)</sup>	3,652	653,854	1.3%
Toro Co.	8,402	796,846	1.5%
		<u>1,450,700</u>	<u>2.8%</u>
<b>Media</b>			
Cable One, Inc.	496	1,104,949	2.1%
<b>Multiline Retail</b>			
Ollie's Bargain Outlet Holdings, Inc. <sup>(1)</sup>	4,793	391,924	0.8%
<b>Pharmaceuticals</b>			
Catalent, Inc. <sup>(1)</sup>	9,518	990,539	1.9%
Jazz Pharmaceuticals PLC <sup>(1)(2)</sup>	4,168	687,928	1.3%
		<u>1,678,467</u>	<u>3.2%</u>
<b>Road &amp; Rail</b>			
Schneider National, Inc.	19,228	398,020	0.8%
<b>Semiconductors &amp; Semiconductor Equipment</b>			
Monolithic Power Systems, Inc.	3,499	1,281,439	2.5%
<b>Software</b>			
Aspen Technology, Inc. <sup>(1)</sup>	7,337	955,644	1.8%
Avalara, Inc. <sup>(1)</sup>	5,023	828,242	1.6%
Descartes Systems Group, Inc. <sup>(1)(2)</sup>	10,495	613,748	1.2%
Paylocity Holding Corp. <sup>(1)</sup>	5,331	1,097,707	2.2%

*The accompanying notes are an integral part of these financial statements.*

# Baird Small/Mid Cap Growth Fund

Schedule of Investments, December 31, 2020

## Common Stocks (cont.)

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Software (cont.)</b>			
PTC, Inc. <sup>(1)</sup>	7,671	\$ 917,528	1.8%
Q2 Holdings, Inc. <sup>(1)</sup>	6,730	851,547	1.6%
Qualys, Inc. <sup>(1)</sup>	5,568	678,572	1.3%
Tyler Technologies, Inc. <sup>(1)</sup>	2,403	1,048,958	2.0%
Upland Software, Inc. <sup>(1)</sup>	15,393	706,385	1.4%
Zendesk, Inc. <sup>(1)</sup>	6,469	925,843	1.8%
		8,624,174	16.7%
<b>Specialty Retail</b>			
Burlington Stores, Inc. <sup>(1)</sup>	4,726	1,236,085	2.4%
Five Below, Inc. <sup>(1)</sup>	9,143	1,599,841	3.1%
Floor & Decor Holdings, Inc. <sup>(1)</sup>	7,460	692,661	1.3%
		3,528,587	6.8%
<b>Textiles, Apparel &amp; Luxury Goods</b>			
Crocs, Inc. <sup>(1)</sup>	17,427	1,091,976	2.2%
Under Armour, Inc. <sup>(1)</sup>	43,740	751,016	1.4%
		1,842,992	3.6%
<b>Trading Companies &amp; Distributors</b>			
SiteOne Landscape Supply, Inc. <sup>(1)</sup>	8,788	1,394,040	2.7%
Watsco, Inc.	1,853	419,797	0.8%
		1,813,837	3.5%
<b>Total Common Stocks</b> <b>(Cost \$36,643,897)</b>		50,743,018	98.0%

## Short-Term Investment

### Money Market Mutual Fund

First American Government Obligations Fund, Class U, 0.04% <sup>(3)</sup>	2,197,659	2,197,659	4.2%
<b>Total Short-Term Investment</b> <b>(Cost \$2,197,659)</b>		2,197,659	4.2%

### Total Investments

<b>(Cost \$38,841,556)</b>		52,940,677	102.2%
<b>Liabilities in Excess of Other Assets</b>		(1,126,006)	(2.2)%
<b>TOTAL NET ASSETS</b>		\$51,814,671	100.0%

### Notes to Schedule of Investments

(1) Non-Income Producing.

(2) Foreign Security.

(3) Seven-Day Yield.

ADR – American Depository Receipt

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

*The accompanying notes are an integral part of these financial statements.*

# Baird Small/Mid Cap Growth Fund

## Summary of Fair Value Exposure at December 31, 2020

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$50,743,018	\$ —	\$ —	\$50,743,018
<b>Total Equity</b>	50,743,018	—	—	50,743,018
<b>Short-Term Investment</b>				
Money Market Mutual Fund	2,197,659	—	—	2,197,659
<b>Total Short-Term Investment</b>	2,197,659	—	—	2,197,659
<b>Total Investments*</b>	<u>\$52,940,677</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$52,940,677</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers into or out of Level 3 during the reporting period, as compared to the security classifications from the prior year’s annual report. See Fund’s Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*

# Baird Small/Mid Cap Value Fund

December 31, 2020 (Unaudited)

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## Portfolio Manager's Commentary

2020 equity returns were fueled primarily by investors' expansion in price-to-earnings valuations as earnings for many companies collapsed under the weight of the global coronavirus (COVID-19) pandemic. As we look to 2021, it is likely those elevated price-to-earnings valuations will unwind as company earnings recover. Under such a scenario, we believe companies with strong profitability and earnings momentum will outperform the broader market.

Historically, deep value/low quality stocks fall the hardest during market declines and lead equities out of bear markets. Their outsized returns tend to be strong and swift, but their returns also tend to be quickly exhausted and yield to the returns of the broader market as the overall market recovery plays out. Therefore, we believe deep value stocks are unlikely to continue their recent winning ways as we have already been through a period of expanding price-to-earnings ratios along with low quality and beta outperformance during the most recent market downturn and subsequent recovery.

As we reflect upon performance for the calendar year 2020, we observe that the Fund performed consistent with our investment discipline. Our focus on high-quality businesses rewarded the Fund as expected during the first quarter of 2020, providing strong downside protection as markets plummeted and powering the Fund's outperformance of its benchmark for the quarter. We lived off this alpha outperformance for much of the ricochet rebound during the next 8 months as deep value/low quality stocks led with the strongest returns out of the bear market. Similar to past market cycles, the recovery of high-quality stocks that provide strong protection on the downside, seem to be proceeding at a more measured pace. The next market phase, if we are correct, will likely favor the protracted outperformance of high-quality value stocks through the remainder of the economic cycle, which should benefit the Fund.

## Portfolio Highlights

For the year ended December 31, 2020, the Baird Small/Mid Value Fund Institutional Class posted a total return of 0.48% as compared to 4.88% return for the Russell 2500<sup>®</sup> Value Index ("Russell 2500 Value"), the Fund's benchmark.

Significant contributors to the Fund's relative and absolute performance for the year include the following:

- The single largest detractor to the Fund's relative underperformance versus the Russell 2500 Value was its position in Consumer Discretionary stocks. The Fund's underweight to industries such as restaurants and retailers held back gains as many stocks in those areas performed ahead of our expectations despite a murky outlook for profitability as the COVID-19 pandemic worsened throughout the year. In addition, ZAGG declined on lower demand for its mobile phone power management products, and the Fund sold the stock.
- Cerence, a provider of cognitive assistant solutions to the auto industry, skyrocketed 344% during the year as the company solidified its dominant market position with multiple contract wins throughout the year.
- ARKO, a new position in the Fund, drifted lower after purchase and was a meaningful detractor for the year. Despite closing two attractive acquisitions in the convenience store space, the stock ended the year down 14%, likely due to a lack of Wall Street coverage. We took the opportunity to add to the Fund's position.
- The Fund's Real Estate Investment Trust (REIT) exposure meaningfully outperformed the benchmark sector performance due to superior security selection. Standout gains were posted by CyrusOne, a data center operator, and a hotel REIT, RLJ Lodging Trust, which was purchased on the heels of positive efficacy news for COVID-19 vaccines.
- The Fund's Utility holdings gained more than 35% for the year, versus a decline for that sector in the Fund's benchmark, the Russell 2500 Value. Our focus on renewable energy suppliers, Atlantica Yield and Algonquin Power, led to strong absolute and relative returns.
- Despite gaining 22% for the year, the Fund's Healthcare position trailed the corresponding benchmark sector performance largely due to underperformance of Hill-Rom Holdings as hospital capital spending suffered due to the pandemic.

# Baird Small/Mid Cap Value Fund

December 31, 2020 (Unaudited)

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- The Fund's intentional underweight to the Energy sector boosted performance as it was the worst performing sector in the Russell 2500 Value, down 40%.
- Mixed performance among the Fund's Industrial holdings held back absolute gains. E-Commerce logistics providers, Shyft Group and Air Transport Services were winners while FTI Consulting and Astronics were detractors.
- The Fund's overweight to Information Technology and superior security selection contributed positively to performance. The largest sector by weight in the Fund's portfolio returned 34% during the year. Notable winners include Immersion Technology and SkyWorks Solutions.

Portfolio Manager:

Michelle Stevens, CFA

# Baird Small/Mid Cap Value Fund

December 31, 2020 (Unaudited)

## Portfolio Characteristics

A December 31, 2020 summary of the Fund's top 10 holdings and equity sector analysis compared to the Russell 2500® Value Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

Atlantica Yield PLC	3.7%
Axos Financial, Inc.	3.2%
Arko Corp.	3.2%
Boingo Wireless, Inc.	3.2%
Laboratory Corp. of America Holdings	3.1%
DaVita, Inc.	3.0%
j2 Global, Inc.	2.9%
Urban Outfitters, Inc.	2.7%
Science Applications International Corp.	2.7%
Air Transport Services Group, Inc.	2.6%

Net Assets:	\$23,109,266
Portfolio Turnover Rate:	84%
Number of Equity Holdings:	45

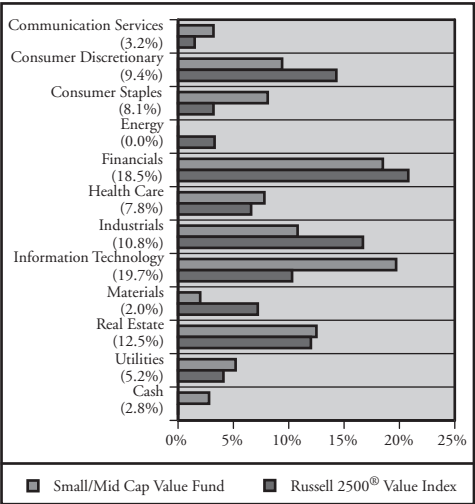
### Annualized Portfolio Expense Ratio<sup>(3)</sup>:

Gross	
Institutional Class:	1.59%
Investor Class:	1.84% <sup>(4)</sup>

### Net

Institutional Class:	0.85%
Investor Class:	1.10% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>

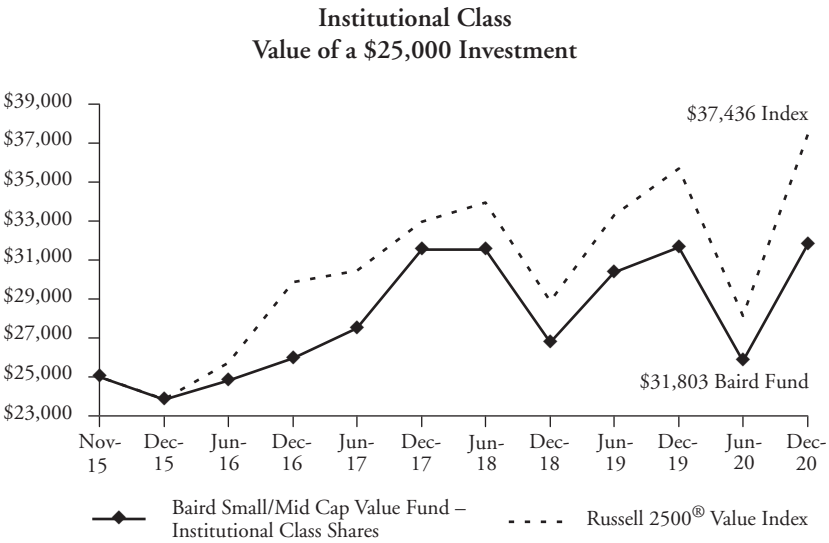


- (1) The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2020.
- (2) Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2020, and may not add up to 100% due to rounding.
- (3) Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.85% of average daily net assets for the Institutional Class shares and 1.10% of average daily net assets for the Investor Class shares, at least through April 30, 2022.
- (4) Includes 0.25% 12b-1 fee.

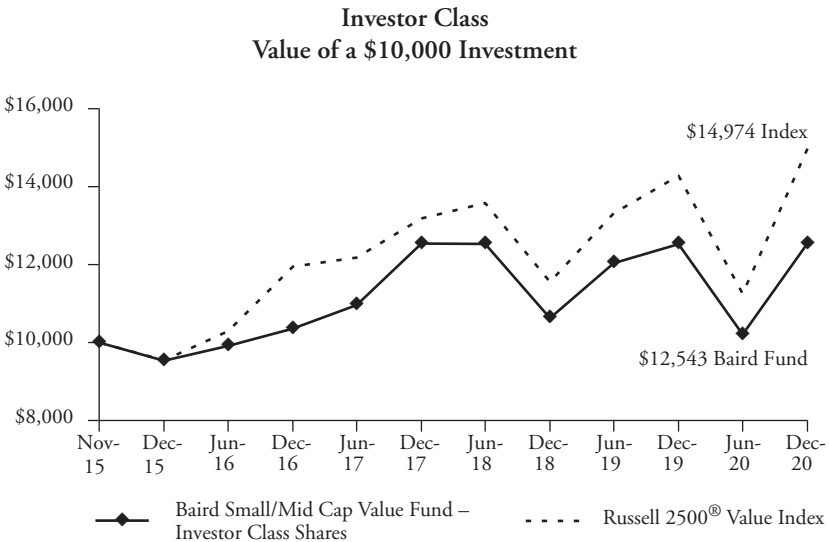


# Baird Small/Mid Cap Value Fund

December 31, 2020 (Unaudited)



*Growth of a hypothetical investment of \$25,000 made on the Fund's inception date (11/30/15), assuming reinvestment of all distributions.*



*Growth of a hypothetical investment of \$10,000 made on the Fund's inception date (11/30/15), assuming reinvestment of all distributions.*

# Baird Small/Mid Cap Value Fund

December 31, 2020 (Unaudited)

## Total Returns

<i>For the Periods Ended December 31, 2020</i>	Average Annual			
	One Year	Three Years	Five Years	Since Inception <sup>(1)</sup>
Institutional Class Shares	0.48%	0.28%	5.94%	4.85%
Investor Class Shares	0.15%	0.01%	5.64%	4.56%
Russell 2500® Value Index <sup>(2)</sup>	4.88%	4.34%	9.43%	8.26%

(1) For the period from November 30, 2015 (inception date) through December 31, 2020.

(2) The Russell 2500® Value Index measures the performance of the small cap value segment of the U.S. equity universe. It includes those Russell 2500® Index companies with lower price-to-book ratios and lower forecasted growth values. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

*The line graphs on the previous page and the returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.*

*The gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".*

*The Fund focuses on small to mid cap value style stocks and therefore the performance of the Fund may be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. The Fund may invest up to 15% of its total assets in U.S. dollar denominated foreign securities and ADRs. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund invests a substantial portion of its assets in the stocks of small- and mid-capitalization companies. Small- and mid-capitalization companies often are more volatile and face greater risks than larger, more established companies. U.S. and international markets have experienced significant periods of volatility in recent years and months due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic and related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the threat of tariffs imposed by the U.S. and other countries. These and other geopolitical events may cause market disruptions and could have an adverse effect on the value of the Fund's investments.*

*Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.*

*For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit [www.bairdfunds.com](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*

# Baird Small/Mid Cap Value Fund

Schedule of Investments, December 31, 2020

## Common Stocks

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Air Freight &amp; Logistics</b>			
Air Transport Services Group, Inc. <sup>(1)</sup>	19,403	\$ 608,090	2.6%
<b>Banks</b>			
TCF Financial Corp.	9,190	340,214	1.5%
<b>Chemicals</b>			
Avient Corp.	11,235	452,546	2.0%
<b>Commercial Services &amp; Supplies</b>			
ACCO Brands Corp.	51,679	436,688	1.9%
<b>Communications Equipment</b>			
Ciena Corp. <sup>(1)</sup>	6,954	367,519	1.6%
F5 Networks, Inc. <sup>(1)</sup>	3,018	530,987	2.3%
		898,506	3.9%
<b>Diversified Consumer Services</b>			
OneSpaWorld Holdings Ltd. <sup>(2)</sup>	44,122	447,397	1.9%
<b>Electrical Equipment</b>			
nVent Electric PLC <sup>(2)</sup>	15,397	358,596	1.6%
<b>Equity Real Estate Investment Trusts (REITs)</b>			
Agree Realty Corp.	7,489	498,618	2.2%
CyrusOne, Inc.	5,729	419,076	1.8%
EastGroup Properties, Inc.	2,571	354,952	1.5%
Gaming and Leisure Properties, Inc.	8,022	340,124	1.5%
Host Hotels & Resorts, Inc.	33,502	490,135	2.1%
National Retail Properties, Inc.	8,576	350,930	1.5%
RLJ Lodging Trust	31,362	443,772	1.9%
		2,897,607	12.5%
<b>Food Products</b>			
Nomad Foods Ltd. <sup>(1)(2)</sup>	21,426	544,649	2.4%
Simply Good Foods Co. <sup>(1)</sup>	18,513	580,568	2.5%
		1,125,217	4.9%
<b>Health Care Equipment &amp; Supplies</b>			
ICU Medical, Inc. <sup>(1)</sup>	1,851	397,021	1.7%
<b>Health Care Providers &amp; Services</b>			
DaVita, Inc. <sup>(1)</sup>	5,916	694,538	3.0%
Laboratory Corp. of America Holdings <sup>(1)</sup>	3,482	708,761	3.1%
		1,403,299	6.1%
<b>Household Durables</b>			
Helen of Troy Ltd. <sup>(1)(2)</sup>	1,279	284,181	1.2%
<b>Independent Power and Renewable Electricity Producers</b>			
Atlantica Yield PLC <sup>(2)</sup>	22,316	847,562	3.7%

*The accompanying notes are an integral part of these financial statements.*

# Baird Small/Mid Cap Value Fund

Schedule of Investments, December 31, 2020

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Insurance</b>			
American Financial Group, Inc.	6,619	\$ 579,956	2.5%
Fidelity National Financial, Inc.	14,590	570,323	2.5%
Old Republic International Corp.	27,543	542,873	2.3%
		1,693,152	7.3%
<b>IT Services</b>			
CACI International, Inc. <sup>(1)</sup>	1,803	449,542	1.9%
Leidos Holdings, Inc.	4,181	439,507	1.9%
Science Applications International Corp.	6,519	616,958	2.7%
		1,506,007	6.5%
<b>Machinery</b>			
Shyft Group, Inc.	21,269	603,614	2.6%
<b>Mortgage Real Estate Investment Trusts (REITs)</b>			
Blackstone Mortgage Trust, Inc.	12,826	353,100	1.5%
<b>Multi-Utilities</b>			
Algonquin Power & Utilities Corp. <sup>(2)</sup>	22,278	366,696	1.6%
<b>Road &amp; Rail</b>			
Knight-Swift Transportation Holdings, Inc.	11,727	490,423	2.1%
<b>Semiconductors &amp; Semiconductor Equipment</b>			
Silicon Motion Technology Corp. – ADR <sup>(2)</sup>	10,520	506,538	2.2%
<b>Software</b>			
Cerence, Inc. <sup>(1)</sup>	3,976	399,508	1.7%
j2 Global, Inc. <sup>(1)</sup>	6,730	657,454	2.9%
		1,056,962	4.6%
<b>Specialty Retail</b>			
Arko Corp. <sup>(1)</sup>	81,987	737,884	3.3%
Tractor Supply Co.	3,495	491,327	2.1%
Urban Outfitters, Inc. <sup>(1)</sup>	24,684	631,910	2.7%
Williams-Sonoma, Inc.	3,005	306,029	1.3%
		2,167,150	9.4%
<b>Technology Hardware, Storage &amp; Peripherals</b>			
Immersion Corp. <sup>(1)</sup>	52,177	589,078	2.5%
<b>Thriffs &amp; Mortgage Finance</b>			
Axos Financial, Inc. <sup>(1)</sup>	19,695	739,152	3.2%
Essent Group Ltd. <sup>(2)</sup>	13,500	583,200	2.5%
Merchants Bancorp	20,706	572,107	2.5%
		1,894,459	8.2%

*The accompanying notes are an integral part of these financial statements.*

# Baird Small/Mid Cap Value Fund

Schedule of Investments, December 31, 2020

## Common Stocks (cont.)

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Wireless Telecommunication Services</b>			
Boingo Wireless, Inc. <sup>(1)</sup>	57,812	\$ 735,369	3.2%
<b>Total Common Stocks</b> (Cost \$17,947,830)		22,459,472	97.2%

## Short-Term Investment

### Money Market Mutual Fund

First American Government Obligations Fund, Class U, 0.04% <sup>(3)</sup>	955,999	955,999	4.1%
<b>Total Short-Term Investment</b> (Cost \$955,999)		955,999	4.1%

<b>Total Investments</b> (Cost \$18,903,829)		23,415,471	101.3%
<b>Liabilities in Excess of Other Assets</b>		(306,205)	(1.3)%
<b>TOTAL NET ASSETS</b>		\$23,109,266	100.0%

### Notes to Schedule of Investments

(1) Non-Income Producing.

(2) Foreign Security.

(3) Seven-Day Yield.

ADR – American Depository Receipt

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

*The accompanying notes are an integral part of these financial statements.*

# Baird Small/Mid Cap Value Fund

## Summary of Fair Value Exposure at December 31, 2020

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
<b>Equity</b>				
<b>Common Stocks</b>	\$22,459,472	\$ —	\$ —	\$22,459,472
<b>Total Equity</b>	22,459,472	—	—	22,459,472
<b>Short-Term Investment</b>				
Money Market Mutual Fund	955,999	—	—	955,999
<b>Total Short-Term Investment</b>	955,999	—	—	955,999
<b>Total Investments*</b>	\$23,415,471	\$ —	\$ —	\$23,415,471

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers into or out of Level 3 during the reporting period, as compared to the security classifications from the prior year’s annual report. See Fund’s Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*

# Baird SmallCap Value Fund

December 31, 2020 (Unaudited)

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## Portfolio Manager's Commentary

2020 equity returns were fueled primarily by investors' expansion in price-to-earnings valuations as earnings for many companies collapsed under the weight of the global coronavirus (COVID-19) pandemic. As we look to 2021, it is likely those elevated price-to-earnings valuations will unwind as company earnings recover. Under such a scenario, we believe companies with strong profitability and earnings momentum will outperform the broader market.

Historically, deep value/low quality stocks fall the hardest during market declines and lead equities out of bear markets. Their outsized returns tend to be strong and swift, but their returns also tend to be quickly exhausted and yield to the returns of the broader market as the overall market recovery plays out. Therefore, we believe deep value stocks are unlikely to continue their recent winning ways as we have already been through a period of expanding price-to-earnings ratios along with low quality and beta outperformance during the most recent market downturn and subsequent recovery.

As we reflect upon performance for the calendar year 2020, we observe that the Fund performed consistent with our investment discipline. Our focus on high-quality businesses rewarded the Fund as expected during the first quarter of 2020, providing strong downside protection as markets plummeted and powering the Fund's outperformance of its benchmark for the quarter. We lived off this alpha outperformance for much of the ricochet rebound during the next 8 months as deep value/low quality stocks led with the strongest returns out of the bear market. Similar to past market cycles, the recovery of high-quality stocks that provide strong protection on the downside, seem to be proceeding at a more measured pace. The next market phase, if we are correct, will likely favor the protracted outperformance of high-quality value stocks through the remainder of the economic cycle, which should benefit the Fund.

## Portfolio Highlights

For the year ended December 31, 2020, the Baird SmallCap Value Fund Institutional Class posted a total return of 2.85% as compared to 4.63% return for the Russell 2000® Value Index ("Russell 2000 Value"), the Fund's benchmark.

Significant contributors to the Fund's relative and absolute performance for the year include the following:

- The single largest detractor to the Fund's relative underperformance versus the Russell 2000 Value was its position in Consumer Discretionary stocks. The Fund's underweight to industries such as restaurants and retailers held back gains as many stocks in those areas performed ahead of our expectations despite a murky outlook for profitability as the COVID-19 pandemic worsened throughout the year. In addition, ZAGG declined on lower demand for its mobile phone power management products, and the Fund sold the stock.
- The Fund's Utility holdings gained more than 27% for the year, versus a decline for that sector in the Fund's benchmark, the Russell 2000 Value. Our focus on renewable energy suppliers, Atlantica Yield and Algonquin Power led to strong absolute and relative returns and made it the most significant contributor to Fund performance for the year.
- Cerence, a provider of cognitive assistant solutions to the auto industry, skyrocketed 344% during the year as the company solidified its dominant market position with multiple contract wins throughout the year.
- The Fund's intentional underweight to the Energy sector boosted performance as it was the worst performing sector in the Russell 2000 Value, down 38%.
- ARKO, a new position in the Fund, drifted lower after purchase and was a meaningful detractor for the year. Despite closing two attractive acquisitions in the convenience store space, the stock ended the year down 14%, likely due to a lack of Wall Street coverage. We took the opportunity to add to the Fund's position.

# Baird SmallCap Value Fund

December 31, 2020 (Unaudited)

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- The Fund's Real Estate Investment Trust (REIT) exposure meaningfully outperformed the benchmark sector performance due to superior security selection. Standout gains were posted by CyrusOne, a data center operator, and hotel REITs (Ryman Hospitality and RLJ Lodging Trust), which were purchased on the heels of positive efficacy news for COVID-19 vaccines.
- Despite gaining 22% for the year, the Fund's Healthcare position trailed the corresponding benchmark sector performance largely due to underperformance of Eagle Pharmaceutical and Hill-Rom as hospital capital spending suffered due to the pandemic.
- Financials were another bright spot in the Fund both due to an underweight position and better security selection. Despite negative returns for the sector as a whole, many of the Fund's long-time holdings such as Axos Financial, Merchants Bank, and Old Republic posted strong gains.
- The Fund's overweight to Information Technology and superior security selection contributed positively to performance. The largest sector by weight in the Fund's portfolio returned 29% during the year. Notable winners include Immersion Technology, Knowles Group and F5 Networks.

Portfolio Manager:

Michelle Stevens, CFA



# Baird SmallCap Value Fund

December 31, 2020 (Unaudited)

## Portfolio Characteristics

A December 31, 2020 summary of the Fund's top 10 holdings and equity sector analysis compared to the Russell 2000® Value Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

Atlantica Yield PLC	5.3%
Cerence, Inc.	4.9%
j2 Global, Inc.	4.5%
Axos Financial, Inc.	4.1%
Boingo Wireless, Inc.	3.7%
CACI International, Inc.	3.4%
Algonquin Power & Utilities Corp.	3.1%
Merchants Bancorp	3.1%
ICU Medical, Inc.	2.8%
Preferred Bank	2.8%

Net Assets:	\$30,724,055
Portfolio Turnover Rate:	61%
Number of Equity Holdings:	43

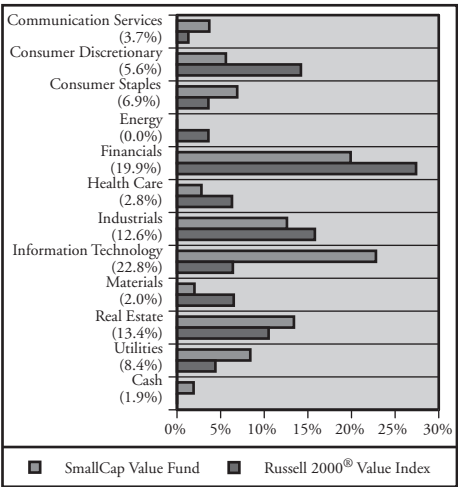
### Annualized Portfolio Expense Ratio<sup>(3)</sup>:

Gross	
Institutional Class:	1.44%
Investor Class:	1.69% <sup>(4)</sup>

### Net

Institutional Class:	0.95%
Investor Class:	1.20% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>

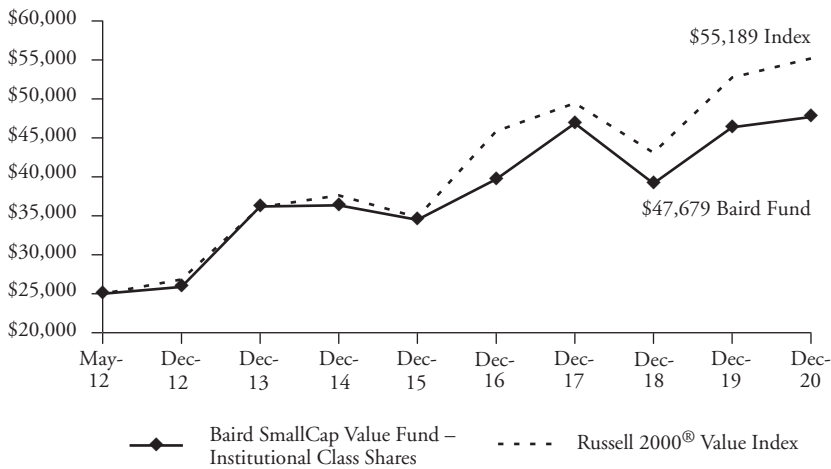


- (1) The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2020.
- (2) Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2020, and may not add up to 100% due to rounding.
- (3) Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.95% of average daily net assets for the Institutional Class shares and 1.20% of average daily net assets for the Investor Class shares, at least through April 30, 2022.
- (4) Includes 0.25% 12b-1 fee.

# Baird SmallCap Value Fund

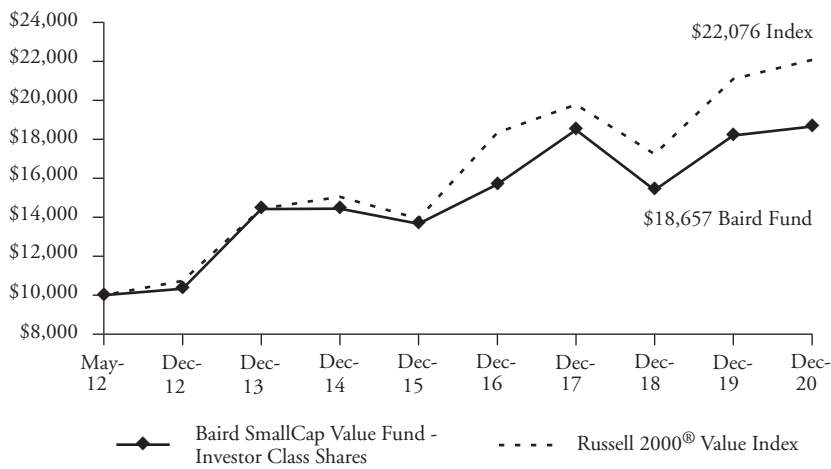
December 31, 2020 (Unaudited)

Institutional Class  
Value of a \$25,000 Investment



Growth of a hypothetical investment of \$25,000 made on the Fund's inception date (05/01/12), assuming reinvestment of all distributions.

Investor Class  
Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on the Fund's inception date (05/01/12), assuming reinvestment of all distributions.

# Baird SmallCap Value Fund

December 31, 2020 (Unaudited)

## Total Returns

<i>For the Periods Ended December 31, 2020</i>	Average Annual			
	One Year	Three Years	Five Years	Since Inception <sup>(1)</sup>
Institutional Class Shares	2.85%	0.58%	6.69%	7.73%
Investor Class Shares	2.54%	0.31%	6.43%	7.46%
Russell 2000® Value Index <sup>(2)</sup>	4.63%	3.72%	9.65%	9.56%

(1) For the period from May 1, 2012 (inception date) through December 31, 2020.

(2) The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

*The line graphs on the previous page and the returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.*

*The gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".*

*The Fund focuses on small cap value style stocks and therefore the performance of the Fund may be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. The Fund may invest up to 15% of its total assets in U.S. dollar denominated foreign securities and ADRs. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund invests a substantial portion of its assets in the stocks of small-capitalization companies. Small-capitalization companies often are more volatile and face greater risks than larger, more established companies. U.S. and international markets have experienced significant periods of volatility in recent years and months due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic and related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the threat of tariffs imposed by the U.S. and other countries. These and other geopolitical events may cause market disruptions and could have an adverse effect on the value of the Fund's investments.*

*Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.*

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# Baird SmallCap Value Fund

Schedule of Investments, December 31, 2020

## Common Stocks

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Air Freight &amp; Logistics</b>			
Air Transport Services Group, Inc. <sup>(1)</sup>	25,427	\$ 796,882	2.6%
<b>Banks</b>			
Preferred Bank	16,963	856,123	2.8%
<b>Chemicals</b>			
Avient Corp.	14,860	598,561	2.0%
<b>Commercial Services &amp; Supplies</b>			
ACCO Brands Corp.	77,534	655,162	2.1%
<b>Communications Equipment</b>			
Ciena Corp. <sup>(1)</sup>	8,751	462,490	1.5%
F5 Networks, Inc. <sup>(1)</sup>	2,805	493,512	1.6%
		956,002	3.1%
<b>Diversified Consumer Services</b>			
OneSpaWorld Holdings Ltd. <sup>(2)</sup>	68,971	699,366	2.3%
<b>Electrical Equipment</b>			
nVent Electric PLC <sup>(2)</sup>	30,710	715,236	2.3%
<b>Electronic Equipment, Instruments &amp; Components</b>			
Knowles Corp. <sup>(1)</sup>	16,380	301,883	1.0%
<b>Equity Real Estate Investment Trusts (REITs)</b>			
Agree Realty Corp.	9,092	605,345	2.0%
CyrusOne, Inc.	10,384	759,590	2.5%
EastGroup Properties, Inc.	3,006	415,008	1.4%
Gaming and Leisure Properties, Inc.	13,042	552,970	1.8%
QTS Realty Trust, Inc.	7,487	463,296	1.5%
RLJ Lodging Trust	46,706	660,890	2.2%
Ryman Hospitality Properties, Inc.	10,173	689,322	2.2%
		4,146,421	13.6%
<b>Food Products</b>			
Nomad Foods Ltd. <sup>(1)(2)</sup>	24,976	634,890	2.1%
Simply Good Foods Co. <sup>(1)</sup>	20,628	646,894	2.1%
		1,281,784	4.2%
<b>Health Care Equipment &amp; Supplies</b>			
ICU Medical, Inc. <sup>(1)</sup>	4,072	873,403	2.8%
<b>Household Durables</b>			
Helen of Troy Ltd. <sup>(1)(2)</sup>	1,844	409,718	1.3%
<b>Independent Power and Renewable Electricity Producers</b>			
Atlantica Yield PLC <sup>(1)</sup>	42,949	1,631,203	5.3%

*The accompanying notes are an integral part of these financial statements.*

# Baird SmallCap Value Fund

Schedule of Investments, December 31, 2020

## Common Stocks (cont.)

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Insurance</b>			
Everest Re Group Ltd. <sup>(2)</sup>	1,723	\$ 403,337	1.3%
First American Financial Corp.	8,237	425,277	1.4%
Old Republic International Corp.	38,068	750,320	2.4%
		1,578,934	5.1%
<b>IT Services</b>			
CACI International, Inc. <sup>(1)</sup>	4,213	1,050,427	3.4%
Science Applications International Corp.	5,909	559,228	1.8%
Verra Mobility Corp. <sup>(1)</sup>	42,953	576,429	1.9%
		2,186,084	7.1%
<b>Machinery</b>			
Shyft Group, Inc.	19,543	554,630	1.8%
<b>Mortgage Real Estate Investment Trusts (REITs)</b>			
Blackstone Mortgage Trust, Inc.	17,560	483,427	1.6%
<b>Multi-Utilities</b>			
Algonquin Power & Utilities Corp. <sup>(2)</sup>	57,940	953,693	3.1%
<b>Road &amp; Rail</b>			
Knight-Swift Transportation Holdings, Inc.	14,383	601,497	2.0%
<b>Semiconductors &amp; Semiconductor Equipment</b>			
Silicon Motion Technology Corp. – ADR <sup>(2)</sup>	10,361	498,882	1.6%
<b>Software</b>			
Cerence, Inc. <sup>(1)</sup>	15,005	1,507,702	4.9%
j2 Global, Inc. <sup>(1)</sup>	14,152	1,382,509	4.5%
		2,890,211	9.4%
<b>Specialty Retail</b>			
Arko Corp. <sup>(1)</sup>	92,971	836,739	2.7%
Urban Outfitters, Inc. <sup>(1)</sup>	23,635	605,056	2.0%
		1,441,795	4.7%
<b>Technology Hardware, Storage &amp; Peripherals</b>			
Immersion Corp. <sup>(1)</sup>	70,347	794,218	2.6%
<b>Thriffs &amp; Mortgage Finance</b>			
Axos Financial, Inc. <sup>(1)</sup>	33,913	1,272,755	4.1%
Essent Group Ltd. <sup>(2)</sup>	13,787	595,598	1.9%
Merchants Bancorp	34,061	941,106	3.1%
Meta Financial Group, Inc.	11,666	426,509	1.4%
		3,235,968	10.5%
<b>Wireless Telecommunication Services</b>			
Boingo Wireless, Inc. <sup>(1)</sup>	90,240	1,147,853	3.7%
<b>Total Common Stocks</b>			
(Cost \$21,388,865)		30,288,936	98.6%

*The accompanying notes are an integral part of these financial statements.*

# Baird SmallCap Value Fund

Schedule of Investments, December 31, 2020

## Short-Term Investment

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Money Market Mutual Fund</b>			
First American Government Obligations Fund, Class U, 0.04% <sup>(3)</sup>	365,926	\$ 365,926	1.2%
<b>Total Short-Term Investment</b> (Cost \$365,926)		365,926	1.2%
<b>Total Investments</b> (Cost \$21,754,791)		30,654,862	99.8%
<b>Other Assets in Excess of Liabilities</b>		69,193	0.2%
<b>TOTAL NET ASSETS</b>		\$30,724,055	100.0%

### Notes to Schedule of Investments

- (1) Non-Income Producing.
  - (2) Foreign Security.
  - (3) Seven-Day Yield.
- ADR – American Depository Receipt

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc (“MSCI”) and Standard & Poor’s Financial Services LLC (“S&P”). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

*The accompanying notes are an integral part of these financial statements.*

# Baird SmallCap Value Fund

## Summary of Fair Value Exposure at December 31, 2020

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
<b>Equity</b>				
Common Stocks	\$30,288,936	\$ —	\$ —	\$30,288,936
<b>Total Equity</b>	30,288,936	—	—	30,288,936
<b>Short-Term Investment</b>				
Money Market Mutual Fund	365,926	—	—	365,926
<b>Total Short-Term Investment</b>	365,926	—	—	365,926
<b>Total Investments*</b>	<u>\$30,654,862</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$30,654,862</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers into or out of Level 3 during the reporting period, as compared to the security classifications from the prior year’s annual report. See the Fund’s Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*

# Chautauqua International Growth Fund

December 31, 2020 (Unaudited)

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## Portfolio Manager's Commentary

In 2020, the Chautauqua International Growth Fund Institutional Class returned 39.84%, significantly outperforming its benchmark, the MSCI ACWI ex U.S. Index®, which returned 10.65%.

The Fund typically holds a limited number of companies (25 to 35) invested primarily in equity securities of non-U.S. companies with medium to large market capitalizations. Stock selection accounted for the majority of the outperformance of the Chautauqua International Growth Fund, as compared to the MSCI ACWI ex U.S. Index®. Portfolio allocation was also a meaningful contributor to the outperformance, led by an overweight in the information technology sector and an underweight in the energy sector, which we exited in the first quarter. Investments in the information technology, health care, and consumer discretionary sectors drove the majority of the outperformance, and standouts such as Adyen, SolarEdge, ASML, Genmab, WuXi Biologics, TAL Education, and BYD were among the top contributors in the entire portfolio. On the other hand, investments in the financials sector were a modest detractor from performance, especially investments in Bank Rakyat, HDFC Bank, and DBS.

Heading into 2020, economic fundamentals were already weak and stock market performance had been overly reliant on monetary accommodation. We were cautious. In the fourth quarter of 2019, we had realigned the Fund towards portfolio companies we viewed as having more economically resilient business models and lower valuation multiples. At the time, this was an extra measure of care to insulate the Fund should the fragile global economy topple over.

Our cautious portfolio positioning at the start of the year proved to be prescient. The coronavirus (COVID-19) pandemic spread around the world in the first quarter. Financial assets were battered, and stock markets suffered a bear market decline. We were able to provide some downside protection in this environment because of the portfolio changes we made in the fourth quarter of 2019.

Central banks and governments around the world responded to the crisis with large waves of fiscal and monetary stimulus, amounting to many trillions of dollars worldwide. This served to prop up afflicted consumers and businesses, stabilize financial markets, and guarantee liquidity almost anywhere it was needed. We took advantage of market dislocations amidst the selloff to initiate positions in several companies that we had analyzed and were monitoring on our watchlist. We initiated positions in Adyen, SolarEdge, Prosus, Beigene, and WuXi Biologics. These investments proved to be among the most beneficial contributors to the Fund's performance in 2020.

Markets rallied vigorously in the second quarter. The dramatic rise in stock prices was accompanied by extraordinary monetary accommodation, quantitative easing, and repeated signaling by central banks of a do-anything willingness to bolster economies. Not only did this amount to a lower discount rate, which inflates the value of financial assets, but it also provided a psychological backstop for investors. We were able to again outperform in the second quarter as result of the significant repositioning amidst the selloff in the first quarter.

Markets grinded higher again in the third quarter, and our outperformance continued. However, we grew concerned with the disconnect between stock prices and fundamentals. The economic recovery was stagnant or uneven, meanwhile we believed valuation multiples climbed to excessive levels relative to earnings, which had collapsed. We made changes in the Fund's portfolio to reflect this caution, by taking profits from some high valuation "winners", redeploying to lower valuation holdings, and initiating new positions in Brookfield Renewable and Fairfax Financial.

In the fourth quarter, positive developments of a COVID-19 vaccine improved market sentiment even further, forming the basis for a sustainable reopening scenario and sending stocks even higher. More so, this helped unleash a powerful "pro-cyclical" rotation, and value stocks substantially outperformed growth stocks. We were able to again outperform in this market environment, aided by the prior changes in the portfolio. Because the market continued to rally, we made additional changes to the portfolio to reflect our caution. We reduced positions in Adyen, Bank Rakyat, DBS Group, and SolarEdge. Proceeds were used to increase positions in Brookfield Renewable, BYD, Fairfax Financial, Novo Nordisk, Sinopharm, TAL Education, Tata Consultancy, Temenos, and WuXi Biologics.



# Chautauqua International Growth Fund

December 31, 2020 (Unaudited)

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## Outlook

Due to the vaccine developments, the most likely economic scenario is one that improves in the next year. And we believe, we have averted a disaster scenario in which the pandemic continues to grow unchecked. As the vaccine is administered to larger swaths of the population, herd immunity is expected to increase, and the spread of the disease should decline. Vaccine manufacturers have announced expected availability in the billions of doses. The most uncertain aspects pertain to how much reach in the next year medical professionals will actually have administering the vaccines, and when emerging countries can obtain their share.

Central banks have become much more optimistic about the prospects for a rebound, albeit shallower and choppier than originally anticipated, in the next year. Many macroeconomic indicators have stabilized and are no longer deteriorating, with the exception of services and consumption data that are more sensitive to weakness in domestic economies. However, the recent resurgence of COVID-19 cases is expected to have follow-through effects on near-term economic growth. And while downside risks have been reduced in recent months, the most likely risks to economic recovery pertain to renewed containment measures. The availability of the vaccine is positive for the economic outlook and is further assisted by ongoing supportive measures by central banks and governments.

Monetary policy will continue to be an important component of the market narrative, but a depleted arsenal and general fatigue also play into worries that monetary policy is increasingly pushing on a string. Therefore, fiscal policy will play an even more critical role for supporting economies in these difficult times. Fortunately, recent important fiscal stimulus packages were passed and made it through political gridlock.

The rotation from growth outperformance to value outperformance was not terribly surprising. The interesting question is whether the rotation might be sustainable, especially as recent instances of growth to value rotations have tended to fizzle. The case that value stocks have more room to grow in price revolves around expectations for more positive vaccine developments and a rebound in corporate earnings. Furthermore, cyclical sectors should be a beneficiary of the economic reopening. Valuation differences between growth stocks and value stocks are still near their widest point over the last ten years. And overall, we believe market valuations have become expensive relative to current earnings power, and they are likely to stay elevated next year as central banks continue to ease into the recovery.

While valuations are high across the market, on a relative basis, they are still most attractive for international stocks. The pandemic has delivered a global growth shock, but in doing so, it has accelerated the timeline for several mega trends that the Fund has been actively investing in, such as productivity enhancement (robotics, automation, and software), e-commerce, electronic payments, and rapid drug development. Furthermore, many portfolio companies have been able to continue to deliver growth even in this recessionary environment, which is an exceptionally rare trait.

We have made adjustments to the Fund portfolio, including realizing profits from some high valuation “winners”, redeploying to lower valuation holdings, and raising cash levels so we hold some dry powder. On the margin, these changes should help mitigate some downside if markets become less hospitable, and we continue to contemplate further adjustments for a more conservative balance of growth, profitability, and valuation in the portfolio.

Respectfully Submitted,

Portfolio Managers:

Brian Beitner, CFA

Jesse A. Flores, CFA

Haicheng Li, CFA

Nathaniel R. Velarde

# Chautauqua International Growth Fund

December 31, 2020 (Unaudited)

## Portfolio Characteristics

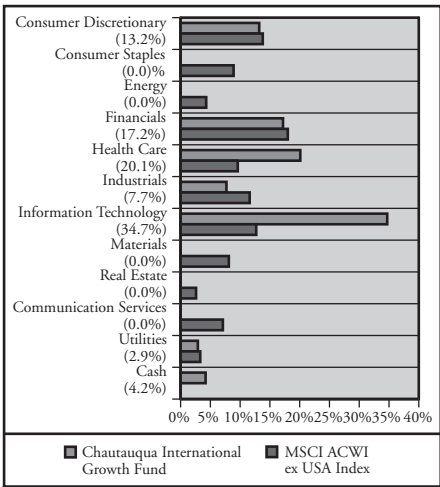
A December 31, 2020 summary of the Fund's top 10 holdings and equity sector analysis compared to the MSCI ACWI ex USA Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

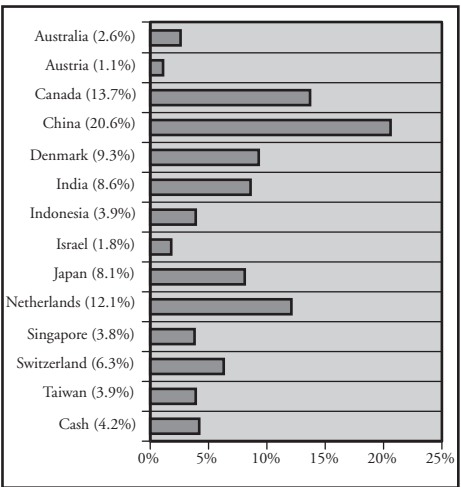
Wuxi Biologics Cayman, Inc.	5.5%
Genmab A/S	4.9%
ASML Holding NV	4.9%
Tata Consultancy Services Ltd.	4.5%
Novo Nordisk A/S – ADR	4.4%
TAL Education Group – ADR	4.2%
Temenos Group AG	4.2%
HDFC Bank Ltd. – ADR	4.1%
Constellation Software, Inc.	3.9%
Keyence Corp.	3.9%

<b>Net Assets:</b>	\$322,471,108
<b>Portfolio Turnover Rate:</b>	31%
<b>Number of Equity Holdings:</b>	30
<b>Annualized Portfolio Expense Ratio<sup>(3)</sup>:</b>	
Gross	
Institutional Class:	0.96%
Investor Class:	1.21% <sup>(4)</sup>
Net	
Institutional Class:	0.80%
Investor Class:	1.05% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>



### Country Allocation<sup>(2)</sup>

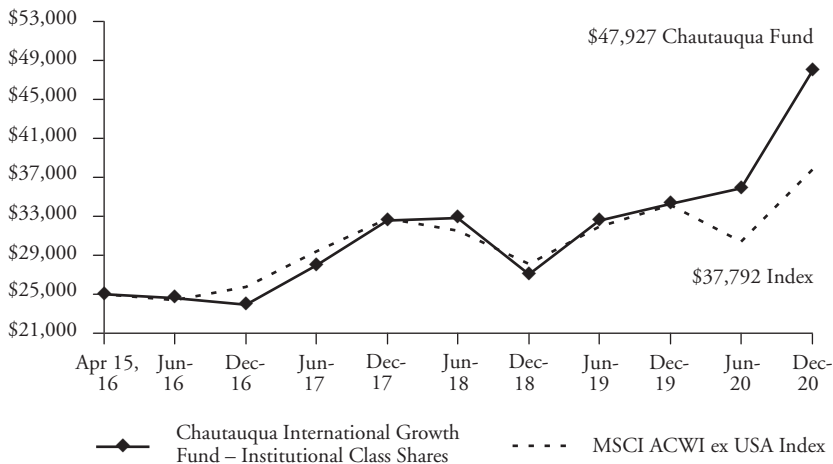


- (1) The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2020.
- (2) Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2020, and may not add up to 100% due to rounding.
- (3) Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.80% of average daily net assets for the Institutional Class shares and 1.05% of average daily net assets for the Investor Class shares, at least through April 30, 2022.
- (4) Includes 0.25% 12b-1 fee.

# Chautauqua International Growth Fund

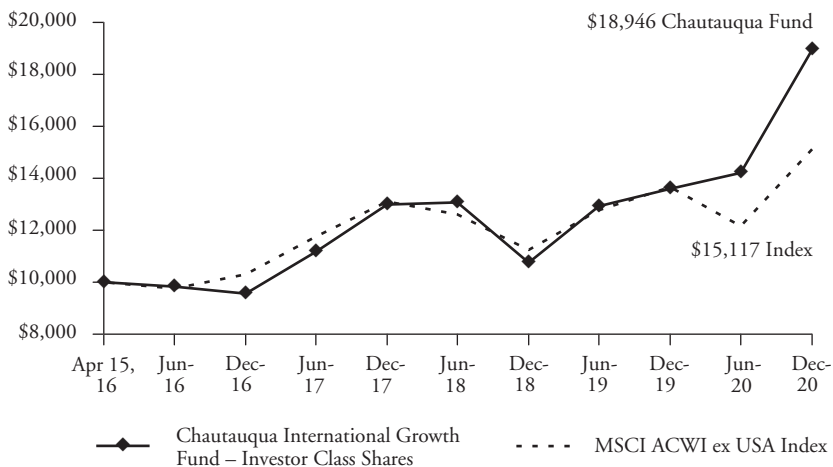
December 31, 2020 (Unaudited)

Institutional Class  
Value of a \$25,000 Investment



Growth of a hypothetical investment of \$25,000 made on the Fund's inception date (04/15/16), assuming reinvestment of all distributions.

Investor Class  
Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on the Fund's inception date (04/15/16), assuming reinvestment of all distributions.

# Chautauqua International Growth Fund

December 31, 2020 (Unaudited)

## Total Returns

<i>For the Periods Ended December 31, 2020</i>	One Year	Average Annual	
		Three Years	Since Inception <sup>(1)</sup>
Institutional Class Shares	39.84%	13.75%	14.81%
Investor Class Shares	39.37%	13.41%	14.52%
MSCI ACWI ex USA Index <sup>(2)</sup>	10.65%	4.88%	9.16%

(1) For the period from April 15, 2016 (inception date) through December 31, 2020.

(2) The MSCI ACWI ex USA Index is a market-capitalization-weighted index maintained by MSCI, Inc. and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The MSCI ACWI ex USA Index includes both developed and emerging markets. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

*The line graphs on the previous page and the returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.*

*The gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".*

*The Fund focuses primarily on non-U.S. stocks with medium to large market capitalizations and therefore the performance of the Fund may be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. Under normal market conditions, the Fund will invest at least 65% of its total assets in non-U.S. companies. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation. U.S. and international markets have experienced significant periods of volatility in recent years and months due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic and related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the threat of tariffs imposed by the U.S. and other countries. In addition, the United Kingdom withdrew from the European Union on January 31, 2020 following a June 2016 referendum referred to as "Brexit." Although the EU and UK agreed to a trade deal in December 2020, there is significant market uncertainty regarding Brexit's ramifications, and the range of possible political, regulatory, economic, and market outcomes are difficult to predict. These and other geopolitical events may cause market disruptions and could have an adverse effect on the value of the Fund's investments.*

*Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.*

*For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit [www.bairdfunds.com](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*

# Chautauqua International Growth Fund

Schedule of Investments, December 31, 2020

## Common Stocks

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Application Software</b>			
Atlassian Corp. PLC (Australia) <sup>(1)</sup>	35,843	\$ 8,382,602	2.6%
Temenos Group AG (Switzerland) <sup>(2)</sup>	96,483	13,442,938	4.2%
		21,825,540	6.8%
<b>Asset Management &amp; Custody Banks</b>			
Julius Baer Group Ltd. (Switzerland) <sup>(2)</sup>	117,522	6,770,622	2.1%
<b>Automobile Manufacturers</b>			
BYD Co. Ltd. (China) <sup>(2)</sup>	272,341	7,170,261	2.2%
<b>Biotechnology</b>			
BeiGene Ltd. – ADR (China) <sup>(1)</sup>	36,537	9,440,795	2.9%
Genmab A/S (Denmark) <sup>(1)(2)</sup>	39,151	15,875,492	4.9%
		25,316,287	7.8%
<b>Diversified Banks</b>			
Bank Rakyat Indonesia Persero Tbk PT (Indonesia) <sup>(2)</sup>	41,679,076	12,391,333	3.9%
DBS Group Holdings Ltd. (Singapore) <sup>(2)</sup>	652,183	12,359,345	3.8%
		24,750,678	7.7%
<b>Diversified Support Services</b>			
Recruit Holdings Co. Ltd. (Japan) <sup>(2)</sup>	81,879	3,439,160	1.1%
<b>Education Services</b>			
TAL Education Group – ADR (China) <sup>(1)</sup>	188,114	13,452,032	4.2%
<b>Electronic Equipment &amp; Instruments</b>			
Keyence Corp. (Japan) <sup>(2)</sup>	22,259	12,521,067	3.9%
<b>Environmental &amp; Facilities Services</b>			
Waste Connections, Inc. (Canada)	111,009	11,386,194	3.5%
<b>Healthcare Distributors</b>			
Sinopharm Group Co. Ltd. (China) <sup>(2)</sup>	3,122,228	7,573,980	2.4%
<b>Industrial Machinery</b>			
FANUC Corp. (Japan) <sup>(2)</sup>	40,641	10,032,195	3.1%
<b>Information Technology</b>			
Constellation Software, Inc. (Canada)	9,784	12,704,981	3.9%
Topicus.com, Inc. (Canada) <sup>(1)(2)</sup>	18,196	64,110	0.0%
		12,769,091	3.9%
<b>Internet &amp; Direct Marketing Retail</b>			
Prosus NV (Netherlands) <sup>(2)</sup>	101,988	11,012,465	3.4%
<b>Internet Retail</b>			
Alibaba Group Holding Ltd. – ADR (China) <sup>(1)</sup>	46,702	10,868,957	3.4%
<b>IT Services</b>			
Adyen NV (Netherlands) <sup>(1)(2)</sup>	5,176	12,026,580	3.7%
Tata Consultancy Services Ltd. (India) <sup>(2)</sup>	367,734	14,439,124	4.5%
		26,465,704	8.2%

*The accompanying notes are an integral part of these financial statements.*

# Chautauqua International Growth Fund

Schedule of Investments, December 31, 2020

## Common Stocks (cont.)

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Life Sciences Tools &amp; Services</b>			
Wuxi Biologics Cayman, Inc. (China) <sup>(1)(2)</sup>	1,344,148	\$ 17,825,209	5.5%
<b>Multi-Line Insurance</b>			
Fairfax Financial Holdings Ltd. (Canada)	30,873	10,522,626	3.3%
<b>Pharmaceuticals</b>			
Novo Nordisk A/S – ADR (Denmark)	201,403	14,068,000	4.4%
<b>Regional Banks</b>			
HDFC Bank Ltd. – ADR (India) <sup>(1)</sup>	183,764	13,278,787	4.1%
<b>Renewable Electricity</b>			
Brookfield Renewable Corp. (Canada)	159,367	9,286,315	2.9%
<b>Semiconductor Equipment</b>			
ASML Holding NV (Netherlands)	32,346	15,775,790	4.9%
<b>Semiconductors</b>			
AMS AG (Austria) <sup>(1)(2)</sup>	163,044	3,552,636	1.1%
Taiwan Semiconductor Manufacturing Co. Ltd. – ADR (Taiwan)	113,626	12,389,779	3.8%
		15,942,415	4.9%
<b>Semiconductors &amp; Semiconductor Equipment</b>			
SolarEdge Technologies, Inc. (Israel) <sup>(1)</sup>	18,412	5,875,637	1.8%
<b>Total Common Stocks</b> <b>(Cost \$200,853,630)</b>		307,929,012	95.5%

## Short-Term Investment

### Money Market Mutual Fund

First American Government Obligations Fund, Class U, 0.04% <sup>(3)</sup>	13,662,627	13,662,627	4.2%
<b>Total Short-Term Investment</b> <b>(Cost \$13,662,627)</b>		13,662,627	4.2%
<b>Total Investments</b> <b>(Cost \$214,516,257)</b>		321,591,639	99.7%
<b>Other Assets in Excess of Liabilities</b>		879,469	0.3%
<b>TOTAL NET ASSETS</b>		\$322,471,108	100.0%

### Notes to Schedule of Investments

- (1) Non-Income Producing.  
(2) Level 2 security – See Note 2a to the financial statements.  
(3) Seven-Day Yield.  
ADR – American Depository Receipt

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. (“MSCI”) and Standard & Poor’s Financial Services LLC (“S&P”). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

*The accompanying notes are an integral part of these financial statements.*

# Chautauqua International Growth Fund

## Summary of Fair Value Exposure at December 31, 2020

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
<b>Equity</b>				
Common Stocks	\$147,432,495	\$160,496,517	\$ —	\$307,929,012
<b>Total Equity</b>	147,432,495	160,496,517	—	307,929,012
<b>Short-Term Investment</b>				
Money Market Mutual Fund	13,662,627	—	—	13,662,627
<b>Total Short-Term Investment</b>	13,662,627	—	—	13,662,627
<b>Total Investments*</b>	\$161,095,122	\$160,496,517	\$ —	\$321,591,639

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers into or out of Level 3 during the reporting period, as compared to the security classifications from the prior year’s annual report. See the Fund’s Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*

# Chautauqua Global Growth Fund

December 31, 2020 (Unaudited)

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## Portfolio Manager's Commentary

In 2020, the Chautauqua Global Growth Fund Institutional Class returned 37.97%, significantly outperforming its benchmark, the MSCI ACWI Index<sup>®</sup>, which returned 16.25%.

The Fund typically holds a limited number of companies (35 to 45) invested primarily in equity securities of both U.S. and non-U.S. companies with medium to large market capitalizations. Stock selection accounted for the majority of the outperformance of the Chautauqua Global Growth Fund, as compared to the MSCI ACWI Index<sup>®</sup>. Portfolio allocation was also a meaningful contributor to the outperformance, led by an overweight in the information technology sector and an underweight in the energy sector, which we exited in the first quarter. Investments in the information technology, health care, and consumer discretionary sectors drove the majority of the outperformance, and standouts such as Adyen, SolarEdge, Genmab, WuXi Biologics, TAL Education, and BYD were among the top contributors in the entire portfolio. While all regions positively contributed to the Fund overall, relative underweight exposure to the United States detracted from the allocation effect in North America.

Heading into 2020, economic fundamentals were already weak and stock market performance had been overly reliant on monetary accommodation. We were cautious. In the fourth quarter of 2019, we had realigned the Fund towards portfolio companies we viewed as having more economically resilient business models and lower valuation multiples. At the time, this was an extra measure of care to insulate the Fund should the fragile global economy topple over.

Our cautious portfolio positioning at the start of the year proved to be prescient. The coronavirus (COVID-19) pandemic spread around the world in the first quarter. Financial assets were battered, and stock markets suffered a bear market decline. We were able to provide some downside protection in this environment because of the portfolio changes we made in the fourth quarter of 2019.

Central banks and governments around the world responded to the crisis with large waves of fiscal and monetary stimulus, amounting to many trillions of dollars worldwide. This served to prop up afflicted consumers and businesses, stabilize financial markets, and guarantee liquidity almost anywhere it was needed. We took advantage of market dislocations amidst the selloff to initiate positions in several companies that we had analyzed and were monitoring on our watchlist. We initiated positions in Adyen, EPAM Systems, SolarEdge, Prosus, Beigene, and WuXi Biologics. These investments proved to be among the most beneficial contributors to the Fund's performance in 2020.

Markets rallied vigorously in the second quarter. The dramatic rise in stock prices was accompanied by extraordinary monetary accommodation, quantitative easing, and repeated signaling by central banks of a do-anything willingness to bolster economies. Not only did this amount to a lower discount rate, which inflates the value of financial assets, but it also provided a psychological backstop for investors. We were able to again outperform in the second quarter as result of the significant repositioning amidst the selloff in the first quarter.

Markets grinded higher again in the third quarter, and our outperformance continued. However, we grew concerned with the disconnect between stock prices and fundamentals. The economic recovery was stagnant or uneven, meanwhile we believed valuation multiples climbed to excessive levels relative to earnings, which had collapsed. We made changes in the Fund's portfolio to reflect this caution, by taking profits from some high valuation "winners", redeploying to lower valuation holdings, and initiating new positions in Alteryx, Brookfield Renewable, and Fairfax Financial.

In the fourth quarter, positive developments of a COVID-19 vaccine improved market sentiment even further, forming the basis for a sustainable reopening scenario and sending stocks even higher. More so, this helped unleash a powerful "pro-cyclical" rotation, and value stocks substantially outperformed growth stocks. We were able to again outperform in this market environment, aided by the prior changes in the portfolio. Because the market continued to rally, we made additional changes to the portfolio to reflect our caution. We reduced positions in Adyen, Atlassian, BYD, and SolarEdge. Proceeds were used to initiate a new position in Alexandria Real Estate and increase positions in Bank Rakyat, Brookfield Renewable, DBS, Sinopharm, Tata Consultancy, and WuXi Biologics.



# Chautauqua Global Growth Fund

December 31, 2020 (Unaudited)

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## Outlook

Due to the vaccine developments, the most likely economic scenario is one that improves in the next year. And we believe, we have averted a disaster scenario in which the pandemic continues to grow unchecked. As the vaccine is administered to larger swaths of the population, herd immunity is expected to increase, and the spread of the disease should decline. Vaccine manufacturers have announced expected availability in the billions of doses. The most uncertain aspects pertain to how much reach in the next year medical professionals will actually have administering the vaccines, and when emerging countries can obtain their share.

Central banks have become much more optimistic about the prospects for a rebound, albeit shallower and choppier than originally anticipated, in the next year. Many macroeconomic indicators have stabilized and are no longer deteriorating, with the exception of services and consumption data that are more sensitive to weakness in domestic economies. However, the recent resurgence of COVID-19 cases is expected to have follow-through effects on near-term economic growth. And while downside risks have been reduced in recent months, the most likely risks to economic recovery pertain to renewed containment measures. The availability of the vaccine is positive for the economic outlook and is further assisted by ongoing supportive measures by central banks and governments.

Monetary policy will continue to be an important component of the market narrative, but a depleted arsenal and general fatigue also play into worries that monetary policy is increasingly pushing on a string. Therefore, fiscal policy will play an even more critical role for supporting economies in these difficult times. Fortunately, recent important fiscal stimulus packages were passed and made it through political gridlock.

The rotation from growth outperformance to value outperformance was not terribly surprising. The interesting question is whether the rotation might be sustainable, especially as recent instances of growth to value rotations have tended to fizzle. The case that value stocks have more room to grow in price revolves around expectations for more positive vaccine developments and a rebound in corporate earnings. Furthermore, cyclical sectors should be a beneficiary of the economic reopening. Valuation differences between growth stocks and value stocks are still near their widest point over the last ten years. And overall, we believe market valuations have become expensive relative to current earnings power, and they are likely to stay elevated next year as central banks continue to ease into the recovery.

While valuations are high across the market, on a relative basis, they are still most attractive for international stocks. The pandemic has delivered a global growth shock, but in doing so, it has accelerated the timeline for several mega trends that the Fund has been actively investing in, such as productivity enhancement (robotics, automation, and software), e-commerce, electronic payments, and rapid drug development. Furthermore, many portfolio companies have been able to continue to deliver growth even in this recessionary environment, which is an exceptionally rare trait.

We have made adjustments to the Fund portfolio, including realizing profits from some high valuation “winners”, redeploying to lower valuation holdings, and raising cash levels so we hold some dry powder. On the margin, these changes should help mitigate some downside if markets become less hospitable, and we continue to contemplate further adjustments for a more conservative balance of growth, profitability, and valuation in the portfolio.

Respectfully Submitted,

Portfolio Managers:

Brian Beitner, CFA

Jesse A. Flores, CFA

Haicheng Li, CFA

Nathaniel R. Velarde

# Chautauqua Global Growth Fund

December 31, 2020 (Unaudited)

## Portfolio Characteristics

A December 31, 2020 summary of the Fund's top 10 holdings and equity sector analysis compared to the MSCI ACWI Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

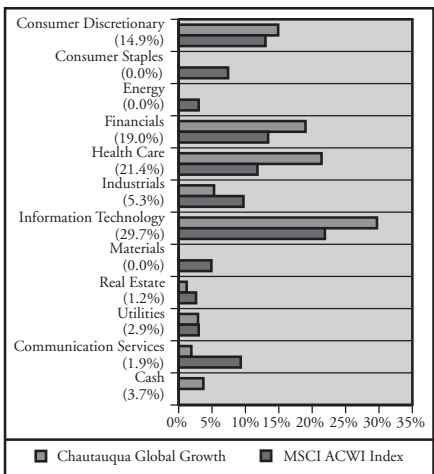
SVB Financial Group	4.6%
Genmab A/S	4.4%
TJX Cos, Inc.	3.9%
Wuxi Biologics Cayman, Inc.	3.8%
MasterCard, Inc. – Class A	3.3%
Tata Consultancy Services Ltd.	3.3%
HDFC Bank Ltd. – ADR	3.1%
TAL Education Group – ADR	3.0%
Bank Rakyat Indonesia Persero Tbk PT	2.9%
Charles Schwab Corp.	2.9%

<b>Net Assets:</b>	<b>\$139,018,950</b>
<b>Portfolio Turnover Rate:</b>	<b>24%</b>
<b>Number of Equity Holdings:</b>	<b>46</b>

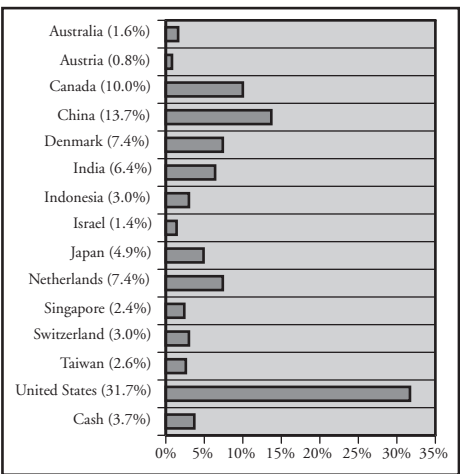
### Annualized Portfolio Expense Ratio<sup>(3)</sup>:

Gross	
Institutional Class:	1.23%
Investor Class:	1.48% <sup>(4)</sup>
Net	
Institutional Class:	0.80%
Investor Class:	1.05% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>



### Country Allocation<sup>(2)</sup>

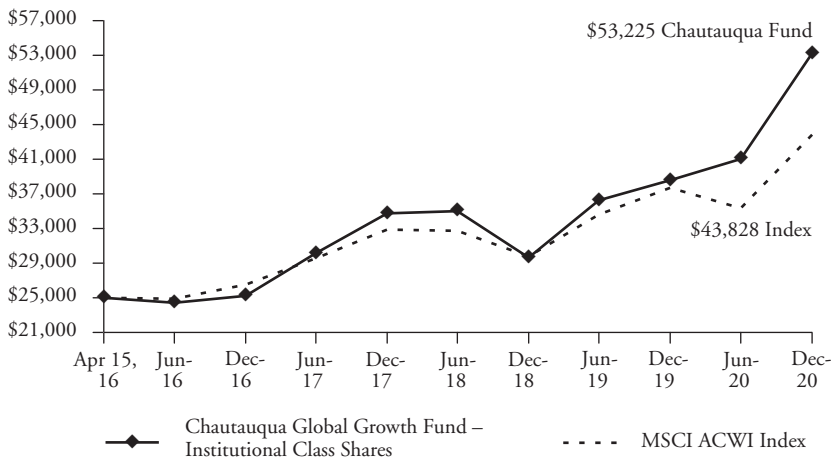


- (1) The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2020.
- (2) Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2020, and may not add up to 100% due to rounding.
- (3) Reflects expense ratios as stated in the Fund's current prospectus. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.80% of average daily net assets for the Institutional Class shares and 1.05% of average daily net assets for the Investor Class shares, at least through April 30, 2022.
- (4) Includes 0.25% 12b-1 fee.

# Chautauqua Global Growth Fund

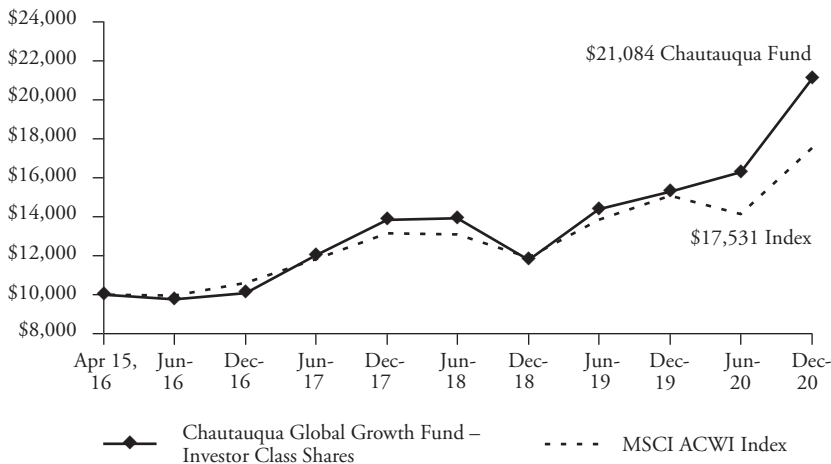
December 31, 2020 (Unaudited)

Institutional Class  
Value of a \$25,000 Investment



Growth of a hypothetical investment of \$25,000 made on the Fund's inception date (04/15/16), assuming reinvestment of all distributions.

Investor Class  
Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on the Fund's inception date (04/15/16), assuming reinvestment of all distributions.

# Chautauqua Global Growth Fund

December 31, 2020 (Unaudited)

## Total Returns

<i>For the Periods Ended December 31, 2020</i>	Average Annual		
	One Year	Three Years	Since Inception <sup>(1)</sup>
Institutional Class Shares	37.97%	15.27%	17.39%
Investor Class Shares	37.94%	15.07%	17.15%
MSCI ACWI Index <sup>(2)</sup>	16.25%	10.06%	12.65%

(1) For the period from April 15, 2016 (inception date) through December 31, 2020.

(2) The MSCI ACWI Index is a market-capitalization-weighted index maintained by MSCI, Inc. and designed to provide a broad measure of stock performance throughout the world. The MSCI ACWI Index includes both developed and emerging markets. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

*The line graphs on the previous page and the returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.*

*The gross expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".*

*The Fund focuses on both U.S. and non-U.S. stocks with medium to large market capitalizations and therefore the performance of the Fund may be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. Under normal market conditions, the Fund will invest at least 40% of its total assets in non-U.S. companies. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation. U.S. and international markets have experienced significant periods of volatility in recent years and months due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic and related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the threat of tariffs imposed by the U.S. and other countries. In addition, the United Kingdom withdrew from the European Union on January 31, 2020 following a June 2016 referendum referred to as "Brexit." Although the EU and UK agreed to a trade deal in December 2020, there is significant market uncertainty regarding Brexit's ramifications, and the range of possible political, regulatory, economic, and market outcomes are difficult to predict. These and other geopolitical events may cause market disruptions and could have an adverse effect on the value of the Fund's investments.*

*Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.*

*For information about the performance of the Fund as of the most recent month-end, please call 1-866-44BAIRD or visit [www.bairdfunds.com](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.*

# Chautauqua Global Growth Fund

Schedule of Investments, December 31, 2020

## Common Stocks

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Apparel Retail</b>			
TJX Cos, Inc. (United States)	78,844	\$ 5,384,256	3.9%
<b>Application Software</b>			
Atlassian Corp. PLC (Australia) <sup>(1)</sup>	9,271	2,168,209	1.6%
Temenos Group AG (Switzerland) <sup>(2)</sup>	20,935	2,916,865	2.1%
		5,085,074	3.7%
<b>Asset Management &amp; Custody Banks</b>			
Julius Baer Group Ltd. (Switzerland) <sup>(2)</sup>	21,550	1,241,528	0.9%
<b>Automobile Manufacturers</b>			
BYD Co. Ltd. (China) <sup>(2)</sup>	76,170	2,005,423	1.4%
<b>Biotechnology</b>			
BeiGene Ltd. – ADR (China) <sup>(1)</sup>	8,663	2,238,433	1.6%
Genmab A/S (Denmark) <sup>(1)(2)</sup>	15,233	6,176,888	4.4%
Incyte Corp. (United States) <sup>(1)</sup>	44,780	3,894,964	2.8%
Regeneron Pharmaceuticals, Inc. (United States) <sup>(1)</sup>	4,852	2,344,050	1.7%
		14,654,335	10.5%
<b>Data Processing &amp; Outsourced Services</b>			
MasterCard, Inc. – Class A (United States)	13,020	4,647,359	3.3%
<b>Diversified Banks</b>			
Bank Rakyat Indonesia Persero Tbk PT (Indonesia) <sup>(2)</sup>	13,791,440	4,100,243	2.9%
DBS Group Holdings Ltd. (Singapore) <sup>(2)</sup>	171,659	3,253,064	2.3%
		7,353,307	5.2%
<b>Diversified Support Services</b>			
Recruit Holdings Co. Ltd. (Japan) <sup>(2)</sup>	31,512	1,323,597	1.0%
<b>Education Services</b>			
TAL Education Group – ADR (China) <sup>(1)</sup>	58,449	4,179,688	3.0%
<b>Electronic Equipment &amp; Instruments</b>			
Cohrent, Inc. (United States) <sup>(1)</sup>	5,770	865,615	0.6%
Keyence Corp. (Japan) <sup>(2)</sup>	4,685	2,635,392	1.9%
Universal Display Corp. (United States)	10,547	2,423,701	1.7%
		5,924,708	4.2%
<b>Environmental &amp; Facilities Services</b>			
Waste Connections, Inc. (Canada)	31,155	3,195,568	2.3%
<b>Equity Real Estate Investment Trusts (REITs)</b>			
Alexandria Real Estate Equities, Inc. (United States)	9,044	1,611,822	1.2%
<b>Healthcare Distributors</b>			
Sinopharm Group Co. Ltd. (China) <sup>(2)</sup>	1,047,957	2,542,161	1.8%

*The accompanying notes are an integral part of these financial statements.*

# Chautauqua Global Growth Fund

Schedule of Investments, December 31, 2020

## Common Stocks (cont.)

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Industrial Machinery</b>			
FANUC Corp. (Japan) <sup>(2)</sup>	11,111	\$ 2,742,741	2.0%
<b>Information Technology</b>			
Constellation Software, Inc. (Canada)	2,866	3,721,635	2.7%
Topicus.com, Inc. (Canada) <sup>(1)(2)</sup>	5,330	18,780	0.0%
		3,740,415	2.7%
<b>Interactive Media &amp; Services</b>			
Alphabet, Inc. – Class A (United States) <sup>(1)</sup>	1,470	2,576,381	1.9%
<b>Internet &amp; Direct Marketing Retail</b>			
Prosus NV (Netherlands) <sup>(2)</sup>	36,755	3,968,733	2.9%
<b>Internet Retail</b>			
Alibaba Group Holding Ltd. – ADR (China) <sup>(1)</sup>	11,671	2,716,192	2.0%
Amazon.com, Inc. (United States) <sup>(1)</sup>	691	2,250,539	1.6%
		4,966,731	3.6%
<b>IT Services</b>			
Adyen NV (Netherlands) <sup>(1)(2)</sup>	1,445	3,357,498	2.4%
EPAM Systems, Inc. (United States) <sup>(1)</sup>	4,204	1,506,503	1.1%
Tata Consultancy Services Ltd. (India) <sup>(2)</sup>	115,110	4,519,808	3.3%
		9,383,809	6.8%
<b>Life Sciences Tools &amp; Services</b>			
Illumina, Inc. (United States) <sup>(1)</sup>	5,419	2,005,030	1.4%
Wuxi Biologics Cayman, Inc. (China) <sup>(1)(2)</sup>	394,209	5,227,741	3.8%
		7,232,771	5.2%
<b>Multi-Line Insurance</b>			
Fairfax Financial Holdings Ltd. (Canada)	8,115	2,765,883	2.0%
<b>Other Diversified Financial Services</b>			
Charles Schwab Corp. (United States)	77,112	4,090,020	2.9%
<b>Pharmaceuticals</b>			
Bristol-Myers Squibb Company (United States)	15,270	947,198	0.7%
Novo Nordisk A/S – ADR (Denmark)	57,676	4,028,669	2.9%
		4,975,867	3.6%
<b>Regional Banks</b>			
HDFC Bank Ltd. – ADR (India) <sup>(1)</sup>	60,085	4,341,742	3.1%
SVB Financial Group (United States) <sup>(1)</sup>	16,405	6,362,352	4.6%
		10,704,094	7.7%
<b>Renewable Electricity</b>			
Brookfield Renewable Corp. (Canada)	68,543	3,993,971	2.9%

*The accompanying notes are an integral part of these financial statements.*

# Chautauqua Global Growth Fund

Schedule of Investments, December 31, 2020

## Common Stocks (cont.)

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Semiconductor Equipment</b>			
ASML Holding NV (Netherlands)	5,744	\$ 2,801,464	2.0%
<b>Semiconductors</b>			
AMS AG (Austria) <sup>(1)(2)</sup>	47,955	1,044,912	0.8%
Nvidia Corp. (United States)	2,992	1,562,422	1.1%
Taiwan Semiconductor Manufacturing Co. Ltd. – ADR (Taiwan)	33,529	3,656,002	2.6%
		6,263,336	4.5%
<b>Semiconductors &amp; Semiconductor Equipment</b>			
SolarEdge Technologies, Inc. (Israel) <sup>(1)</sup>	5,866	1,871,958	1.3%
<b>Software</b>			
Alteryx, Inc. (United States) <sup>(1)</sup>	8,991	1,095,014	0.8%
<b>Total Common Stocks</b> (Cost \$90,815,667)		132,322,014	95.2%
<b>Short-Term Investment</b>			
<b>Money Market Mutual Fund</b>			
First American Government Obligations Fund, Class U, 0.04% <sup>(3)</sup>	5,109,380	5,109,380	3.7%
<b>Total Short-Term Investment</b> (Cost \$5,109,380)		5,109,380	3.7%
<b>Total Investments</b> (Cost \$95,925,047)		137,431,394	98.9%
<b>Other Assets in Excess of Liabilities</b>		1,587,556	1.1%
<b>TOTAL NET ASSETS</b>		\$139,018,950	100.0%

### Notes to Schedule of Investments

- (1) Non-Income Producing.  
(2) Level 2 security – See Note 2a to the financial statements.  
(3) Seven-Day Yield.

ADR – American Depository Receipt

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. (“MSCI”) and Standard & Poor’s Financial Services LLC (“S&P”). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

*The accompanying notes are an integral part of these financial statements.*

# Chautauqua Global Growth Fund

## Summary of Fair Value Exposure at December 31, 2020

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
<b>Equity</b>				
Common Stocks	\$85,246,640	\$47,075,374	\$ —	\$132,322,014
<b>Total Equity</b>	85,246,640	47,075,374	—	132,322,014
<b>Short-Term Investment</b>				
Money Market Mutual Fund	5,109,380	—	—	5,109,380
<b>Total Short-Term Investment</b>	5,109,380	—	—	5,109,380
<b>Total Investments*</b>	<u>\$90,356,020</u>	<u>\$47,075,374</u>	<u>\$ —</u>	<u>\$137,431,394</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers into or out of Level 3 during the reporting period, as compared to the security classifications from the prior year’s annual report. See the Fund’s Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*



# Additional Information on Fund Expenses

December 31, 2020 (Unaudited)

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## Example

As a shareholder of a mutual fund, you incur two types of costs: (1) transaction costs, which may include sales charges (loads) on purchase payments, reinvested dividends, or other distributions; redemption fees; and exchange fees; and (2) ongoing costs, such as management fees; distribution and/or service (12b-1) fees; and other fund expenses. With the exception of the Chautauqua International Growth and Chautauqua Global Growth Funds, which charge redemption fees, the Funds do not charge any sales loads, redemption fees or other transaction fees; however, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services, the Funds' transfer agent. If you request that a redemption be made by wire transfer, currently the Funds' transfer agent charges a \$15.00 fee.

This Example is intended to help you understand your ongoing costs (in dollars) of investing in each Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (7/1/20 – 12/31/20).

## Actual Expenses

The third and fourth columns of the following table provide information about account values based on actual returns and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the fourth column entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

## Hypothetical Example for Comparison Purposes

The fifth and sixth columns of the following table provide information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Funds' actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other mutual funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other mutual funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the sixth column of the table (entitled "Expenses Paid During Period") is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different mutual funds. In addition, if these transactional costs were included, your costs could have been higher.

# Additional Information on Fund Expenses

December 31, 2020 (Unaudited)

## Actual vs. Hypothetical Returns

For the Six Months Ended December 31, 2020

			Actual		Hypothetical (5% return before expenses)	
	Fund's Annualized Expense Ratio <sup>(1)</sup>	Beginning Account Value 7/1/20	Ending Account Value 12/31/20	Expenses Paid During Period <sup>(1)</sup>	Ending Account Value 12/31/20	Expenses Paid During Period <sup>(1)</sup>
<b>Baird MidCap Fund</b>						
Institutional Class	0.82%	\$1,000.00	\$1,290.60	\$4.72	\$1,021.01	\$4.17
Investor Class	1.07%	\$1,000.00	\$1,288.20	\$6.15	\$1,019.76	\$5.43
<b>Baird Small/Mid Cap Growth Fund</b>						
Institutional Class	0.85%	\$1,000.00	\$1,329.60	\$4.98	\$1,020.86	\$4.32
Investor Class	1.10%	\$1,000.00	\$1,325.10	\$6.43	\$1,019.61	\$5.58
<b>Baird Small/Mid Cap Value Fund</b>						
Institutional Class	0.85%	\$1,000.00	\$1,231.80	\$4.77	\$1,020.86	\$4.32
Investor Class	1.10%	\$1,000.00	\$1,228.80	\$6.16	\$1,019.61	\$5.58
<b>Baird SmallCap Value Fund</b>						
Institutional Class	0.95%	\$1,000.00	\$1,253.80	\$5.38	\$1,020.36	\$4.82
Investor Class	1.20%	\$1,000.00	\$1,251.70	\$6.79	\$1,019.10	\$6.09
<b>Chautauqua International Growth Fund</b>						
Institutional Class	0.80%	\$1,000.00	\$1,335.90	\$4.70	\$1,021.11	\$4.06
Investor Class	1.05%	\$1,000.00	\$1,333.40	\$6.16	\$1,019.86	\$5.33
<b>Chautauqua Global Growth Fund</b>						
Institutional Class	0.80%	\$1,000.00	\$1,297.30	\$4.62	\$1,021.11	\$4.06
Investor Class	1.05%	\$1,000.00	\$1,294.70	\$6.06	\$1,019.86	\$5.33

(1) Expenses are equal to the Fund's annualized net expense ratio multiplied by the average account value over the period, 184 days and divided by 366 to reflect the one-half year period.

# Statements of Assets and Liabilities

December 31, 2020

	Baird MidCap Fund	Baird Small/Mid Cap Growth Fund
<b>ASSETS:</b>		
Investments, at value (cost \$1,260,670,865 and \$38,841,556, respectively)	\$2,271,960,614	\$52,940,677
Dividends receivable	184,363	6,313
Interest receivable	1,575	74
Receivable for Fund shares sold	2,497,815	223,087
Prepaid expenses and other assets	28,497	13,199
Total assets	<u>2,274,672,864</u>	<u>53,183,350</u>
<b>LIABILITIES:</b>		
Payable for securities purchased	3,653,445	1,319,828
Payable for Fund shares redeemed	3,548,382	1,952
Payable to Advisor, net (Note 5)	1,398,348	18,962
Payable to Directors	13,310	13,310
Accrued fund accounting and administration fees	29,186	5,117
Accrued shareholder servicing fees	106,868	2,766
Accrued professional fees	1,929	1,929
Accrued custody fees	4,171	2,445
Accrued Rule 12b-1 fees (Note 7)	72,912	171
Accrued expenses and other liabilities	18,635	2,199
Total liabilities	<u>8,847,186</u>	<u>1,368,679</u>
<b>NET ASSETS</b>	<u>\$2,265,825,678</u>	<u>\$51,814,671</u>
<b>NET ASSETS CONSIST OF:</b>		
Paid-in capital	\$1,208,438,450	\$36,704,869
Total distributable earnings	1,057,387,228	15,109,802
<b>NET ASSETS</b>	<u>\$2,265,825,678</u>	<u>\$51,814,671</u>
<b>INSTITUTIONAL CLASS SHARES</b>		
Net Assets	\$2,065,521,329	\$51,153,659
Shares outstanding (\$0.01 par value, unlimited shares authorized)	73,335,285	2,941,923
Net asset value, offering and redemption price per share	<u>\$ 28.17</u>	<u>\$ 17.39</u>
<b>INVESTOR CLASS SHARES</b>		
Net Assets	\$ 200,304,349	\$ 661,012
Shares outstanding (\$0.01 par value, unlimited shares authorized)	7,638,735	38,317
Net asset value, offering and redemption price per share	<u>\$ 26.22</u>	<u>\$ 17.25</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Assets and Liabilities

December 31, 2020

	Baird Small/Mid Cap Value Fund	Baird SmallCap Value Fund
<b>ASSETS:</b>		
Investments, at value (cost \$18,903,829 and \$21,754,791, respectively)	\$23,415,471	\$30,654,862
Dividends receivable	18,146	42,285
Interest receivable	14	13
Receivable for Fund shares sold	35,457	39,800
Receivable from Advisor, net (Note 5)	400	—
Prepaid expenses and other assets	18,312	21,754
Total assets	<u>23,487,800</u>	<u>30,758,714</u>
<b>LIABILITIES:</b>		
Payable for securities purchased	353,703	—
Payable to Advisor, net (Note 5)	—	4,429
Payable to Directors	13,310	13,310
Accrued fund accounting and administration fees	5,533	6,141
Accrued shareholder servicing fees	3,047	7,485
Accrued professional fees	1,929	1,928
Accrued custody fees	216	58
Accrued Rule 12b-1 fees (Note 7)	32	515
Accrued expenses and other liabilities	764	793
Total liabilities	<u>378,534</u>	<u>34,659</u>
<b>NET ASSETS</b>	<u>\$23,109,266</u>	<u>\$30,724,055</u>
<b>NET ASSETS CONSIST OF:</b>		
Paid-in capital	\$19,893,873	\$23,950,109
Total distributable earnings	3,215,393	6,773,946
<b>NET ASSETS</b>	<u>\$23,109,266</u>	<u>\$30,724,055</u>
<b>INSTITUTIONAL CLASS SHARES</b>		
Net Assets	\$23,030,200	\$30,428,369
Shares outstanding (\$0.01 par value, unlimited shares authorized)	1,873,425	1,955,517
Net asset value, offering and redemption price per share	<u>\$ 12.29</u>	<u>\$ 15.56</u>
<b>INVESTOR CLASS SHARES</b>		
Net Assets	\$ 79,066	\$ 295,686
Shares outstanding (\$0.01 par value, unlimited shares authorized)	6,440	19,047
Net asset value, offering and redemption price per share	<u>\$ 12.28</u>	<u>\$ 15.52</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Assets and Liabilities

December 31, 2020

	Chautauqua International Growth Fund	Chautauqua Global Growth Fund
<b>ASSETS:</b>		
Investments, at value (cost \$214,516,257 and \$95,925,047, respectively)	\$321,591,639	\$137,431,394
Foreign currency, at value (cost \$780,597 and \$137,515, respectively)	781,385	139,014
Dividends receivable	168,147	56,285
Interest receivable	594	239
Receivable for Fund shares sold	592,790	1,622,655
Uninvested cash	38,074	15,758
Prepaid expenses and other assets	22,542	19,853
Total assets	<u>323,195,171</u>	<u>139,285,198</u>
<b>LIABILITIES:</b>		
Payable for Fund shares redeemed	4,592	5,075
Payable to Advisor, net (Note 5)	175,313	64,910
Payable to directors	13,310	13,310
Accrued fund accounting and administration fees	9,138	7,794
Accrued shareholder servicing fees	11,215	6,573
Accrued professional fees	1,290	1,290
Accrued custody fees	8,746	3,951
Accrued Rule 12b-1 fees (Note 7)	204	451
Deferred tax	490,722	158,120
Accrued expenses and other liabilities	9,533	4,774
Total liabilities	<u>724,063</u>	<u>266,248</u>
<b>NET ASSETS</b>	<u>\$322,471,108</u>	<u>\$139,018,950</u>
<b>NET ASSETS CONSIST OF:</b>		
Paid-in capital	\$221,346,226	\$ 99,256,074
Total distributable earnings	101,124,882	39,762,876
<b>NET ASSETS</b>	<u>\$322,471,108</u>	<u>\$139,018,950</u>
<b>INSTITUTIONAL CLASS SHARES</b>		
Net Assets	\$321,773,703	\$137,342,222
Shares outstanding (\$0.01 par value, unlimited shares authorized)	18,381,431	6,920,329
Net asset value, offering and redemption price per share	<u>\$ 17.51</u>	<u>\$ 19.85</u>
<b>INVESTOR CLASS SHARES</b>		
Net Assets	\$ 697,405	\$ 1,676,728
Shares outstanding (\$0.01 par value, unlimited shares authorized)	39,895	84,961
Net asset value, offering and redemption price per share	<u>\$ 17.48</u>	<u>\$ 19.74</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Operations

Year Ended December 31, 2020

	Baird MidCap Fund	Baird Small/Mid Cap Growth Fund
<b>INVESTMENT INCOME:</b>		
Dividends	\$ 8,831,101	\$ 129,639
Interest	215,483	3,935
Total investment income	9,046,584	133,574
<b>EXPENSES:</b>		
Investment advisory fees (Note 5)	14,508,524	225,664
Shareholder servicing fees	803,153	17,885
Fund accounting and administration fees	168,328	32,150
Federal and state registration fees	71,764	56,113
Directors fees	59,571	59,571
Reports to shareholders	69,090	1,472
Professional fees	27,930	28,625
Custody fees	26,812	8,361
Interest expense (Note 6)	30,545	2
Miscellaneous expenses	2,049	195
Rule 12b-1 fees – Investor Class Shares (Note 7)	406,855	750
Total expenses	16,174,621	430,788
Fee waiver by Advisor (Note 5)	—	(174,285)
Net expenses	16,174,621	256,503
<b>NET INVESTMENT LOSS</b>	<b>(7,128,037)</b>	<b>(122,929)</b>
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS:</b>		
Net realized gain on investments	291,556,478	2,179,765
Net change in unrealized appreciation on investments	318,460,636	11,277,721
Net realized and unrealized gain on investments	610,017,114	13,457,486
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$602,889,077</b>	<b>\$13,334,557</b>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Operations

Year Ended December 31, 2020

	Baird Small/Mid Cap Value Fund	Baird SmallCap Value Fund
<b>INVESTMENT INCOME:</b>		
Dividends (net of issuance fees and/or foreign taxes withheld of \$2,518 and \$5,647, respectively)	\$ 340,801	\$ 298,411
Interest	4,522	6,006
Other income	701	1,347
Total investment income	346,024	305,764
<b>EXPENSES:</b>		
Investment advisory fees (Note 5)	158,831	224,344
Directors fees	59,571	59,571
Federal and state registration fees	47,291	53,254
Fund accounting and administration fees	34,567	35,393
Professional fees	27,946	28,103
Shareholder servicing fees	18,634	28,417
Reports to shareholders	1,541	1,618
Custody fees	1,256	1,423
Miscellaneous expenses	411	883
Rule 12b-1 fees – Investor Class Shares (Note 7)	828	1,323
Total expenses	350,876	434,329
Fee waiver by Advisor (Note 5)	(170,040)	(182,269)
Net expenses	180,836	252,060
<b>NET INVESTMENT INCOME</b>	<b>165,188</b>	<b>53,704</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:</b>		
Net realized loss on investments	(860,611)	(2,166,119)
Net change in unrealized appreciation on investments	878,323	2,348,969
Net realized and unrealized gain on investments	17,712	182,850
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 182,900</b>	<b>\$ 236,554</b>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Operations

Year Ended December 31, 2020

	Chautauqua International Growth Fund	Chautauqua Global Growth Fund
<b>INVESTMENT INCOME:</b>		
Dividends (net of issuance fees and/or foreign taxes withheld of \$253,944 and \$60,466, respectively)	\$ 1,850,132	\$ 531,460
Interest	46,571	14,934
Other income	4,362	1,018
Total investment income	<u>1,901,065</u>	<u>547,412</u>
<b>EXPENSES:</b>		
Investment advisory fees (Note 5)	1,631,915	647,641
Federal and state registration fees	60,973	55,522
Directors fees	59,571	59,571
Fund accounting and administration fees	54,329	45,985
Shareholder servicing fees	60,680	32,327
Custody fees	46,984	24,801
Professional fees	31,273	31,153
Reports to shareholders	6,367	3,092
Miscellaneous expenses	2,513	655
Rule 12b-1 fees – Investor Class Shares (Note 7)	2,571	3,902
Total expenses	<u>1,957,176</u>	<u>904,649</u>
Fee waiver by Advisor (Note 5)	(213,896)	(209,930)
Net expenses	<u>1,743,280</u>	<u>694,719</u>
<b>NET INVESTMENT INCOME (LOSS)</b>	<u>157,785</u>	<u>(147,307)</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSLATION:</b>		
Net realized gain (loss) on investments (net of foreign taxes withheld of \$676 and \$0, respectively)	3,840,351	(666,978)
Net realized gain on foreign currency translation	1,689	28,534
Net change in unrealized appreciation on investments	81,505,309	34,020,688
Net change in unrealized appreciation (depreciation) on foreign currency translation	5,661	(3,704)
Net realized and unrealized gain on investments	<u>85,353,010</u>	<u>33,378,540</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>\$85,510,795</u>	<u>\$33,231,233</u>

*The accompanying notes are an integral part of these financial statements.*



# Statements of Changes in Net Assets

Baird MidCap Fund

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>OPERATIONS:</b>		
Net investment loss	\$ (7,128,037)	\$ (1,758,440)
Net realized gain on investments	291,556,478	113,591,259
Net change in unrealized appreciation on investments	318,460,636	445,197,148
Net increase in net assets resulting from operations	602,889,077	557,029,967
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	462,769,490	658,933,497
Shares issued to holders in reinvestment of distributions	163,266,379	92,604,419
Cost of shares redeemed	(736,918,649)	(650,544,300)
Net increase (decrease) in net assets resulting from capital share transactions	(110,882,780)	100,993,616
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Net distributions to shareholders:		
Institutional Class	(181,775,657)	(109,134,740)
Investor Class	(18,567,375)	(7,559,012)
Total net distributions to shareholders	(200,343,032)	(116,693,752)
<b>TOTAL INCREASE IN NET ASSETS</b>	291,663,265	541,329,831
<b>NET ASSETS:</b>		
Beginning of year	1,974,162,413	1,432,832,582
End of year	<u>\$2,265,825,678</u>	<u>\$1,974,162,413</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Changes in Net Assets

## Baird Small/Mid Cap Growth Fund

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>OPERATIONS:</b>		
Net investment loss	\$ (122,929)	\$ (32,973)
Net realized gain (loss) on investments	2,179,765	(32,734)
Net change in unrealized appreciation on investments	11,277,721	3,511,422
Net increase in net assets resulting from operations	13,334,557	3,445,715
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	24,212,271	9,941,887
Shares issued to holders in reinvestment of distributions	916,495	—
Cost of shares redeemed	(4,275,076)	(2,104,855)
Net increase in net assets resulting from capital share transactions	20,853,690	7,837,032
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Net distributions to shareholders:		
Institutional Class	(934,480)	—
Investor Class	(11,948)	—
Total net distributions to shareholders	(946,428)	—
<b>TOTAL INCREASE IN NET ASSETS</b>	33,241,819	11,282,747
<b>NET ASSETS:</b>		
Beginning of year	18,572,852	7,290,105
End of year	<u>\$51,814,671</u>	<u>\$18,572,852</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Changes in Net Assets

## Baird Small/Mid Cap Value Fund

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>OPERATIONS:</b>		
Net investment income	\$ 165,188	\$ 228,828
Net realized gain (loss) on investments	(860,611)	346,989
Net change in unrealized appreciation on investments	878,323	2,878,359
Net increase in net assets resulting from operations	182,900	3,454,176
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	7,507,607	6,171,911
Shares issued to holders in reinvestment of distributions	137,203	167,707
Cost of shares redeemed	(9,442,201)	(2,097,080)
Net increase (decrease) in net assets resulting from capital share transactions	(1,797,391)	4,242,538
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Net distributions to shareholders:		
Institutional Class	(163,070)	(208,297)
Investor Class	(50)	(3,681)
Total net distributions to shareholders	(163,120)	(211,978)
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>	<b>(1,777,611)</b>	<b>7,484,736</b>
<b>NET ASSETS:</b>		
Beginning of year	24,886,877	17,402,141
End of year	<u>\$23,109,266</u>	<u>\$24,886,877</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Changes in Net Assets

## Baird SmallCap Value Fund

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>OPERATIONS:</b>		
Net investment income	\$ 53,704	\$ 284,077
Net realized gain (loss) on investments	(2,166,119)	2,315,161
Net change in unrealized appreciation on investments	<u>2,348,969</u>	<u>2,792,139</u>
Net increase in net assets resulting from operations	<u>236,554</u>	<u>5,391,377</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	4,992,494	4,097,702
Shares issued to holders in reinvestment of distributions	1,383,444	184,267
Cost of shares redeemed	<u>(8,125,553)</u>	<u>(5,124,745)</u>
Net decrease in net assets resulting from capital share transactions	<u>(1,749,615)</u>	<u>(842,776)</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Net distributions to shareholders:		
Institutional Class	(1,581,926)	(223,517)
Investor Class	<u>(14,822)</u>	<u>(3,885)</u>
Total net distributions to shareholders	<u>(1,596,748)</u>	<u>(227,402)</u>
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>	<b>(3,109,809)</b>	<b>4,321,199</b>
<b>NET ASSETS:</b>		
Beginning of year	<u>33,833,864</u>	<u>29,512,665</u>
End of year	<u><u>\$30,724,055</u></u>	<u><u>\$33,833,864</u></u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Changes in Net Assets

## Chautauqua International Growth Fund

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>OPERATIONS:</b>		
Net investment income	\$ 157,785	\$ 3,654,520
Net realized gain (loss) on investments and foreign currency translation	3,842,040	(6,741,312)
Net change in unrealized appreciation on investments and foreign currency translation	81,510,970	32,743,535
Net increase in net assets resulting from operations	<u>85,510,795</u>	<u>29,656,743</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	91,388,589	77,073,338
Shares issued to holders in reinvestment of distributions	1,730,938	2,901,751
Cost of shares redeemed	(28,256,851)	(19,364,200)
Redemption fees	<u>35,222</u>	<u>32,973</u>
Net increase in net assets resulting from capital share transactions	<u>64,897,898</u>	<u>60,643,862</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Net distributions to shareholders:		
Institutional Class	(2,104,798)	(3,632,612)
Investor Class	<u>(1,953)</u>	<u>(26,317)</u>
Total net distributions to shareholders	<u>(2,106,751)</u>	<u>(3,658,929)</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	148,301,942	86,641,676
<b>NET ASSETS:</b>		
Beginning of year	174,169,166	87,527,490
End of year	<u>\$322,471,108</u>	<u>\$174,169,166</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Changes in Net Assets

## Chautauqua Global Growth Fund

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>OPERATIONS:</b>		
Net investment income (loss)	\$ (147,307)	\$ 792,759
Net realized loss on investments and foreign currency translation	(638,444)	(157,584)
Net change in unrealized appreciation on investments and foreign currency translation	34,016,984	11,322,762
Net increase in net assets resulting from operations	33,231,233	11,957,937
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	62,986,909	15,333,359
Shares issued to holders in reinvestment of distributions	554,641	688,936
Cost of shares redeemed	(14,586,110)	(7,222,512)
Redemption fees	33,841	3,722
Net increase in net assets resulting from capital share transactions	48,989,281	8,803,505
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Net distributions to shareholders:		
Institutional Class	(635,729)	(847,342)
Investor Class	(4,036)	(21,289)
Total net distributions to shareholders	(639,765)	(868,631)
<b>TOTAL INCREASE IN NET ASSETS</b>	<b>81,580,749</b>	<b>19,892,811</b>
<b>NET ASSETS:</b>		
Beginning of year	57,438,201	37,545,390
End of year	<u>\$139,018,950</u>	<u>\$57,438,201</u>

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird MidCap Fund – Institutional Class

	Year Ended December 31,				
	2020	2019	2018	2017	2016
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$22.90	\$17.72	\$19.16	\$15.80	\$14.99
<b>Income from investment operations:</b>					
Net investment loss <sup>(1)</sup>	(0.08)	(0.02)	(0.03)	(0.03)	(0.02)
Net realized and unrealized gains (losses) on investments	7.99	6.44	(0.30)	4.28	0.83
Total from investment operations	7.91	6.42	(0.33)	4.25	0.81
<b>Less distributions:</b>					
Distributions from net realized gains	(2.64)	(1.24)	(1.11)	(0.89)	—
Total distributions	(2.64)	(1.24)	(1.11)	(0.89)	—
<b>Net asset value, end of year</b>	<b>\$28.17</b>	<b>\$22.90</b>	<b>\$17.72</b>	<b>\$19.16</b>	<b>\$15.80</b>
<b>Total return</b>	<b>34.81%</b>	<b>36.31%</b>	<b>(1.61)%</b>	<b>26.88%</b>	<b>5.40%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$2,065.5	\$1,825.8	\$1,337.4	\$1,279.6	\$1,105.1
Ratio of expenses to average net assets	0.82%	0.82%	0.81%	0.83%	0.82%
Ratio of net investment loss to average net assets	(0.35)%	(0.07)%	(0.15)%	(0.17)%	(0.14)%
Portfolio turnover rate <sup>(2)</sup>	47%	43%	38%	45%	57%

(1) Calculated using average shares outstanding during the year.

(2) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird MidCap Fund – Investor Class

	Year Ended December 31,				
	2020	2019	2018	2017	2016
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$21.53	\$16.76	\$18.23	\$15.10	\$14.36
<b>Income from investment operations:</b>					
Net investment loss <sup>(1)</sup>	(0.14)	(0.07)	(0.08)	(0.07)	(0.06)
Net realized and unrealized gains (losses) on investments	7.47	6.08	(0.28)	4.09	0.80
Total from investment operations	7.33	6.01	(0.36)	4.02	0.74
<b>Less distributions:</b>					
Distributions from net realized gains	(2.64)	(1.24)	(1.11)	(0.89)	—
Total distributions	(2.64)	(1.24)	(1.11)	(0.89)	—
<b>Net asset value, end of year</b>	<u>\$26.22</u>	<u>\$21.53</u>	<u>\$16.76</u>	<u>\$18.23</u>	<u>\$15.10</u>
<b>Total return</b>	34.32%	35.94%	(1.86)%	26.61%	5.08%
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$200.3	\$148.3	\$95.5	\$111.4	\$137.2
Ratio of expenses to average net assets	1.07%	1.07%	1.06%	1.08%	1.07%
Ratio of net investment loss to average net assets	(0.60)%	(0.32)%	(0.40)%	(0.42)%	(0.39)%
Portfolio turnover rate <sup>(2)</sup>	47%	43%	38%	45%	57%

(1) Calculated using average shares outstanding during the year.

(2) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.

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# Financial Highlights

## Baird Small/Mid Cap Growth Fund – Institutional Class

	Year Ended December 31,		Period Ended
	2020	2019	December 31, 2018 <sup>(1)</sup>
<b>Per Share Data:</b>			
Net asset value, beginning of period	\$12.26	\$ 8.95	\$10.00
<b>Income from investment operations:</b>			
Net investment loss <sup>(2)</sup>	(0.06)	(0.03)	(0.00) <sup>(3)</sup>
Net realized and unrealized gains (losses) on investments	5.52	3.34	(1.05)
Total from investment operations	5.46	3.31	(1.05)
<b>Less distributions:</b>			
Distributions from net realized gains	(0.33)	—	—
Total distributions	(0.33)	—	—
<b>Net asset value, end of period</b>	<b>\$17.39</b>	<b>\$12.26</b>	<b>\$ 8.95</b>
<b>Total return</b>	<b>44.57%</b>	<b>36.98%</b>	<b>(10.50)%<sup>(4)</sup></b>
<b>Supplemental data and ratios:</b>			
Net assets, end of period (millions)	\$51.2	\$18.3	\$7.3
Ratio of expenses to average net assets	0.85%	0.85%	0.85% <sup>(5)</sup>
Ratio of expenses to average net assets (before waivers)	1.43%	2.10%	3.88% <sup>(5)</sup>
Ratio of net investment loss to average net assets	(0.41)%	(0.25)%	(0.03)% <sup>(5)</sup>
Ratio of net investment loss to average net assets (before waivers)	(0.99)%	(1.50)%	(3.06)% <sup>(5)</sup>
Portfolio turnover rate <sup>(6)</sup>	65%	60%	9% <sup>(4)</sup>

(1) Inception was close of business on October 31, 2018.

(2) Calculated using average shares outstanding during the period.

(3) Amount is less than \$0.005.

(4) Not annualized.

(5) Annualized.

(6) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird Small/Mid Cap Growth Fund – Investor Class

	Year Ended December 31,		Period Ended
	2020	2019	December 31, 2018 <sup>(1)</sup>
<b>Per Share Data:</b>			
Net asset value, beginning of period	\$12.21	\$ 8.94	\$10.00
<b>Income from investment operations:</b>			
Net investment loss <sup>(2)</sup>	(0.09)	(0.06)	(0.00) <sup>(3)</sup>
Net realized and unrealized gains (losses) on investments	5.46	3.33	(1.06)
Total from investment operations	5.37	3.27	(1.06)
<b>Less distributions:</b>			
Distributions from net realized gains	(0.33)	—	—
Total distributions	(0.33)	—	—
<b>Net asset value, end of period</b>	<b>\$17.25</b>	<b>\$12.21</b>	<b>\$ 8.94</b>
<b>Total return</b>	<b>43.89%</b>	<b>36.69%</b>	<b>(10.60)%<sup>(4)</sup></b>
<b>Supplemental data and ratios:</b>			
Net assets, end of period (thousands)	\$661.0	\$287.3	\$8.9
Ratio of expenses to average net assets	1.10%	1.10%	1.10% <sup>(5)</sup>
Ratio of expenses to average net assets (before waivers)	1.68%	2.35%	4.13% <sup>(5)</sup>
Ratio of net investment loss to average net assets	(0.66)%	(0.50)%	(0.28)% <sup>(5)</sup>
Ratio of net investment loss to average net assets (before waivers)	(1.24)%	(1.75)%	(3.31)% <sup>(5)</sup>
Portfolio turnover rate <sup>(6)</sup>	65%	60%	9% <sup>(4)</sup>

(1) Inception was close of business on October 31, 2018.

(2) Calculated using average shares outstanding during the period.

(3) Amount is less than \$0.005.

(4) Not annualized.

(5) Annualized.

(6) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird Small/Mid Cap Value Fund – Institutional Class

	Year Ended December 31,				
	2020	2019	2018	2017	2016
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$12.32	\$10.51	\$12.43	\$10.29	\$ 9.52
<b>Income from investment operations:</b>					
Net investment income <sup>(1)</sup>	0.08	0.12	0.04	0.07	0.13
Net realized and unrealized gains (losses) on investments	(0.02) <sup>(5)</sup>	1.80	(1.92)	2.14	0.72
Total from investment operations	0.06	1.92	(1.88)	2.21	0.85
<b>Less distributions:</b>					
Distributions from net investment income	(0.09)	(0.11)	(0.04)	(0.07)	(0.08)
Distributions from net realized gains	—	—	(0.00) <sup>(2)</sup>	(0.00) <sup>(2)</sup>	—
Total distributions	(0.09)	(0.11)	(0.04)	(0.07)	(0.08)
<b>Net asset value, end of year</b>	<u>\$12.29</u>	<u>\$12.32</u>	<u>\$10.51</u>	<u>\$12.43</u>	<u>\$10.29</u>
<b>Total return</b>	0.48%	18.23%	(15.11)%	21.48%	8.91%
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$23.0	\$24.3	\$17.1	\$16.9	\$11.9
Ratio of expenses to average net assets	0.85%	0.85%	0.94% <sup>(3)</sup>	0.95%	0.95%
Ratio of expenses to average net assets (before waivers)	1.65%	1.59%	1.75%	1.91%	2.86%
Ratio of net investment income to average net assets	0.78%	1.04%	0.34%	0.62%	1.35%
Ratio of net investment income (loss) to average net assets (before waivers)	(0.02)%	0.30%	(0.47)%	(0.34)%	(0.56)%
Portfolio turnover rate <sup>(4)</sup>	84%	37%	34%	60%	38%

(1) Calculated using average shares outstanding during the year.

(2) Amount is less than \$0.005.

(3) Blended rate. Pursuant to the Expense Cap/Reimbursement Agreement effective December 1, 2018, the expense cap decreased to 0.85%. Prior to December 1, 2018, the expense cap was 0.95%.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.

(5) Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the statement of operations.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird Small/Mid Cap Value Fund – Investor Class

	Year Ended December 31,				
	2020	2019	2018	2017	2016
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$12.27	\$10.48	\$12.40	\$10.28	\$ 9.52
<b>Income from investment operations:</b>					
Net investment income <sup>(1)</sup>	0.06	0.09	0.01	0.04	0.11
Net realized and unrealized gains (losses) on investments	(0.04) <sup>(5)</sup>	1.78	(1.90)	2.13	0.71
Total from investment operations	0.02	1.87	(1.89)	2.17	0.82
<b>Less distributions:</b>					
Distributions from net investment income	(0.01)	(0.08)	(0.03)	(0.05)	(0.06)
Distributions from net realized gains	—	—	(0.00) <sup>(2)</sup>	(0.00) <sup>(2)</sup>	—
Total distributions	(0.01)	(0.08)	(0.03)	(0.05)	(0.06)
<b>Net asset value, end of year</b>	<u>\$12.28</u>	<u>\$12.27</u>	<u>\$10.48</u>	<u>\$12.40</u>	<u>\$10.28</u>
<b>Total return</b>	0.15%	17.86%	(15.25)%	21.08%	8.64%
<b>Supplemental data and ratios:</b>					
Net assets, end of year (thousands)	\$79.1	\$560.4	\$341.5	\$86.1	\$53.2
Ratio of expenses to average net assets	1.10%	1.10%	1.19% <sup>(3)</sup>	1.20%	1.20%
Ratio of expenses to average net assets (before waivers)	1.90%	1.84%	2.00%	2.16%	3.11%
Ratio of net investment income to average net assets	0.53%	0.79%	0.09%	0.37%	1.10%
Ratio of net investment income (loss) to average net assets (before waivers)	(0.27)%	0.05%	(0.72)%	(0.59)%	(0.81)%
Portfolio turnover rate <sup>(4)</sup>	84%	37%	34%	60%	38%

(1) Calculated using average shares outstanding during the year.

(2) Amount is less than \$0.005.

(3) Blended rate. Pursuant to the Expense Cap/Reimbursement Agreement effective December 1, 2018, the expense cap decreased to 1.10%. Prior to December 1, 2018, the expense cap was 1.20%.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.

(5) Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the statement of operations.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird SmallCap Value Fund – Institutional Class

	Year Ended December 31,				
	2020	2019	2018	2017	2016
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$15.96	\$13.58	\$16.99	\$14.83	\$13.03
<b>Income from investment operations:</b>					
Net investment income <sup>(1)</sup>	0.03	0.13	0.05	0.09	0.21
Net realized and unrealized gains (losses) on investments	0.43 <sup>(4)</sup>	2.36	(2.85)	2.59	1.76
Total from investment operations	0.46	2.49	(2.80)	2.68	1.97
<b>Less distributions:</b>					
Distributions from net investment income	(0.03)	(0.11)	(0.06)	(0.09)	(0.17)
Distributions from net realized gains	(0.83)	—	(0.55)	(0.43)	—
Total distributions	(0.86)	(0.11)	(0.61)	(0.52)	(0.17)
<b>Net asset value, end of year</b>	<u>\$15.56</u>	<u>\$15.96</u>	<u>\$13.58</u>	<u>\$16.99</u>	<u>\$14.83</u>
<b>Total return</b>	2.85%	18.40%	(16.45)%	18.05%	15.11%
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$30.4	\$33.0	\$28.8	\$33.6	\$28.2
Ratio of expenses to average net assets	0.95%	0.95%	1.00% <sup>(2)</sup>	1.00%	1.00%
Ratio of expenses to average net assets (before waivers)	1.64%	1.44%	1.38%	1.35%	1.43%
Ratio of net investment income to average net assets	0.21%	0.87%	0.29%	0.61%	1.58%
Ratio of net investment income (loss) to average net assets (before waivers)	(0.48)%	0.38%	(0.09)%	0.26%	1.15%
Portfolio turnover rate <sup>(3)</sup>	61%	55%	36%	30%	49%

- (1) Calculated using average shares outstanding during the year.
- (2) Blended rate. Pursuant to the Expense Cap/Reimbursement Agreement effective December 1, 2018, the expense cap decreased to 0.95%. Prior to December 1, 2018, the expense cap was 1.00%.
- (3) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.
- (4) Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the statement of operations.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird SmallCap Value Fund – Investor Class

	Year Ended December 31,				
	2020	2019	2018	2017	2016
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$15.97	\$13.58	\$16.97	\$14.81	\$12.99
<b>Income from investment operations:</b>					
Net investment income (loss) <sup>(1)</sup>	(0.01)	0.09	0.01	0.06	0.18
Net realized and unrealized gains (losses) on investments	0.42 <sup>(4)</sup>	2.37	(2.85)	2.58	1.75
Total from investment operations	0.41	2.46	(2.84)	2.64	1.93
<b>Less distributions:</b>					
Distributions from net investment income	(0.03)	(0.07)	—	(0.05)	(0.11)
Distributions from net realized gains	(0.83)	—	(0.55)	(0.43)	—
Total distributions	(0.86)	(0.07)	(0.55)	(0.48)	(0.11)
<b>Net asset value, end of year</b>	<u>\$15.52</u>	<u>\$15.97</u>	<u>\$13.58</u>	<u>\$16.97</u>	<u>\$14.81</u>
<b>Total return</b>	2.54%	18.19%	(16.71)%	17.78%	14.84%
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$0.3	\$0.9	\$0.8	\$2.6	\$2.6
Ratio of expenses to average net assets	1.20%	1.20%	1.25% <sup>(2)</sup>	1.25%	1.25%
Ratio of expenses to average net assets (before waivers)	1.89%	1.69%	1.63%	1.60%	1.68%
Ratio of net investment income (loss) to average net assets	(0.04)%	0.62%	0.04%	0.36%	1.33%
Ratio of net investment income (loss) to average net assets (before waivers)	(0.73)%	0.13%	(0.34)%	0.01%	0.90%
Portfolio turnover rate <sup>(3)</sup>	61%	55%	36%	30%	49%

- (1) Calculated using average shares outstanding during the year.
- (2) Blended rate. Pursuant to the Expense Cap/Reimbursement Agreement effective December 1, 2018, the expense cap decreased to 1.20%. Prior to December 1, 2018, the expense cap was 1.25%.
- (3) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.
- (4) Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the statement of operations.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Chautauqua International Growth Fund – Institutional Class

	Year Ended December 31,				Period Ended December 31,
	2020	2019	2018	2017	2016 <sup>(1)</sup>
<b>Per Share Data:</b>					
Net asset value, beginning of period	\$12.62	\$10.17	\$12.59	\$ 9.57	\$10.00
<b>Income from investment operations:</b>					
Net investment income <sup>(2)</sup>	0.01	0.30	0.06	0.04	0.00 <sup>(3)</sup>
Net realized and unrealized gains (losses) on investments and foreign currency translation	5.00	2.42	(2.19)	3.41	(0.43)
Total from investment operations	5.01	2.72	(2.13)	3.45	(0.43)
<b>Less distributions:</b>					
Distributions from net investment income	(0.12)	(0.27)	(0.06)	(0.02)	—
Distributions from net realized gains	—	—	(0.23)	(0.41)	—
Total distributions	(0.12)	(0.27)	(0.29)	(0.43)	—
<b>Paid in capital from redemption fees</b>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	—
<b>Net asset value, end of period</b>	<u>\$17.51</u>	<u>\$12.62</u>	<u>\$10.17</u>	<u>\$12.59</u>	<u>\$ 9.57</u>
<b>Total return</b>	39.84%	26.72%	(16.94)%	36.11%	(4.30)% <sup>(4)</sup>
<b>Supplemental data and ratios:</b>					
Net assets, end of period (millions)	\$321.8	\$172.7	\$85.4	\$74.2	\$14.8
Ratio of expenses to average net assets	0.80%	0.80%	0.94% <sup>(5)</sup>	0.95%	0.95% <sup>(6)</sup>
Ratio of expenses to average net assets (before waivers)	0.90%	0.96%	1.07%	1.20%	2.32% <sup>(6)</sup>
Ratio of net investment income to average net assets	0.07%	2.56%	0.51%	0.30%	0.06% <sup>(6)</sup>
Ratio of net investment income (loss) to average net assets (before waivers)	(0.03)%	2.40%	0.38%	0.05%	(1.31)% <sup>(6)</sup>
Portfolio turnover rate <sup>(7)</sup>	31%	31%	42%	71%	73% <sup>(4)</sup>

(1) Inception was close of business on April 15, 2016.

(2) Calculated using average shares outstanding during the period.

(3) Amount is less than \$0.005.

(4) Not annualized.

(5) Blended rate. Pursuant to the Expense Cap/Reimbursement Agreement effective December 1, 2018, the expense cap decreased to 0.80%. Prior to December 1, 2018, the expense cap was 0.95%.

(6) Annualized.

(7) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Chautauqua International Growth Fund – Investor Class

	Year Ended December 31,				Period Ended December 31,
	2020	2019	2018	2017	2016 <sup>(1)</sup>
<b>Per Share Data:</b>					
Net asset value, beginning of period	\$12.60	\$10.15	\$12.57	\$ 9.56	\$10.00
<b>Income from investment operations:</b>					
Net investment income (loss) <sup>(2)</sup>	(0.02)	0.27	0.03	0.01	(0.01)
Net realized and unrealized gains (losses) on investments and foreign currency translation	4.95 <sup>(8)</sup>	2.41	(2.19)	3.41	(0.44)
Total from investment operations	4.93	2.68	(2.16)	3.42	(0.45)
<b>Less distributions:</b>					
Distributions from net investment income	(0.05)	(0.23)	(0.03)	(0.00) <sup>(3)</sup>	—
Distributions from net realized gains	—	—	(0.23)	(0.41)	—
Total distributions	(0.05)	(0.23)	(0.26)	(0.41)	—
<b>Paid in capital from redemption fees</b>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.01
<b>Net asset value, end of period</b>	<u>\$17.48</u>	<u>\$12.60</u>	<u>\$10.15</u>	<u>\$12.57</u>	<u>\$ 9.56</u>
<b>Total return</b>	39.37%	26.42%	(17.21)%	35.86%	(4.40)% <sup>(4)</sup>
<b>Supplemental data and ratios:</b>					
Net assets, end of period (millions)	\$0.7	\$1.5	\$2.1	\$1.6	\$0.3
Ratio of expenses to average net assets	1.05%	1.05%	1.19% <sup>(5)</sup>	1.20%	1.20% <sup>(6)</sup>
Ratio of expenses to average net assets (before waivers)	1.15%	1.21%	1.32%	1.45%	2.58% <sup>(6)</sup>
Ratio of net investment income (loss) to average net assets	(0.18)%	2.31%	0.26%	0.05%	(0.19)% <sup>(6)</sup>
Ratio of net investment income (loss) to average net assets (before waivers)	(0.28)%	2.15%	0.13%	(0.20)%	(1.57)% <sup>(6)</sup>
Portfolio turnover rate <sup>(7)</sup>	31%	31%	42%	71%	73% <sup>(4)</sup>

(1) Inception was close of business on April 15, 2016.

(2) Calculated using average shares outstanding during the period.

(3) Amount is less than \$0.005.

(4) Not annualized.

(5) Blended rate. Pursuant to the Expense Cap/Reimbursement Agreement effective December 1, 2018, the expense cap decreased to 1.05%. Prior to December 1, 2018, the expense cap was 1.20%.

(6) Annualized.

(7) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.

(8) Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the statement of operations.

*The accompanying notes are an integral part of these financial statements.*



# Financial Highlights

## Chautauqua Global Growth Fund – Institutional Class

	Year Ended December 31,				Period Ended December 31,
	2020	2019	2018	2017	2016 <sup>(1)</sup>
<b>Per Share Data:</b>					
Net asset value, beginning of period	\$14.47	\$11.29	\$13.43	\$10.09	\$10.00
<b>Income from investment operations:</b>					
Net investment income (loss) <sup>(2)</sup>	(0.03)	0.22	0.00 <sup>(3)</sup>	(0.04)	(0.01)
Net realized and unrealized gains (losses) on investments and foreign currency translation	5.49	3.18	(1.98)	3.85	0.10
Total from investment operations	5.46	3.40	(1.98)	3.81	0.09
<b>Less distributions:</b>					
Distributions from net investment income	(0.09)	(0.16)	(0.00) <sup>(3)</sup>	—	—
Distributions from net realized gains	—	(0.06)	(0.16)	(0.47)	—
Total distributions	(0.09)	(0.22)	(0.16)	(0.47)	—
<b>Paid in capital from redemption fees</b>	0.01	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	—
<b>Net asset value, end of period</b>	<u>\$19.85</u>	<u>\$14.47</u>	<u>\$11.29</u>	<u>\$13.43</u>	<u>\$10.09</u>
<b>Total return</b>	37.97%	30.14%	(14.70)%	37.75%	0.90% <sup>(4)</sup>
<b>Supplemental data and ratios:</b>					
Net assets, end of period (millions)	\$137.3	\$55.8	\$36.8	\$23.2	\$7.6
Ratio of expenses to average net assets	0.80%	0.80%	0.94% <sup>(5)</sup>	0.95%	0.95% <sup>(6)</sup>
Ratio of expenses to average net assets (before waivers)	1.04%	1.23%	1.34%	2.26%	3.65% <sup>(6)</sup>
Ratio of net investment income (loss) to average net assets	(0.17)%	1.64%	0.01%	(0.30)%	(0.16)% <sup>(6)</sup>
Ratio of net investment income (loss) to average net assets (before waivers)	(0.41)%	1.21%	(0.39)%	(1.61)%	(2.86)% <sup>(6)</sup>
Portfolio turnover rate <sup>(7)</sup>	24%	26%	38%	61%	69% <sup>(4)</sup>

(1) Inception was close of business on April 15, 2016.

(2) Calculated using average shares outstanding during the period.

(3) Amount is less than \$0.005.

(4) Not annualized.

(5) Blended rate. Pursuant to the Expense Cap/Reimbursement Agreement effective December 1, 2018, the expense cap decreased to 0.80%. Prior to December 1, 2018, the expense cap was 0.95%.

(6) Annualized.

(7) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Chautauqua Global Growth Fund – Investor Class

	Year Ended December 31,				Period Ended December 31,
	2020	2019	2018	2017	2016 <sup>(1)</sup>
<b>Per Share Data:</b>					
Net asset value, beginning of period	\$14.36	\$11.22	\$13.37	\$10.08	\$10.00
<b>Income from investment operations:</b>					
Net investment income (loss) <sup>(2)</sup>	(0.06)	0.19	(0.03)	(0.07)	(0.03)
Net realized and unrealized gains (losses) on investments and foreign currency translation	5.44	3.15	(1.96)	3.83	0.11
Total from investment operations	5.38	3.34	(1.99)	3.76	0.08
<b>Less distributions:</b>					
Distributions from net investment income	(0.05)	(0.14)	—	—	—
Distributions from net realized gains	—	(0.06)	(0.16)	(0.47)	—
Total distributions	(0.05)	(0.20)	(0.16)	(0.47)	—
<b>Paid in capital from redemption fees</b>	0.05	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>
<b>Net asset value, end of period</b>	<u>\$19.74</u>	<u>\$14.36</u>	<u>\$11.22</u>	<u>\$13.37</u>	<u>\$10.08</u>
<b>Total return</b>	37.94%	29.73%	(14.86)%	37.29%	0.80% <sup>(4)</sup>
<b>Supplemental data and ratios:</b>					
Net assets, end of period (millions)	\$1.7	\$1.6	\$0.7	\$0.7	\$0.2
Ratio of expenses to average net assets	1.05%	1.05%	1.19% <sup>(5)</sup>	1.20%	1.20% <sup>(6)</sup>
Ratio of expenses to average net assets (before waivers)	1.29%	1.48%	1.59%	2.51%	3.90% <sup>(6)</sup>
Ratio of net investment income (loss) to average net assets	(0.42)%	1.39%	(0.24)%	(0.55)%	(0.41)% <sup>(6)</sup>
Ratio of net investment income (loss) to average net assets (before waivers)	(0.66)%	0.96%	(0.64)%	(1.86)%	(3.11)% <sup>(6)</sup>
Portfolio turnover rate <sup>(7)</sup>	24%	26%	38%	61%	69% <sup>(4)</sup>

(1) Inception was close of business on April 15, 2016.

(2) Calculated using average shares outstanding during the period.

(3) Amount is less than \$0.005.

(4) Not annualized.

(5) Blended rate. Pursuant to the Expense Cap/Reimbursement Agreement effective December 1, 2018, the expense cap decreased to 1.05%. Prior to December 1, 2018, the expense cap was 1.20%.

(6) Annualized.

(7) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued and excludes in-kind transactions, where applicable.

*The accompanying notes are an integral part of these financial statements.*

# Notes to the Financial Statements

December 31, 2020

## 1. Organization

Baird Funds, Inc. (the “Corporation”) was incorporated on June 9, 2000, as a Wisconsin corporation and is registered as an open-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). The accompanying financial statements include the Baird MidCap Fund, the Baird Small/Mid Cap Growth Fund, the Baird Small/Mid Cap Value Fund, the Baird SmallCap Value Fund, the Chautauqua International Growth Fund and the Chautauqua Global Growth Fund (each a “Fund” and collectively the “Funds”), six of the sixteen active funds in the series comprising the Corporation. Pursuant to the 1940 Act, the Funds are “diversified” series of the Corporation. The investment advisor to the Funds is Robert W. Baird & Co. Incorporated (“Baird” or the “Advisor”). The Funds are investment companies and therefore follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946, *Financial Services – Investment Companies*.

The following table presents the class-specific inception dates for each of the Funds:

Fund	Inception Date	
	Institutional Class	Investor Class
Baird MidCap Fund	December 29, 2000	December 29, 2000
Baird Small/Mid Cap Growth Fund	October 31, 2018	October 31, 2018
Baird Small/Mid Cap Value Fund	November 30, 2015	November 30, 2015
Baird SmallCap Value Fund	May 1, 2012	May 1, 2012
Chautauqua International Growth Fund	April 15, 2016	April 15, 2016
Chautauqua Global Growth Fund	April 15, 2016	April 15, 2016

Institutional Class shares are not subject to a distribution and service (12b-1) fee, while Investor Class shares are subject to a distribution and service (12b-1) fee up to 0.25%. See Note 7.

The Baird MidCap Fund seeks long-term growth of capital through investments in equity securities of mid-capitalization companies.

The Baird Small/Mid Cap Growth Fund seeks long-term growth of capital through investments in equity securities of small- and mid-capitalization companies.

The Baird Small/Mid Cap Value Fund seeks long-term capital appreciation through investments in a diversified portfolio of common stocks of companies with small-to-medium market capitalizations.

The Baird SmallCap Value Fund seeks long-term capital appreciation through investments in a diversified portfolio of common stocks of companies with small market capitalizations.

The Chautauqua International Growth Fund seeks to provide long-term capital appreciation. The Fund invests primarily in equity securities of non-U.S. companies with medium to large market capitalizations.

The Chautauqua Global Growth Fund seeks to provide long-term capital appreciation. The Fund invests primarily in equity securities of both U.S. and non-U.S. companies with medium to large market capitalizations.

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the 1940 Act. On December 31, 2020, entities affiliated with the Advisor held 53% of the Baird Small/Mid Cap Growth Fund, 64% of the Baird Small/Mid Cap Value Fund, 61% of the Baird SmallCap Value Fund, and 31% of the Chautauqua Global Growth Fund. These shareholders included the Baird Foundation.

## 2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

# Notes to the Financial Statements

December 31, 2020

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## 2. Significant Accounting Policies (cont.)

- a) **Investment Valuation** – Section 2(a)(41) of the 1940 Act, together with the rules and interpretations of the U.S. Securities and Exchange Commission (the “SEC”) require the Funds, in computing net asset value, to value their portfolio securities using market quotations when they are “readily available.” When market quotations are not readily available (e.g., because there is no regular market quotation for such securities, the market for such security is limited, the validity of quotations is questionable or, for debt securities, the Funds’ independent pricing service does not provide a price), the Board of Directors (the “Board”) of the Corporation is responsible for ensuring the securities are valued at “fair value determined in good faith.” The Board has delegated such responsibility to the Advisor pursuant to pricing policies and procedures that the Board has adopted and regularly reviews. In general, the “fair value” of a security means the price that would be received to sell a security in an orderly transaction between market participants at the measurement date.

The Funds determine the fair value of their investments and compute their net asset value per share as of the close of regular trading of the New York Stock Exchange (4:00 p.m. ET).

Consistent with Section 2(a)(41) of the 1940 Act, the Funds price their securities as follows: common stocks that are listed on a securities exchange (other than NASDAQ) are valued at the last quoted sale price. Securities traded on NASDAQ are valued at the NASDAQ Official Closing Price. Price information on listed stocks is taken from the exchange where the security is primarily traded. Securities that were not traded on the valuation date, as well as stocks that are not listed on an exchange, including NASDAQ, are valued at the average of the current bid and ask price. Debt securities are valued at their evaluated bid prices as provided by an independent pricing service using valuation methods that are designed to represent fair value, such as matrix pricing and other analytical pricing models, market transactions and dealer quotations. Debt securities purchased with maturities of 60 days or less are valued as described above unless an evaluated price is not available, in which case such security is valued at acquisition cost, plus or minus any amortized discount or premium (“amortized cost”), or, if the Advisor does not believe amortized cost is reflective of the fair value of the security, the security is priced at fair value as described below. Investments in mutual funds, including money market funds, are valued at their stated net asset value (“NAV”). Other assets and securities for which market quotations are not readily available are valued at fair value as determined in good faith by the Advisor in accordance with procedures approved by the Corporation’s Board. In accordance with such procedures, the Advisor may, under certain circumstances, use alternative valuation methodologies, or it may use broker quotes or prices obtained from alternative independent pricing services or, if broker quotes or prices from alternative pricing services are unavailable or deemed to be unreliable, fair value will be determined by a valuation committee of the Advisor. In determining fair value, the valuation committee takes into account factors deemed relevant by the valuation committee and available information. Consequently, the price of the security used by a Fund to calculate its NAV may differ from quoted or published prices for the same security. Fair value pricing involves subjective judgments and there is no single standard for determining a security’s fair value. As a result, different mutual funds could reasonably arrive at a different fair value for the same security. It is possible that the fair value determined for a security is materially different from the value that could be realized upon the sale of that security or from the values that other mutual funds may determine. The prices determined for any individual security on any given day may vary significantly from the amount that can be obtained in an actual sale of that security, and the Funds’ NAV may fluctuate significantly from day to day or from period to period.

The Chautauqua International Growth and Chautauqua Global Growth Funds have retained an independent fair value pricing service to assist in valuing foreign securities in order to adjust for possible changes in value that may occur between the close of the foreign exchange and the time at which the Funds calculate their NAVs. The fair value pricing service uses statistical data based on historical performance of securities and markets, and other data in developing factors used to estimate fair value for that day.

# Notes to the Financial Statements

December 31, 2020

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## 2. Significant Accounting Policies (cont.)

- b) **Foreign Securities** – For purposes of these financial statements, foreign securities are defined as securities issued by companies that are organized outside the United States. Investing in securities of foreign companies and foreign governments involves special risks and considerations not typically associated with investing in U.S. companies and the U.S. government. These risks include foreign currency fluctuations and adverse political and economic developments. Moreover, securities of many foreign companies and foreign governments and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies and the U.S. government. Occasionally, events that affect these values and exchange rates may occur after the close of the exchange on which such securities are traded. If such events materially affect the value of a Fund's securities, these securities may be valued at their fair value pursuant to procedures adopted by the Board.
- c) **Foreign Currency Translation** – Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at date of valuation. Purchases and sales of portfolio securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. When a Fund purchases or sells a foreign security, it will customarily enter into a foreign exchange contract to minimize foreign exchange risk from the trade date to the settlement date of such transaction. The Funds do not isolate the portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held nor currency gains or losses realized between the trade and settlement dates on securities transactions. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Net realized gain (loss) on foreign currency translations include those gains and losses arising from the sale of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign currency transactions, the differences between the amounts of dividends, and foreign withholding taxes recorded on a Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized appreciation (depreciation) on investments includes changes in the value of investments resulting from exchange rates.
- d) **Income Tax Status** – The Funds intend to continue to qualify as regulated investment companies as provided in Subchapter M of the Internal Revenue Code and to distribute substantially all of their taxable income to their shareholders in a manner which results in no tax expense to the Funds. Therefore, no federal income or excise tax provision is recorded.
- There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the year ended December 31, 2020, or for any other tax years which are open for exam. As of December 31, 2020, open tax years include the tax years ended December 31, 2017 through 2020. The Funds are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next 12 months. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as interest expense and other expense, respectively, in the Statement of Operations. During the period, the Funds did not incur any interest or penalties.
- e) **Shareholder Transactions and Distributions** – Shareholder transactions are recorded on trade date. Dividends from net investment income, if any, are declared and paid annually. Distributions of net realized capital gains, if any, are declared and paid at least annually. All distributions to shareholders are recorded on the ex-dividend date. The book basis character of distributions may differ from their ultimate characterization for Federal income tax purposes. GAAP requires that permanent financial reporting and tax differences be reclassified in the capital accounts.
- f) **Allocation of Income and Expenses** – Each Fund is charged for those expenses directly attributable to it. Expenses directly attributable to a class of shares, such as Rule 12b-1 distribution fees, are charged to that class of shares. Income, expenses and realized and unrealized gains and losses are allocated to the classes based on their respective net assets. Expenses that are not directly attributable to a Fund are allocated among the Funds in the series in proportion to their respective assets or are divided equally amongst the Funds.

# Notes to the Financial Statements

December 31, 2020

## 2. Significant Accounting Policies (cont.)

- g) **Use of Estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.
- h) **Securities Transactions and Investment Income** – Investment transactions are recorded on trade date. The Funds determine the gain or loss realized from investment transactions using the identified cost basis. For financial reporting purposes, investment transactions are recorded on the trade date. When a capital gain tax is determined to apply, the Fund may record an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date. Dividend income is recognized on the ex-dividend date net of withholding taxes, if any, and interest income is recognized on an accrual basis. Withholding taxes on foreign dividends have been accounted for in accordance with the Funds' interpretation of applicable tax laws of the countries in which they invest. Distributions received from underlying investments in real estate investment trusts ("REITs") may be classified as dividends, capital gains or return of capital.
- i) **Guarantees and Indemnifications** – In the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds' maximum exposure under these arrangements is unknown and would involve future claims against the Funds that have not yet occurred. Based on experience, the Funds would expect the risk of loss to be remote.
- j) **Other Matters** – The global outbreak of COVID-19 (commonly referred to as "coronavirus") has disrupted economic markets and the prolonged economic impact is uncertain. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, are not known. The operational and financial performance of the issuers of securities in which the Funds invest depends on future developments, including the duration and spread of the outbreak, and such uncertainty may in turn adversely affect the value and liquidity of the Funds' investments, impair the Funds' ability to satisfy redemption requests, and negatively impact the Funds' performance.

## 3. Capital Share Transactions

The following table summarizes the capital share transactions of each Fund for the past two fiscal years:

### Baird MidCap Fund

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Institutional Class Shares</b>				
Shares sold	17,318,781	\$ 405,389,307	28,582,666	\$ 617,683,654
Shares issued to shareholders in reinvestment of distributions	5,260,655	145,088,864	3,751,830	85,204,069
Shares redeemed	(28,981,798)	(679,611,746)	(28,056,428)	(626,508,980)
Net increase (decrease)	(6,402,362)	<u>\$ (129,133,575)</u>	4,278,068	<u>\$ 76,378,743</u>
Shares Outstanding:				
Beginning of year	79,737,647		75,459,579	
End of year	<u>73,335,285</u>		<u>79,737,647</u>	

# Notes to the Financial Statements

December 31, 2020

## 3. Capital Share Transactions (cont.)

### Baird MidCap Fund (cont.)

Investor Class Shares	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
Shares sold	2,665,048	\$ 57,380,183	2,001,794	\$ 41,249,843
Shares issued to shareholders in reinvestment of distributions	707,847	18,177,515	346,621	7,400,350
Shares redeemed	(2,623,729)	(57,306,903)	(1,156,037)	(24,035,320)
Net increase	749,166	\$ 18,250,795	1,192,378	\$ 24,614,873
Shares Outstanding:				
Beginning of year	6,889,569		5,697,191	
End of year	7,638,735		6,889,569	
Total net increase (decrease)		<u>\$(110,882,780)</u>		<u>\$100,993,616</u>

### Baird Small/Mid Cap Growth Fund

Institutional Class Shares	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
Shares sold	1,684,734	\$23,519,261	857,808	\$ 9,686,310
Shares issued to shareholders in reinvestment of distributions	52,529	904,547	—	—
Shares redeemed	(287,296)	(3,832,151)	(179,809)	(2,102,209)
Net increase	1,449,967	<u>\$20,591,657</u>	677,999	<u>\$ 7,584,101</u>
Shares Outstanding:				
Beginning of year	1,491,956		813,957	
End of year	2,941,923		1,491,956	

Investor Class Shares	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
Shares sold	45,645	\$ 693,010	22,746	\$ 255,577
Shares issued to shareholders in reinvestment of distributions	699	11,948	—	—
Shares redeemed	(31,548)	(442,925)	(225)	(2,646)
Net increase	14,796	<u>\$ 262,033</u>	22,521	<u>\$ 252,931</u>
Shares Outstanding:				
Beginning of year	23,521		1,000	
End of year	38,317		23,521	
Total net increase		<u>\$20,853,690</u>		<u>\$7,837,032</u>

# Notes to the Financial Statements

December 31, 2020

## 3. Capital Share Transactions (cont.)

### Baird Small/Mid Cap Value Fund

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Institutional Class Shares</b>				
Shares sold	689,239	\$ 7,452,148	513,710	\$ 6,004,940
Shares issued to shareholders in reinvestment of distributions	11,214	137,153	13,395	164,491
Shares redeemed	(801,809)	(8,974,059)	(175,075)	(2,077,538)
Net increase (decrease)	(101,356)	<u>\$(1,384,758)</u>	352,030	<u>\$ 4,091,893</u>
Shares Outstanding:				
Beginning of year	1,974,781		1,622,751	
End of year	<u>1,873,425</u>		<u>1,974,781</u>	

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Investor Class Shares</b>				
Shares sold	5,288	\$ 55,459	14,425	\$ 166,971
Shares issued to shareholders in reinvestment of distributions	4	50	263	3,216
Shares redeemed	(44,509)	(468,142)	(1,618)	(19,542)
Net increase (decrease)	(39,217)	<u>\$ (412,633)</u>	13,070	<u>\$ 150,645</u>
Shares Outstanding:				
Beginning of year	45,657		32,587	
End of year	<u>6,440</u>		<u>45,657</u>	
Total net increase (decrease)		<u>\$(1,797,391)</u>		<u>\$4,242,538</u>

### Baird SmallCap Value Fund

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Institutional Class Shares</b>				
Shares sold	345,450	\$ 4,859,915	265,753	\$ 4,013,663
Shares issued to shareholders in reinvestment of distributions	89,539	1,374,807	11,374	181,421
Shares redeemed	(543,876)	(7,510,893)	(330,733)	(5,030,908)
Net decrease	(108,887)	<u>\$(1,276,171)</u>	(53,606)	<u>\$ (835,824)</u>
Shares Outstanding:				
Beginning of year	2,064,404		2,118,010	
End of year	<u>1,955,517</u>		<u>2,064,404</u>	



# Notes to the Financial Statements

December 31, 2020

## 3. Capital Share Transactions (cont.)

### Baird SmallCap Value Fund (cont.)

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Investor Class Shares</b>				
Shares sold	8,461	\$ 132,579	5,551	\$ 84,039
Shares issued to shareholders in reinvestment of distributions	564	8,637	178	2,846
Shares redeemed	(45,333)	(614,660)	(6,225)	(93,837)
Net decrease	(36,308)	\$ (473,444)	(496)	\$ (6,952)
Shares Outstanding:				
Beginning of year	55,355		55,851	
End of year	19,047		55,355	
Total net decrease		<u>\$ (1,749,615)</u>		<u>\$ (842,776)</u>

### Chautauqua International Growth Fund

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Institutional Class Shares</b>				
Shares sold	6,655,236	\$ 90,770,906	6,564,998 <sup>(1)</sup>	\$ 76,704,816 <sup>(1)</sup>
Shares issued to shareholders in reinvestment of distributions	100,236	1,729,079	227,632	2,881,816
Shares redeemed	(2,058,055)	(26,613,627)	(1,503,822)	(17,898,951)
Redemption fees	—	34,899	—	32,968
Net increase	4,697,417	\$ 65,921,257	5,288,808	\$ 61,720,649
Shares Outstanding:				
Beginning of year	13,684,014		8,395,206	
End of year	18,381,431		13,684,014	

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Investor Class Shares</b>				
Shares sold	40,351	\$ 617,683	30,595	\$ 368,522
Shares issued to shareholders in reinvestment of distributions	108	1,859	1,577	19,935
Shares redeemed	(119,218)	(1,643,224)	(124,988)	(1,465,249)
Redemption fees	—	323	—	5
Net decrease	(78,759)	\$ (1,023,359)	(92,816)	\$ (1,076,787)
Shares Outstanding:				
Beginning of year	118,654		211,470	
End of year	39,895		118,654	
Total net increase		<u>\$64,897,898</u>		<u>\$60,643,862</u>

<sup>(1)</sup> Includes purchase in-kind transactions. See additional information contained in this Note.

# Notes to the Financial Statements

December 31, 2020

## 3. Capital Share Transactions (cont.)

### Chautauqua Global Growth Fund

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Institutional Class Shares</b>				
Shares sold	3,815,907	\$ 60,626,046	1,067,813	\$14,402,805
Shares issued to shareholders in reinvestment of distributions	28,094	550,653	45,894	667,696
Shares redeemed	(782,203)	(11,881,788)	(516,819)	(6,920,288)
Redemption fees	—	28,770	—	3,644
Net increase	3,061,798	\$ 49,323,681	596,888	\$ 8,153,857
Shares Outstanding:				
Beginning of year	3,858,531		3,261,643	
End of year	6,920,329		3,858,531	

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Investor Class Shares</b>				
Shares sold	146,201	\$ 2,360,863	68,911	\$ 930,554
Shares issued to shareholders in reinvestment of distributions	204	3,988	1,472	21,240
Shares redeemed	(173,322)	(2,704,322)	(22,141)	(302,224)
Redemption fees	—	5,071	—	78
Net increase (decrease)	(26,917)	\$ (334,400)	48,242	\$ 649,648
Shares Outstanding:				
Beginning of year	111,878		63,636	
End of year	84,961		111,878	
Total net increase		\$48,989,281		\$8,803,505

During the year ended December 31, 2019, Chautauqua International Growth Fund satisfied a purchase in-kind request made by a large institutional shareholder by transferring cash and securities into the Fund. The transfer was effected in accordance with policies and procedures approved by the Board. Consideration received and shares sold were as follows:

Year Ended December 31, 2019			
Fund	Effective Date	Value of Cash and Securities Received	Shares Sold
Chautauqua International Growth Fund – Institutional Class	February 28, 2019	\$26,869,633	2,367,369
Total		\$26,869,633	

## 4. Investment Transactions and Income Tax Information

During the year ended December 31, 2020, purchases and sales of investment securities (excluding short-term investments) were as follows:

	Baird MidCap Fund	Baird Small/Mid Cap Growth Fund	Baird Small/Mid Cap Value Fund	Baird SmallCap Value Fund	Chautauqua International Growth Fund	Chautauqua Global Growth Fund
Purchases: \$	886,343,012	\$38,822,490	\$16,851,517	\$15,528,642	\$128,436,401	\$65,165,416
Sales:	1,276,883,684	19,183,099	18,151,890	17,888,086	64,703,668	19,759,276

The Funds did not purchase or sell U.S. Government securities during the year ended December 31, 2020.

# Notes to the Financial Statements

December 31, 2020

## 4. Investment Transactions and Income Tax Information (cont.)

As of December 31, 2020, the components of distributable earnings (accumulated losses) for income tax purposes were as follows:

	Baird MidCap Fund	Baird Small/Mid Cap Growth Fund	Baird Small/Mid Cap Value Fund
<b>Cost of investments</b>	<u>\$1,265,427,882</u>	<u>\$38,962,168</u>	<u>\$18,977,800</u>
Gross unrealized appreciation	\$1,016,850,168	\$14,315,009	\$ 4,964,360
Gross unrealized depreciation	(10,317,436)	(336,500)	(526,689)
<b>Net unrealized appreciation</b>	<u>1,006,532,732</u>	<u>13,978,509</u>	<u>4,437,671</u>
Undistributed ordinary income	5,402,485	265,469	2,986
Undistributed long-term capital gains	45,452,011	865,824	—
<b>Distributable earnings</b>	<u>50,854,496</u>	<u>1,131,293</u>	<u>2,986</u>
<b>Other accumulated losses</b>	<u>—</u>	<u>—</u>	<u>(1,225,264)</u>
<b>Total distributable earnings</b>	<u>\$1,057,387,228</u>	<u>\$15,109,802</u>	<u>\$ 3,215,393</u>

	Baird SmallCap Value Fund	Chautauqua International Growth Fund	Chautauqua Global Growth Fund
<b>Cost of investments</b>	<u>\$21,803,136</u>	<u>\$219,008,242</u>	<u>\$97,665,668</u>
Gross unrealized appreciation	\$ 9,247,876	\$112,064,762	\$44,208,922
Gross unrealized depreciation	(396,150)	(9,972,087)	(4,601,316)
<b>Net unrealized appreciation</b>	<u>8,851,726</u>	<u>102,092,675</u>	<u>39,607,606</u>
Undistributed ordinary income	35,329	2,203,513	1,103,536
<b>Distributable earnings</b>	<u>35,329</u>	<u>2,203,513</u>	<u>1,103,536</u>
<b>Other accumulated losses</b>	<u>(2,113,109)</u>	<u>(3,171,306)</u>	<u>(948,266)</u>
<b>Total distributable earnings</b>	<u>\$ 6,773,946</u>	<u>\$101,124,882</u>	<u>\$39,762,876</u>

The difference between book-basis and tax-basis unrealized appreciation is attributable primarily to the tax deferral of losses on wash sales and mark-to-market on passive foreign investment companies.

Additionally, U.S. generally accepted accounting principles require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications are primarily due to differing treatments for equalization accounting for tax purposes. These reclassifications have no effect on net assets or net asset value per share. For the year ended December 31, 2020, the following table shows the reclassifications made:

<b>Fund</b>	<b>Total Distributable Earnings</b>	<b>Paid In Capital</b>
Baird MidCap Fund	\$ (36,806,866)	\$36,806,866
Baird Small/MidCap Growth Fund	(36,264)	36,264
Chautauqua International Growth Fund	(26,000)	26,000
Chautauqua Global Growth Fund	(2,500)	2,500

### Distributions to Shareholders

Each Fund generally pays dividends from net investment income and distributes net realized capital gains, if any, at least annually. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. Certain Funds also utilize earnings and profits distributed to shareholders on redemptions of shares as part of the dividends paid deduction.

# Notes to the Financial Statements

December 31, 2020

## 4. Investment Transactions and Income Tax Information (cont.)

The tax components of distributions paid during the periods shown below are as follows:

Fund	Year Ended December 31, 2020		
	Ordinary Income	Long-Term Capital Gains	Total
Baird MidCap Fund	\$33,330,403	\$167,012,629	\$200,343,032
Baird Small/Mid Cap Growth Fund	503,155	443,273	946,428
Baird Small/Mid Cap Value Fund	163,120	—	163,120
Baird SmallCap Value Fund	49,386	1,547,362	1,596,748
Chautauqua International Growth Fund	2,106,751	—	2,106,751
Chautauqua Global Growth Fund	639,765	—	639,765

Fund	Year Ended December 31, 2019		
	Ordinary Income	Long-Term Capital Gains	Total
Baird MidCap Fund	\$4,716,248	\$111,977,504	\$116,693,752
Baird Small/Mid Cap Value Fund	211,978	—	211,978
Baird SmallCap Value Fund	227,402	—	227,402
Chautauqua International Growth Fund	3,658,929	—	3,658,929
Chautauqua Global Growth Fund	843,708	24,923	868,631

The Funds in the table above designated as long-term capital gain dividend, pursuant to Internal Revenue Code Section 852(b)(3), the amount necessary to reduce the earnings and profits of the Funds related to net capital gain to zero for the tax years ended December 31, 2019 and 2020.

At December 31, 2020, accumulated net realized capital loss carryovers without expiration were:

Fund	Capital Loss Carryover		Year of Expiration	
	Short-term	Long-term	Short-term	Long-term
Baird Small/Mid Cap Value Fund	\$ 1,112,826	\$ 112,438	Indefinitely	Indefinitely
Baird SmallCap Value Fund	1,713,951	399,158	Indefinitely	Indefinitely
Chautauqua International Growth Fund	—	3,112,101	N/A	Indefinitely
Chautauqua Global Growth Fund	—	931,566	N/A	Indefinitely

During the year ended December 31, 2020, the Chautauqua International Growth Fund utilized \$3,529,037 of long-term capital loss carryover.

## 5. Investment Advisory and Other Agreements

The Funds have entered into an Investment Advisory Agreement with Baird for the provision of investment advisory services. Pursuant to the Investment Advisory Agreement, the Advisor is entitled to receive a fee, calculated daily and payable monthly, at the annual rates as follows:

Fund	Investment Advisory Fees
Baird MidCap Fund	0.75%
Baird Small/Mid Cap Growth Fund	0.75%
Baird Small/Mid Cap Value Fund	0.75%
Baird SmallCap Value Fund	0.85%
Chautauqua International Growth Fund	0.75%
Chautauqua Global Growth Fund	0.75%

# Notes to the Financial Statements

December 31, 2020

## 5. Investment Advisory and Other Agreements (cont.)

The Advisor has contractually agreed to waive its investment advisory fee and/or reimburse the Funds' operating expenses, to the extent necessary to ensure that total operating expenses, including interest expense and the fees and expenses incurred by the Funds in connection with the Funds' investments in other investment companies (to the extent, in the aggregate, such fees and expenses on an annual basis exceed 0.0049% of the Fund's average daily net assets), but excluding taxes, brokerage commissions and extraordinary expenses, do not exceed the following annual percentages of the average daily net assets attributable to the Funds' Institutional Class and Investor Class shares:

Fund	Institutional Class	Investor Class
Baird MidCap Fund	0.85%	1.10%
Baird Small/Mid Cap Growth Fund	0.85%	1.10%
Baird Small/Mid Cap Value Fund	0.85%	1.10%
Baird SmallCap Value Fund	0.95%	1.20%
Chautauqua International Growth Fund	0.80%	1.05%
Chautauqua Global Growth Fund	0.80%	1.05%

The Expense Cap/Reimbursement Agreement is in effect through at least April 30, 2022.

To the extent that the Advisor reimburses or absorbs fees and expenses, it may seek payment of such amounts for three years after the date in which expenses were reimbursed or absorbed. A Fund will make no such payment, however, if its total annual operating expenses exceed the expense limits in effect at the time the expenses were reimbursed or at the time these payments are proposed.

	Fiscal Year Ended December 31,		
	2020	2019	2018
Subject to recovery on or before fiscal year ending December 31,	2023	2022	2021
<b>Fund</b>			
Baird Small/Mid Cap Growth Fund	\$174,285	\$160,643	\$ 32,277 <sup>(a)</sup>
Baird Small/Mid Cap Value Fund	170,040	164,099	151,826
Baird SmallCap Value Fund	182,269	160,963	135,562
Chautauqua International Growth Fund	213,896	230,596	116,439
Chautauqua Global Growth Fund	209,929	206,779	155,834

<sup>(a)</sup> For the period from close of business on October 31, 2018 (inception date) through December 31, 2018.

U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services, serves as transfer agent, administrator, and accounting services agent for the Funds. U.S. Bank, N.A. ("U.S. Bank") serves as custodian for the Funds.

Robert W. Baird & Co. Incorporated (the "Distributor") is the sole distributor of the Funds pursuant to a distribution agreement.

No commissions were earned by the Distributor for services rendered as a registered broker-dealer in securities transactions for the year ended December 31, 2020 for the Funds.

Certain officers and employees of the Advisor are also officers of the Funds.

## 6. Line of Credit

The Corporation maintains an uncommitted line of credit ("LOC") with U.S. Bank to provide the sixteen Funds comprising the Corporation a temporary liquidity source to meet unanticipated redemptions. The LOC is unsecured at all times and is subject to certain restrictions and covenants. Under the terms of the LOC, borrowings for each Fund are limited to one third of the total eligible net assets (including the amount borrowed) of the respective Fund, or \$600,000,000 of total borrowings for the Funds comprising the Corporation, whichever is less. U.S. Bank charges interest at the U.S. Prime Rate less 2%, but in no event less

# Notes to the Financial Statements

December 31, 2020

## 6. Line of Credit (cont.)

than a net rate of 1% per annum. As of December 31, 2020, the Prime Rate was 3.25%. The LOC matures on May 24, 2021, unless renewed. The Corporation has authorized U.S. Bank to charge any of the accounts of the borrowing Fund subject to the agreement for any missed payments.

During the year ended December 31, 2020, the Funds borrowed from the LOC as follows:

Fund	Amount	Interest Charges	Borrowing
	Borrowed	Accrued	Rate
Baird MidCap Fund	\$196,669,000	\$30,545	2.75%
Baird Small/Mid Cap Growth Fund	23,000	2	2.75%

No other borrowings occurred during the year ended December 31, 2020 nor were any other borrowings outstanding under the LOC as of December 31, 2020.

## 7. Distribution and Shareholder Service Plan

The Funds have adopted a distribution and shareholder service plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act. The Plan allows the Funds to compensate the Distributor for the costs incurred in distributing the Funds’ Investor Class Shares, including amounts paid to brokers or dealers, at an annual rate of 0.25% of the average daily net assets of the Funds’ Investor Class Shares.

For the year ended December 31, 2020, the Funds incurred fees pursuant to the Plan as follows:

Fund	
Baird MidCap Fund	\$406,855
Baird Small/Mid Cap Growth Fund	750
Baird Small/Mid Cap Value Fund	828
Baird SmallCap Value Fund	1,323
Chautauqua International Growth Fund	2,571
Chautauqua Global Growth Fund	3,902

## 8. Redemption Fees

A redemption fee of 2.00% will be assessed on Institutional and Investor Class shares of the Chautauqua International Growth Fund and Chautauqua Global Growth Fund if redeemed (including in connection with an exchange) 90 days or less from their date of purchase, determined on a first-in, first-out (“FIFO”) basis. The redemption fee is paid directly to the Funds and is designed to offset brokerage commissions, market impact and other costs associated with fluctuations in Fund asset levels and cash flow caused by short-term shareholder trading.

For the year ended December 31, 2020, the Funds charged redemption fees as follows:

Fund	
Chautauqua International Growth Fund	\$35,222
Chautauqua Global Growth Fund	\$33,841

The Baird MidCap Fund, Baird Small/Mid Cap Growth Fund, Baird Small/Mid Cap Value Fund and Baird SmallCap Value Fund do not charge redemption fees.

## 9. Subsequent Events

In preparing these financial statements, management has evaluated events after December 31, 2020. There were no subsequent events since December 31, 2020, through the date the financial statements were issued that would warrant adjustment to or additional disclosure in these financial statements.

# Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Baird Funds, Inc.

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of the funds listed below (the “Funds”), each a series of Baird Funds, Inc., as of December 31, 2020, the related statements of operations, the statements of changes in net assets, the related notes, and the financial highlights for each of the periods indicated below (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of December 31, 2020, the results of their operations, the changes in net assets, and the financial highlights for each of the periods indicated below in conformity with accounting principles generally accepted in the United States of America.

Fund Name	Statements of Operations	Statements of Changes in Net Assets	Financial Highlights
Baird MidCap Fund, Baird Small/Mid Cap Value Fund, Baird SmallCap Value Fund, Chautauqua International Growth Fund, Chautauqua Global Growth Fund	For the year ended December 31, 2020	For the years ended December 31, 2020 and 2019	For the years ended December 31, 2020, 2019, 2018, and 2017
Baird Small/Mid Cap Growth Fund	For the year ended December 31, 2020	For the years ended December 31, 2020 and 2019	For the years ended December 31, 2020 and 2019 and for the period from October 31, 2018 (commencement of operations) through December 31, 2018

The Funds’ financial highlights for the period ended December 31, 2016, were audited by other auditors whose report dated February 27, 2017, expressed an unqualified opinion on those financial highlights.

Basis for Opinion

These financial statements are the responsibility of the Funds’ management. Our responsibility is to express an opinion on the Funds’ financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2020, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Funds’ auditor since 2017.

*Cohen & Company, Ltd.*

COHEN & COMPANY, LTD.  
Milwaukee, Wisconsin  
February 26, 2021

# Directors & Officers

As of December 31, 2020 (Unaudited)

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## Independent Directors

### John W. Feldt

Independent Director, Audit Committee Chair

Term of Office: Indefinite

Length of Time Served: Since September 2000

Age: 78

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years:  
Retired.

Number of Active Portfolios in Complex Overseen  
by Director: 16

Other Directorships Held by Director: Director of  
Thompson IM Funds, Inc., a mutual fund complex  
(3 portfolios) (1987-2018).

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### Darren R. Jackson

Independent Director

Term of Office: Indefinite

Length of Time Served: Since November 2018

Age: 56

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years:  
Retired; President, CEO and Director, Advance  
Auto Parts, Inc. (2008-2016).

Number of Active Portfolios in Complex Overseen  
by Director: 16

Other Directorships Held by Director: Director  
of Cree, Inc., a Semiconductor Company, since  
2016; Director of Fastenal Company, a tool and  
supply distributor (2012-2020).

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### Frederick P. Stratton, Jr.

Independent Director, Nominating  
Committee Chair

Term of Office: Indefinite

Length of Time Served: Since May 2004

Age: 81

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years:  
Retired; Chairman Emeritus, Briggs & Stratton  
Corporation, a manufacturing company  
(2003-2020).

Number of Active Portfolios in Complex Overseen  
by Director: 16

Other Directorships Held by Director: Director of  
Weyco Group, Inc., a men's footwear distributor,  
since 1976.

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### Marlyn J. Spear, CFA

Independent Director, Chair of Board

Term of Office: Indefinite

Length of Time Served: Since January 2008

Age: 67

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years:  
Retired; Chief Investment Officer, Building Trades  
United Pension Trust Fund (July 1989-February 2017).

Number of Active Portfolios in Complex Overseen  
by Director: 16

Other Directorships Held by Director: Management  
Trustee of AFL-CIO Housing Investment Trust, a  
mutual fund complex (1 portfolio) (1995-2018).



# Directors & Officers

As of December 31, 2020 (Unaudited) (Continued)

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## Independent Director

### Cory L. Nettles

Independent Director

Term of Office: Indefinite

Length of Time Served: Since January 2008

Age: 50

c/o Generation Growth Capital, Inc.

411 East Wisconsin Avenue, Suite 1710

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Managing Director, Generation Growth Capital, Inc., a private equity fund, since March 2007; Of Counsel, Quarles & Brady LLP, a law firm (January 2005-December 2016).

Number of Active Portfolios in Complex Overseen by Director: 16

Other Directorships Held by Director: Director of Weyco Group, Inc., a men's footwear distributor, since 2007; Director of Associated Banc-Corp, since 2013.

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## Officers

### Mary Ellen Stanek

President

Term of Office: Re-elected by Board annually

Length of Time Served: Since September 2000

Age: 64

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Managing Director, the Advisor, and Chief Investment Officer, Baird Advisors, a department of the Advisor, since March 2000.

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### Charles B. Groeschell

Vice President

Term of Office: Re-elected by Board annually

Length of Time Served: Since January 2010

Age: 67

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Managing Director, the Advisor, and Senior Portfolio Manager, Baird Advisors, a department of the Advisor, since February 2000.

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### Angela M. Palmer

Chief Compliance Officer and

AML Compliance Officer

Term of Office: Re-elected by Board annually

Length of Time Served: Since March 2014

Age: 48

777 East Wisconsin Ave

Milwaukee, WI 53202

Chief Compliance Officer, the Advisor, since March 2014; Anti-Money Laundering Compliance Officer since May 2015; Director, the Advisor, since July 2014.

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### Heidi L. Schneider

Treasurer

Term of Office: Re-elected by Board annually

Length of Time Served: Since August 2017

Age: 49

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Managing Director, the Advisor, since December 2013.

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### Charles M. Weber

Secretary

Term of Office: Re-elected by Board annually

Length of Time Served: Since September 2005

Age: 57

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Senior Associate General Counsel, the Advisor, since January 2013; Managing Director, the Advisor, since January 2009.

# Directors & Officers

As of December 31, 2020 (Unaudited) (Continued)

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**Officers (Continued)**

**Peter J. Hammond**

Vice President  
Term of Office: Re-elected by Board annually  
Length of Time Served: Since August 2012  
Age: 57  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
Principal Occupation(s) During the Past 5 Years:  
Managing Director, the Advisor, since January 2016; Senior Vice President, the Advisor (March 2012-December 2015).

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**Dustin J. Hutter**

Assistant Treasurer  
Term of Office: Re-elected by Board annually  
Length of Time Served: Since February 2011  
Age: 44  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
Principal Occupation(s) During the Past 5 Years:  
Senior Business Analyst, the Advisor, since September 2017; Director of Finance Services, the Advisor (August 2015-August 2017).

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**Andrew D. Ketter**

Assistant Secretary  
Term of Office: Re-elected by Board annually  
Length of Time Served: Since February 2011  
Age: 46  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
Principal Occupation(s) During the Past 5 Years:  
Associate General Counsel, the Advisor, since September 2010; Director, the Advisor, since July 2014.

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Additional information about the Funds' Directors is available in the Statement of Additional Information which may be obtained without charge, upon request, by calling 1-866-44BAIRD, or at [www.bairdfunds.com](http://www.bairdfunds.com).

# Baird Funds, Inc.

## Disclosure Regarding the Board of Directors' Approval of the Investment Advisory Agreement for Baird Equity Funds (Unaudited)

The Board of Directors (the "Board") of Baird Funds, Inc. (the "Corporation"), comprised of directors who are not "interested persons" of the Corporation within the meaning of the Investment Company Act of 1940 (the "Independent Directors") met on August 17 and August 25, 2020 to consider the annual renewal of the investment advisory agreement between Robert W. Baird & Co. Incorporated ("Baird" or the "Advisor") and the Corporation on behalf of the Baird MidCap Fund, Baird Small/Mid Cap Growth Fund, Baird Small/Mid Cap Value Fund, Baird SmallCap Value Fund, Chautauqua International Growth Fund and Chautauqua Global Growth Fund (the "Equity Funds" or the "Funds").

The Board, all of whom are Independent Directors, approved the continuation of the investment advisory agreement for the Equity Funds through a process that concluded at the August 25, 2020 meeting. In connection with its consideration of the investment advisory agreement, the Board reviewed and discussed various information that had been provided prior to the meeting, including a copy of the investment advisory agreement and related fee schedules, a memorandum provided by legal counsel summarizing the guidelines relevant to the Board's consideration of the investment advisory agreement, a memorandum and other information provided in response to a request from the Board by the Advisor, including information about the operation of the Advisor and the Funds during the COVID-19 pandemic, a copy of the Advisor's Form ADV Part 1A and Form ADV Part 2 brochures and brochure supplements, the annual report and audited consolidated financial statements for Baird Financial Group, Inc. (the Advisor's parent company), a profitability analysis, comparative information about the Funds' performance for the applicable periods ended June 30, 2020, comparative information about management fees and expense ratios, composite performance information for similar accounts managed by the Advisor, trading and brokerage commission information and other pertinent information.

The Board considered the Advisor's 15(c) response and discussed various questions and information with representatives of the Advisor at the August 17, 2020 special meeting. At the August 25, 2020 meeting, the Board met in executive session with the Funds' legal counsel to consider the investment advisory agreement. The Board also took into account information reviewed periodically throughout the year that was relevant to its consideration of the investment advisory agreement, including performance, management fee and other expense information, compliance matters, business initiatives of the Advisor, information about investments made by the Advisor in personnel, technology and services that benefit the Funds and discussions with the Funds' portfolio managers.

Based on its evaluation of this information, the Board, including all of the Independent Directors, approved the continuation of the investment advisory agreement for the Funds for an additional one-year period.

In considering the investment advisory agreement and reaching its conclusions, the Board reviewed and analyzed various factors that it determined were relevant, including the factors below. In deciding to approve the investment advisory agreement for each Fund, the Board did not identify any single factor as determinative but considered all factors together.

### **Nature, Extent and Quality of Services Provided to the Funds**

The Board considered the nature, extent and quality of the services provided by the Advisor to the Funds. The Board noted the Advisor's overall reputation and depth of the Advisor's personnel, resources and commitment to the Funds and the experience of the portfolio management teams employed to manage the Funds' investments. The Board considered the credentials and continuity of the portfolio management teams for the Funds and noted that the Advisor continues to add resources in support of the Funds, including investments in personnel, technology, systems, trading and research capabilities, databases, work from home infrastructure and virtual meeting technology. The Board considered the information provided by the Advisor regarding the effective implementation of the Advisor's business continuity plan and the performance and operation of the Funds during the COVID-19 pandemic.

# Baird Funds, Inc.

## Disclosure Regarding the Board of Directors' Approval of the Investment Advisory Agreement for Baird Equity Funds (Unaudited) (Continued)

The Board considered the Advisor's disciplined investment decision making process used for the Funds. The Board also considered other services that the Advisor provides the Funds in its capacity as their investment advisor, such as making some of its key personnel available to serve as officers of the Funds, selecting broker-dealers for execution of portfolio transactions, ensuring adherence to the Funds' investment policies and restrictions, proxy voting, compliance, risk management services, administering the Funds' liquidity risk management program, administering the Funds' cybersecurity program and business continuity plan, valuation support, providing support services to the Board and the committees of the Board and overseeing the Funds' other service providers. The Board noted the general stability of the assets managed by Baird Equity Asset Management despite outflows in certain Funds. The Board also considered the strength of the Advisor's compliance department, including the credentials of the Funds' chief compliance officer, as well as the Advisor's risk management system. The Board concluded that the nature, extent and quality of the services provided by the Advisor to the Funds were appropriate and that each Fund was likely to continue to benefit from services provided under the investment advisory agreement.

### **Investment Performance of the Advisor and the Funds**

In considering the investment performance of each of the Funds, the Board reviewed information as of June 30, 2020 regarding the performance of each class of the Fund for applicable one-year, three-year, five-year, ten-year and since-inception periods in comparison to its benchmark index and its peer group as determined by Lipper. The Board also considered the Funds' performance during the recent market downturn in the first six months of 2020 and noted that almost all of the Funds' Institutional Class had seen positive relative performance against their benchmarks during this period. The Board also reviewed composite investment performance of Baird Equity Asset Management with respect to accounts managed by the Advisor that are comparable to the Funds but did not consider it to be a material factor in the 15(c) process.

The Board noted that the performance of the Institutional Class of the MidCap Fund exceeded the benchmark index, but underperformed the Lipper peer group average for the one-year period, exceeded the benchmark index and Lipper peer group average for the three- and five-year periods, underperformed the benchmark index, but exceeded the Lipper peer group average for the ten-year period and exceeded the benchmark index and Lipper peer group average for the since-inception period. The Board took note of the outperformance of the Small/Mid Cap Growth Fund since inception on October 31, 2018 as compared to both the benchmark index and Lipper peer group. The Board noted that the SmallCap Value Fund and Small/Mid Cap Value Fund have outperformed the benchmark index over the one- and three-year periods, the Small Cap Value Fund has underperformed the benchmark index for the five-year period and both Funds underperformed the benchmark index for the since inception period. During the relevant periods, the Funds underperformed the Lipper peer group index. The Board noted that the Advisor considers the Funds to be appropriately classified as value funds whereas Lipper classifies the Funds as core funds and that underperformance versus the small-cap core peer group has been influenced by the growth tilt of many core managers as growth has continued to outperform value. The Board took note of the Advisor's commentary regarding the Funds' underperformance in certain time periods and the Advisor's commitment to closely monitor the Value Funds' performance going forward.

The Board noted that the Institutional Class of the Chautauqua International Growth Fund had outperformed the benchmark index and Lipper peer group for the one-, three- and since-inception periods and the Institutional Class of the Chautauqua Global Growth Fund had outperformed the benchmark index and Lipper peer group for the one-year and since-inception periods and had outperformed the benchmark, but underperformed the Lipper peer group, for the three-year period.

The Board also considered the Advisor's quarterly portfolio commentaries and reviews explaining the Funds' performance and the investment strategies the Advisor employs for each Fund. The Board concluded that, although past performance is not a guarantee of future results, each Fund and its shareholders were likely to benefit from the continued management by the Advisor.

# Baird Funds, Inc.

## Disclosure Regarding the Board of Directors' Approval of the Investment Advisory Agreement for Baird Equity Funds (Unaudited) (Continued)

### Advisory Fees and Expenses

The Board reviewed the fee and expense information for each of the Funds, including a comparison of each Fund's advisory fee and total net expense ratio to industry data for other mutual funds in the same Morningstar peer group. The Board noted that the advisory fee for the MidCap Fund and the Small/MidCap Growth Fund is slightly above the Morningstar category average; the advisory fee for the Small/Mid Cap Value Fund is below the Morningstar category average; and the advisory fee for the Small/Cap Value Fund, the Chautauqua International Growth Fund and the Chautauqua Global Growth Fund is above the category average. The Board also considered the total expense ratio of each Fund, after fee waivers and expense reimbursements by the Advisor, relative to all other mutual funds in its Morningstar category. The Board noted that the net expense ratios for each class of the Funds, after waivers, are below the Morningstar average except for the Investor Class of the SmallCap Value Fund, which has an expense ratio that is slightly above the peer group average. The Board considered the Advisor's commentary regarding the competitiveness of the Equity Funds' fees, as well as fee comparisons for the Institutional Class of each Fund with the institutional shares of similarly sized funds, noting that the expense ratio of the Institutional Class of each Fund fell below the category average.

The Board also reviewed and considered management fees charged by the Advisor to other investment advisory clients, including separately managed accounts, subadvisory arrangements with unaffiliated mutual funds, two private limited partnerships managed in strategies similar to the International Growth Fund and the Global Growth Fund and a collective investment trust, but did not consider these comparisons to be a material factor given the difference in services provided by the Advisor and the additional risks assumed by the Advisor as investment adviser to the Funds.

The Board noted the extent of the significant additional services provided to the Funds that the Advisor did not provide in other advisory and subadvisory relationships. Those services included operational support, valuation services, administration of the Funds' liquidity risk management program, oversight of the Funds' other service providers, director support, preparation of regulatory filings, implementation of the Funds' compliance program including employment of the Funds' Chief Compliance Officer and other compliance staff, the operation of the Funds' business continuity plan and cybersecurity plan, and various other services. In addition, the Board noted that the provision of investment advisory services to the Funds requires more effort than it does for other accounts due to daily sales and redemption activity and additional regulatory and compliance requirements.

The Board concluded that the management fee and total expense ratio of each Fund were reasonable in light of the nature and quality of services provided and fees paid by comparable funds.

### Costs and Profitability

The Board considered the fees realized, and the costs incurred, by the Advisor in providing investment management services to the Funds and a profitability analysis with respect to each Fund. The Board considered that the Advisor's profitability information does not reflect costs incurred for various support services to the Funds such as IT, compliance, risk, legal and finance. The Board reviewed the financial condition of the Advisor and its parent company and determined it to be sound. The Board concluded that the Advisor's current level of profitability was reasonable.

### Economies of Scale and Fee Levels Reflecting Those Economies

The Board reviewed asset levels for each Fund and considered whether there may be economies of scale in the management of each Fund at current levels and if its assets were to increase significantly.

# Baird Funds, Inc.

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## Disclosure Regarding the Board of Directors' Approval of the Investment Advisory Agreement for Baird Equity Funds (Unaudited) (Continued)

The Board recognized that the Advisor has waived fees and/or reimbursed expenses for each Fund pursuant to the fee waiver/expense reimbursement agreement. Other than the MidCap Fund, the Board did not consider economies of scale to be a material factor due to the current asset size of each Fund. The Board noted that the MidCap Fund's management fee structure does not contain any breakpoint reductions as the Fund's assets grow in size but considered the expenses incurred and management fees waived by the Advisor in the past. The Directors concluded that the current fee structure of each Fund was reasonable.

### **Benefits Derived from the Relationship with the Funds**

The Board considered other benefits to the Advisor from serving as advisor to the Funds (in addition to the advisory fee). Those benefits include Rule 12b-1 fees received by the Distributor and its representatives. The Board noted that the Advisor derives ancillary benefits from its association with the Equity Funds in the form of research products and services received from unaffiliated broker-dealers who execute portfolio trades for the Funds. The Board noted that the Advisor's asset management and other businesses may experience indirect benefits from the Advisor's association with the Funds. The Board concluded that the other benefits realized by the Advisor from its relationship with the Funds were appropriate.

Based on its evaluation of the above factors, the Directors, all of whom are Independent Directors, concluded that the continuation of the investment advisory agreement was in the best interest of each Fund and its shareholders.

# Additional Information (Unaudited)

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## Proxy Voting

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling toll free, 1-866-44BAIRD, by accessing the Funds' website at [www.bairdfunds.com](http://www.bairdfunds.com) or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

Each Fund's proxy voting record for the most recent 12-month period ended June 30 is available without charge, upon request, by calling toll free, 1-866-44BAIRD, by accessing the Funds' website at [www.bairdfunds.com](http://www.bairdfunds.com) or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

## Portfolio Holdings Disclosure

The Funds file a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Part F of Form N-PORT. The Funds' filings on Part F of Form N-PORT are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Funds' Form N-PORT reports may also be obtained by calling toll-free 1-866-44BAIRD.

## Qualified Dividend Income/Dividends Received Deduction

For the fiscal year ended December 31, 2020, certain dividends paid by the Funds may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The percentage of dividends declared from ordinary income designated as qualified dividend income was as follows:

Baird MidCap Fund	100.00%
Baird Small/Mid Cap Value Fund	100.00%
Baird SmallCap Value Fund	100.00%
Chautauqua International Growth Fund	100.00%
Chautauqua Global Growth Fund	100.00%

For corporate shareholders, the percent of ordinary income distributions qualifying for the corporate dividends received deduction for the fiscal year ended December 31, 2020 was as follows:

Baird MidCap Fund	100.00%
Baird Small/Mid Cap Value Fund	91.99%
Baird SmallCap Value Fund	96.44%
Chautauqua Global Growth Fund	6.34%

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871(k)(2)(C) for each Fund were as follows:

Baird MidCap Fund	100.00%
Baird Small/Mid Cap Growth Fund	100.00%

# Baird Funds, Inc. Privacy Policy

FACTS		WHAT DOES BAIRD FUNDS DO WITH YOUR PERSONAL INFORMATION?	
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"><li>• Social Security number</li><li>• Account balances, transaction history and assets</li><li>• Checking account information and wire transfer instructions</li></ul>		
How?	All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons Baird Funds, Inc. chooses to share; and whether you can limit this sharing.		
Reasons we can share your personal information		Does Baird Funds, Inc. share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		Yes	No
For our marketing purposes—to offer our products and services to you		Yes	No
For joint marketing with other financial companies		No	We do not share
For our affiliates’ everyday business purposes—information about your transactions and experiences		Yes	No
For our affiliates’ everyday business purposes—information about your creditworthiness		No	We do not share
For our affiliates to market to you		No	We do not share
For nonaffiliates to market to you		No	We do not share
Questions?	Call (toll free) 1-866-442-2473, Email <a href="mailto:prospectus@bairdfunds.com">prospectus@bairdfunds.com</a> or go to <a href="http://www.bairdfunds.com">www.bairdfunds.com</a>		



# Baird Funds, Inc. Privacy Policy

Who we are	
Who is providing this notice?	Baird Funds, Inc.
What we do	
How does Baird Funds, Inc. protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Baird Funds, Inc. collect my personal information?	We collect your personal information, for example, when you <ul style="list-style-type: none"><li>• open an account or give us your contact information</li><li>• make a wire transfer or provide account information</li><li>• make deposits or withdrawals from your account</li></ul> We also collect your personal information from other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only <ul style="list-style-type: none"><li>• sharing for affiliates' everyday business purposes—information about your creditworthiness</li><li>• affiliates from using your information to market to you</li><li>• sharing for nonaffiliates to market to you</li></ul> State laws and individual companies may give you additional rights to limit sharing.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"><li>• <i>Robert W. Baird &amp; Co Incorporated (the investment adviser and distributor to the Baird Funds) and its affiliates may share information among each other.</i></li></ul>
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"><li>• <i>Baird Funds, Inc. does not share with nonaffiliates so they can market to you.</i></li></ul>
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. We do not have any joint marketing partners. <ul style="list-style-type: none"><li>• <i>Baird Funds, Inc. does not have any joint marketing partners.</i></li></ul>

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**Baird Funds, Inc.**  
**c/o U.S. Bancorp Fund Services, LLC**  
**P.O. Box 701**  
**Milwaukee, WI 53201-0701**  
**1-866-44BAIRD**

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Marlyn J. Spear (Chair)  
Frederick P. Stratton, Jr.

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