International and Global Growth Funds

Q1 2023 Commentary and Market Outlook

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MARKET RECAP

The first quarter had a solid start to the year. There was a strong rotation back into growth stocks, which was supported by the deceleration in inflation rates and, therefore, the belief that central banks could slow the pressure of rate hikes. Additionally, Europe avoided an energy crisis due to a mild winter, and the economic recovery in China has commenced. The picture has definitely gotten a little brighter, although the improvement in the outlook is still fragile.

Our investment philosophy emphasizes businesses that benefit from secular trends and possess strong competitive advantages and market positions. Additionally, portfolio companies are purposefully selected that earn attractive profit margins, carry strong balance sheets, and generate cash on a consistent basis. We believe these attributes hold tack even if the macro backdrop is deteriorating. For these reasons, portfolios have the ability to outgrow market growth rates over the long-term.

In this inflationary environment, we have also managed by making ongoing adjustments to emphasize holdings that we believe are well-suited to transmit pricing power or are valued more attractively. These attributes should help protect against two of the most pernicious effects of inflation for equity investors, namely the compression of profit margins and the compression of valuation multiples.

Thank you for entrusting us to invest your precious capital and to navigate this increasingly uncertain market environment.

In the first quarter of 2023, the Chautauqua International Growth Fund Net Investor Class returned 11.71%, outperforming the MSCI ACWI ex-U.S. Index® ND, which returned 6.87%. The Chautauqua Global Growth Fund Net Investor Class returned 9.29% during the quarter, outperforming the MSCI ACWI Index® ND, which returned 7.31%.*

MARKET UPDATE

For the MSCI ACWI ex-U.S. Index, growth style outperformed value style. Within the MSCI ACWI Index, growth style significantly outperformed value style, and large capitalization stocks outperformed small capitalization stocks. In emerging markets, growth style slightly outperformed value style.

Sector and country performance were mixed but leaned positive for the quarter.

MSCI Sector and Country Performance (QTD as of 03/31/2023)

Sector	Performance
Information Technology	20.52%
Communication Services	17.24%
Consumer Discretionary	14.27%
Industrials	6.90%
Materials	5.43%
Consumer Staples	3.49%
Real Estate	0.72%
Utilities	-0.48%
Financials	-1.32%
Health Care	-1.54%
Energy	-2.86%

Country	Performance	Country	Performance
Ireland	21.65%	Indonesia	6.49%
Netherlands	16.68%	Japan	6.38%
Taiwan	14.82%	China	4.71%
France	14.69%	Canada	4.55%
Denmark	12.94%	Australia	2.80%
United States	7.73%	Israel	0.97%
Switzerland	7.21%	Hong Kong	-2.39%
Singapore	7.07%	India	-6.29%

Source: FactSet. Based on select MSCI country returns.

Overall, equity markets displayed incredible resilience during the first quarter of 2023. Market participants started the year decidedly optimistic. Inflation, while still very high, appeared to be decelerating. Furthermore, energy prices, which soared last year after the invasion of Ukraine, were falling in part due to a mild winter in Europe and also due to Europe’s successful pivot away from Russian fuel sources. In China, the recent removal of virtually all of the country’s strict Covid restrictions and the government’s renewed focus on economic growth raised the prospect for a strong recovery.

*Performance data represents past performance and does not guarantee future results. The investment return and principal value of the investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the data quoted. For performance data as of the most recent month-end, please visit bairdfunds.com.

However, there was a change in tone as a steady flow of economic data showed that the U.S. economy was running hot. And markets then turned jittery. Stocks slid in February after the strong start in January. Data for inflation, the labor market, and gross domestic product (GDP) growth all suggested that the U.S. economy retained vigor, even after a year of significant policy adjustments aimed at cooling the economy down. While inflation had softened a little, there was little sign of disinflation in services categories, outside of housing. The Fed had been increasingly looking at that pocket as a signal of how strong underlying price pressures remained in the economy. Despite high-profile layoffs at large tech companies, employers in the U.S. broadly continued to hire at a rapid clip. In a Congressional testimony, Fed Chairman Jerome Powell made it clear that the Fed would be prepared to react to those signs of economic strength by potentially raising interest rates higher and faster than previously envisioned. The possibility of more rate hikes rekindled the fear that the economy would be pushed into a downturn. It was a complete turnaround from the initially optimistic view that had taken hold in financial markets at the start of the year.

The biggest shock of the quarter came in March. Silicon Valley Bank collapsed, followed by Signature Bank just days later. The biggest U.S. banks scrambled to shore up First Republic Bank to stop the panic from taking down more lenders. Elsewhere, Credit Suisse came to the brink of failure, which culminated in a hurried takeover by UBS. The Fed, Treasury, and Federal Deposit Insurance Corporation (FDIC) unveiled a sweeping intervention so that depositors at the failed U.S. banks would be made whole.

The tumult in the banking sector marked another turning point in the quarter. In March, the Fed raised interest rates by 25 basis points to a range of 4.75-5.0%, as it tried to balance two conflicting problems. On one hand was the risk that inflation could remain elevated and potentially become entrenched, and on the other hand was the threat that turmoil in the banking system could slow the economy drastically. Chairman Powell underscored the uncertainty with whether rates would have much further to rise, which was a change in message because turmoil in the banking sector could potentially weigh on lending and tighten credit conditions. Market participants have grown to expect the Fed to come to the rescue as soon as financial markets sputter.

Therefore, despite the significant uncertainty, markets proved to be quite buoyant during the quarter, and this includes strong double-digit stock appreciation in both the information technology sector and growth stocks more broadly.

FUND PERFORMANCE AS OF MARCH 31, 2023

	Total Return (%)	Average Annual Total Returns (%)				
	QTR	1 Year	3 Year	5 Year	Since Inception (04/15/2016)	Expense Ratio (net/gross)*
International Growth Fund Institutional Class (net)	11.78	2.14	18.09	7.13	9.51	0.80/0.86
International Growth Fund Investor Class (net)	11.71	1.88	17.79	6.84	9.24	1.05/1.11
MSCI ACWI ex-U.S. Index - ND	6.87	-5.07	11.80	2.47	5.62	
Excess Returns (Institutional Net)	4.91	7.21	6.29	4.66	3.89	
Morningstar % Rank in US Fund Foreign Large Growth Category (Rank/Count)		6% (23/429)	1% (1/398)	7% (26/382)	6% (22/358)	

	Total Return (%)	Average Annual Total Returns (%)				
	QTR	1 Year	3 Year	5 Year	Since Inception (04/15/2016)	Expense Ratio (net/gross)*
Global Growth Fund Institutional Class (net)	9.36	-4.05	16.68	8.48	11.25	0.80/0.92
Global Growth Fund Investor Class (net)	9.29	-4.29	16.46	8.25	11.01	1.05/1.17
MSCI ACWI Index - ND	7.31	-7.44	15.36	6.93	8.99	
Excess Returns (Institutional Net)	2.05	3.39	1.32	1.55	2.26	
Morningstar % Rank in US Fund Global Large-Stock Growth Category (Rank/Count)		11% (40/366)	10% (31/321)	31% (91/293)	17% (46/272)	

Performance data represents past performance and does not guarantee future results. Returns over one year are annualized unless otherwise specified. The investment return and principal value of the investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the data quoted. For performance data as of the most recent month-end, please visit bairdfunds.com.

The Morningstar Percentile Rank is **based on the fund's total return** relative to all funds in the same category for the period. The highest (or most favorable) percentile rank is 1%, and the lowest (or least favorable) percentile rank is 100%. Morningstar total returns include both income and capital gains/losses and excludes sales charges.

*The Net Expense Ratio is the Gross Expense Ratio minus any reimbursement from the Advisor. The Advisor has contractually agreed to waive its fees and/or reimburse expenses at least through April 30, 2023 to the extent necessary to ensure that the total operating expenses do not exceed 1.05% of the Investor Class's average daily net assets and 0.80% of the Institutional Class's average daily net assets. Investor class expense ratios include 0.25% 12b-1 fee.

PERFORMANCE ATTRIBUTION

The Chautauqua International Growth Fund outperformed its benchmark for the quarter with overweighting and stock selection in the information technology sector contributing the most to relative returns. Holdings in consumer discretionary and financials also contributed. Though portfolio returns in the industrials sector were positive, stock selection in industrials was the largest detractor to relative returns. Overweight allocation to the health care sector also detracted. All regions contributed positively to returns as holdings in Asia & Pacific Basin, Europe, and North America contributed most to performance. The largest contributors to the portfolio were Constellation Software, ASML, and Sea Limited. The largest detractors were Genmab, Recruit, and WuXi Biologics.

The Chautauqua Global Growth Fund outperformed its benchmark for the quarter as relative overweighting and stock selection in information technology along with stock selection in health care were the largest contributors to overall returns. Holdings and relative overweighting in financials were the largest detractors from relative returns. Stock selection in real estate was also a detractor. Regionally, holdings in Europe and Asia & Pacific Basin contributed most to performance, while North America slightly detracted from relative returns. The largest contributors to the portfolio were Nvidia, Constellation Software, and ASML. The largest detractors were SVB Financial, Charles Schwab, and Genmab. The portfolio had limited exposure to SVB Financial (Silicon Valley Bank) prior to its collapse, and our disciplined approach to conviction weighting the portfolio, specifically taking gains during periods of strong outperformance, resulted in SVB being a positive net contributor to overall portfolio performance since the inception of the position in June 2016.

PORTFOLIO HIGHLIGHTS | BUYS AND SELLS

For the Chautauqua International Growth Fund strategy, 83% of companies that reported earnings during the quarter were in-line with or exceeded consensus expectations.

For the Chautauqua Global Growth Fund strategy, 75% of companies that reported earnings during the quarter were in-line with or exceeded consensus expectations.

In the International Fund, we exited a position in Lumine, which was a dividend from Constellation Software, and reduced positions in Bank Rakyat, DBS, Fairfax Financial, and HDFC Bank. Proceeds were used to increase positions in Adyen, Hong Kong Exchanges, Safran, and Sea Limited.

In the Global Fund, we exited positions in SVB Financial and Lumine, which was a dividend from Constellation Software, and reduced positions in Charles Schwab, TJX, Bank Rakyat, DBS, and HDFC Bank. Proceeds were used to increase positions in Adyen, Amazon, Hong Kong Exchanges, Safran, and Sea Limited.

Chautauqua International Growth Fund Top & Bottom Average Weighted Holdings for Q1 2023

Top 5 Average Weighted Holdings

Security	Avg. Weight	Contribution
Novo Nordisk	4.98	0.46
Constellation Software	4.84	0.74
Fairfax Financial Holdings	4.44	0.29
ASML Holding	4.30	0.59
HDFC Bank Limited	4.17	-0.32

Bottom 5 Average Weighted Holdings

Security	Avg. Weight	Contribution
Sea Limited	1.16	0.54
WuXi Biologics	1.32	-0.34
Brookfield Renewable	1.76	0.37
Alibaba Group Holding	2.19	0.19
Coloplast	2.22	0.13

Chautauqua Global Growth Fund Top & Bottom Average Weighted Holdings for Q1 2023

Top 5 Average Weighted Holdings

Security	Avg. Weight	Contribution
Novo Nordisk	4.18	0.43
Mastercard Inc.	3.65	-0.09
Fairfax Financial Holdings	3.43	0.21
TJX Companies	3.27	-0.29
Alphabet Inc.	3.22	0.23

Bottom 5 Average Weighted Holdings

Security	Avg. Weight	Contribution
Illumina, Inc.	0.87	0.07
Sea Limited	0.87	0.41
WuXi Biologics	0.90	-0.24
Alexandria Real Estate Equities	1.04	-0.22
Universal Display Corporation	1.10	0.35

Source: FactSet. The holdings identified do not represent all of the securities purchase, sold, or recommended for the funds; and past performance does not guarantee future results. To obtain information about the calculation methodology and a list showing every holding's contribution, please contact Baird.

Adyen had 4.00%, Bank Rakyat 3.57%, DBS Group Holdings 3.14%, Genmab 3.64%, Hong Kong Exchanges 2.69%, Lumine 0.00%, Recruit Holdings 1.99%, and Safran 3.80% weighting in the International Fund as of 03/31/2023. Adyen had a 3.15%, Amazon 1.97%, ASML 3.00%, Bank Rakyat 2.58%, Charles Schwab 1.13%, Constellation Software 3.46%, DBS Group Holdings 2.38%, Genmab 3.07%, HDFC Bank 2.90%, Hong Kong Exchanges 1.99%, Nvidia 3.10%, Safran 2.74%, and SVB Financial Group 0.00% weighting in the Global Fund as of 03/31/2023.

OUTLOOK

Global economic growth is anticipated to slow this year as central banks continue to raise interest rates to tame inflation, and the war in Ukraine continues to sow uncertainty. According to forecasts from the International Monetary Fund (IMF), the global economy is poised to slow in 2023 to 2.9% and rebound slightly in 2024 to 3.1%. To offer another perspective, forecasts from the Organization for Economic Cooperation and Development (OECD) suggest global economic growth in 2023 of 2.6% and a slight rebound in 2024 of 2.9%.

While these forecasted growth rates remain below-trend, the outlook is actually less gloomy than what was previously contemplated at the end of last year. There are several reasons for the modest uptick. China abruptly reversed its zero-Covid policy and embarked on a rapid reopening. Furthermore, the energy crisis in Europe was less severe than initially feared, and the inflation of energy and food prices has decelerated. Additionally, the recent weakening of the U.S. dollar has provided relief to emerging economies. Overall, fewer countries are facing imminent recession threats in 2023, and it also looks like a global recession may be avoided.

That said, the global economy still faces considerable risks, which remain tilted to the downside. The impact of monetary policy adjustments is still difficult to gauge. Monetary policy is a blunt tool and often acts with a lag. Monetary policy needs to remain restrictive until there are clear signs that underlying inflation are lowered on a more durable basis, and therefore, policy rates at the major central banks are likely to remain at restrictive levels well into 2024. Uncertainty about the course of the war in Ukraine and its broader consequences remains another key concern. Pressures in global energy markets could also reappear, leading to renewed price spikes and higher inflation.

In the U.S., the most recent forecasts by the Fed call for economic growth to be anemic at 0.4% growth and inflation to remain above-target at 3.3%. Meanwhile, in Europe, the most recent forecasts by the European Central Bank (ECB) call for economic growth of 1.0%, owing to the fading of uncertainty regarding energy prices and with that improved business and consumer confidence. The sharp adjustment in energy markets has led to a significant decline in price pressures, and inflation is now likely to decelerate more rapidly with estimated inflation this year of 5.3% and next year of 2.9%.

With muted growth rates in much of the developed world, the bright spots are in the emerging economies, particularly China and India. Combined, the two countries are thought to account for about one half of global growth this year, according to the IMF. In China, the government has set an economic growth target of 5% this year, which is a relatively conservative goal compared with the rapid pace that was common before the pandemic. The emphasis on economic stability comes after three years of zero-Covid policies. Survey data in China has already suggested a strong rebound in business activity in the first few months of the year, as well as a rebound in domestic consumption. Over the last two-plus years, we have reduced Greater China weightings on a net basis, inclusive of holdings in Mainland China, Hong Kong, and Taiwan. In International portfolios, roughly 18% of assets are invested in Greater China holdings, which is modestly overweight relative to the benchmark. In Global portfolios, roughly 13% of assets are invested in Greater China holdings, which is overweight relative to the benchmark.

Our investment philosophy emphasizes businesses that should benefit from secular trends and possess strong competitive advantages and market positions. Over longer investment horizons, some of the most exciting growth areas can be relatively agnostic to the global picture or the specific situations impacting certain regions. These include our many investments in and adjacent to cloud computing, software-as-a-service, digitalization, artificial intelligence, semiconductor advancement, e-commerce and payments, industrial automation, electric vehicles, and novel biologic and biosimilar therapies. Other exciting growth areas pertain to rapidly expanding consumer classes, broadly in emerging economies and especially in Asia, which are propelling the uptake of various consumer goods and financial products.

We do not anticipate the current environment of weakening economic growth to dislodge the long-term staying power of these investment themes, nor the business models or market positions of portfolio companies. Furthermore, portfolio companies that earn attractive profit margins, carry strong balance sheets, and generate cash on a consistent basis are purposefully selected. In other words, portfolio companies we believe are on solid footing, even when times are tough. For these reasons, portfolios have the potential to outgrow market growth rates over the long-term.

We have also taken great care to try to insulate against the most pernicious risks that inflation poses to equity investments, namely pressure on company profit margins and compression of valuation multiples. First, we have emphasized companies that we believe have pricing power because of the mission-critical or value-add nature of their products and services. Because of these features, these companies are able to transmit price in inflationary environments, and therefore protect their profit margins. Furthermore, we have made incremental adjustments to portfolios to emphasize companies with more attractive valuations, in light of higher market discount rates. We have implemented these adjustments in a long series throughout 2021 and 2022.

BUSINESS UPDATE

There have been no changes to the investment team at Chautauqua Capital Management nor have there been changes to the ownership structure of our parent company, Baird.

Respectfully submitted,

The Partners of Chautauqua Capital Management – a Division of Baird

INVESTMENT TEAM

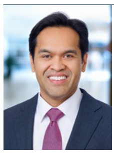
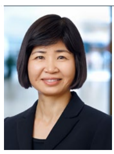
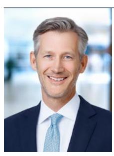
- **Generalists with specialized skills**
- **Average more than 22 years investment experience**

KEY PILLARS OF OUR INVESTMENT PROCESS

- **Security selection drives returns**
- **Long-term focus**
- **Concentrated conviction-weighted portfolios**

ORGANIZED FOR INVESTMENT SUCCESS

- **Autonomous institutional boutique**
- **Employee owners**
- **We invest alongside our clients**
- **Self-imposed limit of growth**

Investment Professional		Educational Background	Years of Experience	Prior Affiliation
	**Jesse Flores, CFA** Partner	MBA, Stanford University BS, Cornell University	16	Roth Capital Partners Blavin & Company Lehman Brothers
	**Haicheng Li, CFA** Managing Partner	MBA, Stanford University MMSc, Harvard Medical School MS, Harvard University BA, Rutgers University	21	TCW
	**David Lubchenco** Partner	MBA, University of Denver BA, The Colorado College	30	Marsico Capital Management Transamerica Investment Management Janus Capital
	**Nate Velarde** Partner	MIDS, UC Berkeley MBA, University of Chicago BA, University of Chicago	21	PIMCO Nuveen Investments TCW