

Baird Small/Mid Cap Growth Equity

MARKET UPDATE

Equities rallied to start the year, spurred by falling interest rates along with an uptick in economic activity and related company fundamentals. However, as March began, macro conditions became much less forgiving. U.S. military action against Iran, followed by escalation across the Middle East, helped push oil prices above \$100 per barrel, while firmer-than-expected inflation data added to concerns around the level of interest rates and the sustainability of economic growth. This unfavorable combination introduced a higher level of market volatility and ultimately drove broad equity returns into negative territory for the quarter.

PORTFOLIO COMMENTARY

The Baird Small/Mid Cap Growth strategy decreased -4.8% in the first quarter, net of fees, compared to the -3.5% decrease in our primary benchmark, the Russell 2500 Growth Index.* In short, relative weakness from both consumer discretionary and healthcare (particularly in March) offset stronger relative performance in technology and industrials

The strongest contributor to relative performance in the quarter was technology, as portfolio holdings were down roughly 5% compared to negative 14% for the benchmark. Our decision in early January to exit several software holdings and add semiconductor exposure proved beneficial to performance. While we don't normally make such significant moves all at once, we felt it was necessary to move quickly. Specifically, we sold Dynatrace, Elastic, Monday.com, CyberArk (acquired last year), and Vertex. We also trimmed our position in Service Titan. In semiconductors, we broadened our holdings to include Lattice Semiconductor, Rambus, and Astera Labs. We also added new positions in contract manufacturers Jabil and Fabrinet, as both companies continue to see outsized demand due to datacenter construction and other areas of AI infrastructure. Given the tech sector's price movement throughout the quarter, we decided to slightly increase our positions in Fabrinet, Jabil, Descartes Systems Group, and Service Titan. While we don't believe the software group as a whole is without risk in 2026, we recognize that several stocks are down between 25-40% in the first few months of the year, suggesting that some of this risk and worry is already priced in, which could present an opportunity for favorable forward returns.

Relative performance was also strong in industrials, as the portfolio benefited from stocks levered to aerospace and defense, as well as AI-infrastructure. Positive contributors included new ideas Woodward, XPO, and FTAI Aviation, as well as longer-term holdings Curtiss-Wright, BWX Technologies, Emcor Group, and UL Solutions. Offsetting those relative gains were disappointing results from Lennox International, Badger Meter, Shift4 Payments, and Affirm holdings. We decided to exit our position in all of those except Affirm, as we believe the company continues to execute well despite market worries about consumer credit risk. We also sold our position in Lennox International.

We were quite active in this sector throughout the quarter. In addition to the above-mentioned sales, we added seven new ideas. Woodward is a leading supplier of mission-critical aircraft engine control systems, with significant aftermarket and defense exposure. The business is well positioned to benefit from structural aerospace and defense tailwinds, and we feel margins have meaningful room for improvement. We added a position in XPO as we believe it operates in the most structurally attractive corner of trucking and combines meaningful self-help margin expansion, best-in-class management, AI-driven cost and yield gains, and significant operating leverage as freight demand recovers from a three-year recession. We believe Littlefuse's valuation understated a business positioned at the center of rising power density — with data center wins set to 2-4x over the next several years, cyclical improvement emerging across core industrial and electronics end markets, and a mission-critical product set that quietly benefits as systems require more protection, control, and reliability per watt. Hubbell designs, manufactures, and sells physical electric products for construction, industrial, and utility applications. The world now needs far more of this equipment, and we continue to consume and move more electricity, particularly behind data centers and large infrastructure projects. FTAI has quietly become the lowest-cost provider in a required, recurring part of aviation—engine maintenance—using a differentiated model that MROs/aircraft lessors cannot easily match, driving share gains and rising margins as it scales. Comfort Systems USA is a leading provider of mechanical contracting services, specializing in heating, ventilation, air conditioning (HVAC), plumbing, and building automation systems. The company continues to see massive demand from data center construction. And finally, Kratos Defense & Security Solutions is a technology company that develops advanced drone systems and products for national security, including unmanned aerial systems, satellite communications, cybersecurity, and defense electronics.

*Returns less than one year are not annualized. The performance data quoted represents past performance. Past performance does not guarantee future results. Current performance data may be lower or higher than the data quoted. Returns are presented net of management fees and include the reinvestment of all income. Actual investment advisory fees may vary across accounts and result in different net returns. For performance data to the most recent month end, contact Baird directly at 800-792-4011.

Baird Small/Mid Cap Growth Equity (Q1 2026)

The low-weighted real estate and energy sectors also contributed to relative performance. Our lone real estate holding, National Storage Affiliates, appreciated over 30% in the quarter as the company was acquired by large industry player Public Storage. Given the spike in oil prices in March, we saw positive contribution from the energy sector, particularly Matador Resources, which appreciated nearly 50% in the quarter.

Consumer staples relative performance was neutral in the quarter as continued strong gains from Casey's General Stores was offset by losses from Bellring Brands. Despite the low valuation and potential for strategic changes, we decided to sell our remaining small position as we've lost patience with the continued struggle to accelerate growth.

Since the beginning of this strategy over ten years ago, we've rarely owned stocks within telecommunication or basic materials, and both of those sectors continue to see tailwinds from AI-related infrastructure spending. Despite being roughly five percent of the benchmark, those two sectors were a nearly 90 basis point headwind in the quarter.

Financial services also detracted slightly from relative performance, as none of our four stocks generated positive absolute returns, all for company specific reasons. Kinsale (slowing growth), Houlihan Lokey (slowing M&A activity), Equitable Holdings (private credit worries) and Sofi Technologies (consumer credit worries) all face issues we think could prove transient over a longer time horizon. During the quarter, EQH merged with Corebridge Financial, although that did not result in a significant change to quarterly performance.

Consumer Discretionary detracted from relative performance, mostly due to broad sector weakness in March brought on by the war in Iran and the impact to oil prices. While we are unsure just how long this conflict can persist, we believe many of these stocks should recover if oil prices decline on headlines related to potential ceasefire agreements with Iran. Stocks that were impacted the most included Boot Barn, Dutch Bros, Wingstop, and Floor and Décor. Despite the sector risks, we saw positive relative returns from Cava, Kontoor Brands, and BJ's Wholesale Club. During the quarter, we initiated a position in Victoria's Secret. Under new leadership, we see improved marketing and brand positioning, along with tailwinds from a broader resurgence in mall-based apparel, which should support stronger sales growth and margin expansion over time. We exited e.l.f. Beauty as our confidence in the brand's growth and market share trajectory diminished. We also sold our position in Burlington Stores and purchased Floor and Décor, a previous holding. We believe there is an opportunity for improved housing activity given it has been sluggish for the last several years, and the company would benefit. Lastly, we initiated a new position in Crocs. The stock's valuation is attractive as investors remain overly focused on a past acquisition misstep and near-term growth concerns. However, as the core brand stabilizes and resumes growth, strong free cash flow can meaningfully lift EPS through buybacks or debt paydown—creating substantial re-rating potential from today's depressed valuation.

Healthcare continues to be a challenging sector, on both a relative and absolute basis. That said, we did benefit from two holdings that were acquired, as strategic buyers did not share the market's view of challenging fundamentals and took advantage of lower valuations for both Penumbra (acquired by Boston Scientific) and Masimo (acquired by Danaher). Those two positions accounted for roughly 100 basis points of relative alpha. During the quarter we exited Inspire Medical and ADMA Biologics where the growth outlook became more challenging, and we lost confidence in our original thesis. We also saw stock price declines larger than we expected in both Repligen and Insulet, where we continue to like the long-term growth prospects and disagree with the market's worries.

Given the above sales and the acquisition of two holdings (as well as Exact Sciences last year), we purchased five new ideas: former holdings Dexcom and Illumina (which are now back in SMID-market cap territory, in our opinion), as well as Align Technologies, Transmedics Group, and Twist Biosciences. We believe that Dexcom with continued market growth, stabilizing share dynamics, and a coming product cycle will drive strong growth and profitability not currently reflected in the valuation. For Illumina, we believe continued growth in the company's clinical sequencing market and entrenched position among clinical customers can drive upside to long term growth expectations. TransMedics is the market leader in organ transplant logistics with a long runway of growth driven by new products, growing clinical data, and an end market looking for modernization and innovation after years of stagnation. Twist Bioscience is the fastest and cheapest provider of synthetic DNA. Demand from clinical diagnostics, research laboratories, and now AI companies seeking to improve biology and drug discovery models supports many years of continued growth as the company leverages their leading technology and historical investments. Lastly, Align Technology is the market leader in clear aligners. We believe the opportunity for improved revenue trends domestically and continued penetration internationally should support potential valuation expansion

OUTLOOK

We enter the second quarter with a macro backdrop that is clearly more complex than at the start of the year. Military conflict has put geopolitical risk at the fore, while higher oil prices introduced additional upside risk to already persistent inflation making the path of interest rates remain uncertain; not to mention the tremendous potential and uncertainty brought on by the progress of AI. Further bouts of volatility and significant stock price swings should be expected.

The portfolio remains well diversified in differentiated mid-cap companies with attractive risk/reward characteristics. Our goal is to use periods of volatility opportunistically to enhance overall portfolio fundamentals and long-term return potential. Despite relative slight relative underperformance to start the year, we look forward to the work ahead.

On behalf of the entire team at Baird Equity Asset Management, we thank you for your continued support of our Small/Mid Cap Growth Strategy.

Baird Small/Mid Cap Growth Equity (Q1 2026)

PERFORMANCE

Periods Ending March 31, 2026 (%)	Total Return (%)		Average Annual Total Returns (%)			
	QTD	1 Year	3 Year	5 Year	10 Year	Since Inception 09/30/2015
Baird Small/Mid Cap Growth Composite (Gross)	-4.60	-1.90	-0.79	-1.93	10.76	10.03
Baird Small/Mid Cap Growth Composite (Net)	-4.76	-2.58	-1.52	-2.68	9.89	9.16
Russell 2500 Growth Index	-3.52	19.32	10.61	1.75	10.46	10.04

Returns less than one year are not annualized. **The performance data quoted represents past performance. Past performance does not guarantee future results. Current performance data may be lower or higher than the data quoted. Returns are presented gross and net of management fees and include the reinvestment of all income. Actual investment advisory fees may vary across accounts and result in different net returns. For performance data to the most recent month end, contact Baird directly at 800-792-4011.**

BAIRD SMALL/MID CAP GROWTH INVESTMENT TEAM

Investment Professional	Years of Experience	Years with Baird	Educational Background
Jonathan Good Senior Portfolio Manager	26	19	MBA – (Northwestern University-Kellogg) BS – Applied and Biomedical Sciences (Pennsylvania)
Ken Hemauer, CFA Senior Research Analyst	32	32	MS – Finance, The Applied Security Analysis Program BBA – Finance (UW-Madison)
Corbin Weyer, CFA, CPA Director of Research & Senior Research Analyst	16	16	BSBA – Finance and Accounting (Marquette University)
Christopher Brennan Senior Research Analyst	7	2	MBA – Finance (The Wharton School of Pennsylvania) BA – Economics and Mandarin Chinese (Washington University in St. Louis)
Josh Heinen, CFA Research Analyst	5	5	MS – Finance, The Applied Security Analysis Program BBA – Accounting and Finance (UW-Madison)
Margaret Guanci Research Analyst	4	4	BBA – Finance (UW-Madison)
Chuck Severson, CFA Mid Cap Growth PM	39	39	MS – Finance, The Applied Security Analysis Program BBA – Accounting and Finance (UW-Madison)

This commentary is intended to provide you with information about factors affecting the performance of the Baird Small/Mid Cap Growth Equity strategy as of 03/31/2026. Information regarding market or economic trends or the factors influencing historical or future performance reflects the opinions of management as of the date of this document. These statements should not be relied upon for any other purpose. References to individual securities should not be construed as recommendations to buy or sell shares in those companies. The securities identified do not represent all securities purchased, held or sold during the period and it should not be assumed that holdings have been or will be profitable. Past performance does not guarantee future results, and any market forecasts discussed may not be realized.

The strategy focuses on small- and mid-cap growth style stocks and therefore performance will typically be more volatile than the performance of strategies that focus on types of stocks that have a broader investment style. The strategy 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 regulations.

Portfolio holdings and sector exposures reflect a representative account as of the date listed above and are subject to change without notice. A representative account is selected based on accounts with substantially similar investment policies, objectives, and strategies that closely resemble, or are most representative of, the strategy it represents. Individual accounts may differ from a representative account due to asset size, market conditions, and client guidelines.

The Russell 2500 Growth Index measures the performance of those Russell 2500 companies with above average price-to-book ratios and higher forecasted growth values. Indices are unmanaged and are not available for direct investment.

The Baird Small/Mid Cap Growth Equity strategy (the "Strategy") has been developed solely by Robert W. Baird & Co. Inc. The Strategy is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). FTSE Russell is a trading name of certain of the LSE Group companies. All rights in the Russell 2500 Growth Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. The Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Strategy. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Strategy or the suitability of the Index for the purpose to which it is being put by Robert W. Baird & Co. Incorporated.

The Baird Small/Mid Cap Growth Equity Composite consists of all fully discretionary small/mid cap growth equity accounts. The Small/Mid ("SMID") Cap Growth Portfolio invests in small and medium-sized, high-quality growth companies holding leadership positions within their industries that the portfolio manager believes are capable of producing above average growth in a variety of market environments. For comparison purposes, the composite is measured against the Russell 2500 Growth Index. Robert W. Baird & Co. Incorporated is an independent registered investment advisor. Registration does not imply a certain level of skill or training. Baird Equity Asset Management claims compliance with Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of content contained herein. To receive a complete list and description of composites and/or a GIPS Composite Report, please contact Baird Equity Asset Management at 800-792-4011. The U.S. Dollar is the currency used to express performance.

CFA is a trademark owned by the CFA Institute.