

A World Full of Opportunities

Allocating to international equities

Recent returns have been a powerful driver of flows into U.S. equities, and the temptation may be to stay stateside. But global markets are fluid and present a world of opportunities for return enhancement and diversification. In times like these, long-term investors should consider the potential benefits of maintaining an allocation to international equities.

U.S. AND NON-U.S. PERFORMANCE LEADERSHIP CHANGES OVER TIME

Reviewing annual returns since 2000 or five-year rolling returns since the 1970s highlights the fact that cycles of U.S. and international leadership tend to be long and varied. Prior to the most recent U.S. dominance, there was a long period of international outperformance in the 2000s and several years in the 1980s and 1970s. With the relative underperformance of international equities again approaching historical extremes in both duration and magnitude, experience indicates that international stocks are due to reclaim market leadership.

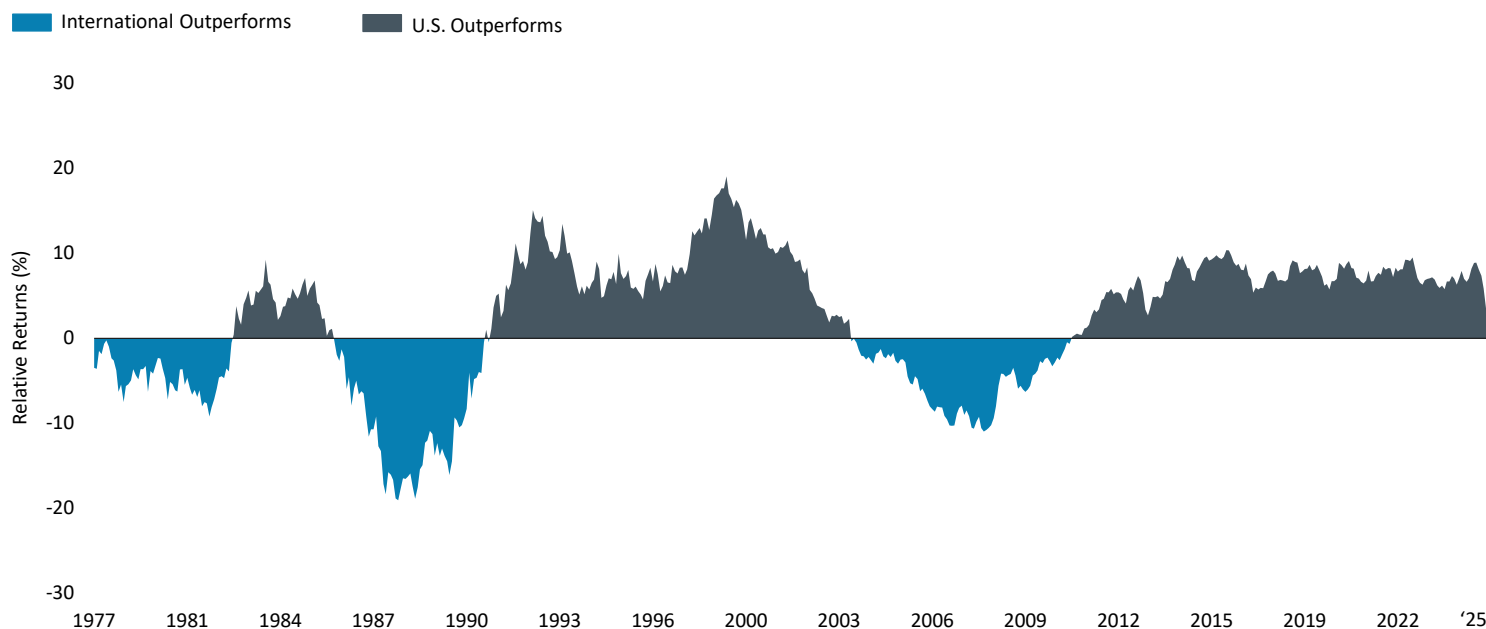
Annual Returns (%)¹

(U.S. - S&P 500 Index and International- MSCI ACWI ex-U.S. Index)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
U.S.	U.S.	Intl	Intl	Intl	Intl	Intl	Intl	U.S.	Intl	U.S.	U.S.	Intl
-9.10	-11.89	-14.67	41.41	21.36	17.11	27.16	17.12	-37.00	42.14	15.06	2.11	17.39
Intl	Intl	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	Intl	U.S.	Intl	Intl	U.S.
-15.09	-19.50	-22.10	28.68	10.88	4.91	15.79	5.49	-45.24	26.46	11.60	-13.33	16.00
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
U.S.	U.S.	U.S.	U.S.	Intl	U.S.	U.S.	U.S.	U.S.	Intl	U.S.	U.S.	
32.39	13.69	1.38	11.96	27.77	-4.38	31.49	18.40	28.71	-15.57	26.29	25.02	
Intl	Intl	Intl	Intl	U.S.	Intl	Intl	Intl	Intl	U.S.	Intl	Intl	
15.78	-3.44	-5.25	5.01	21.83	-13.78	22.13	11.13	8.29	-18.11	16.21	6.09	

5-Year Rolling Returns²

(S&P 500 Index – MSCI World ex-U.S. Index)



¹Source: eVestment.

²Sources: Bloomberg and eVestment; monthly 5-year rolling returns. U.S. outperformance represented by S&P 500 Index; International outperformance represented by MSCI World ex-U.S. Index. Past performance is not indicative of future performance.

Catalysts for Change

There are many strong market indicators emerging that could drive this shift, including historically high valuations for U.S. equities, higher projected growth rates for regions outside the U.S., and weakening of the U.S. dollar. We believe as these continue to take shape, it could lead to international equities outperforming U.S. equities in the near future.

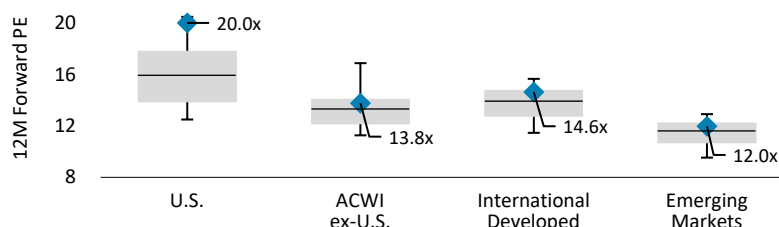
#1 - U.S. EQUITY VALUATIONS NEAR RECORD HIGHS

Historically, there has been a strong link between starting valuations and subsequent long-term returns. U.S. stocks are approaching historical highs versus international stock valuations. Such extremes were also present at the beginning of international outperformance in the 2000s. Given elevated U.S. valuations relative to their own recent history and the valuation differential between U.S. and international markets today, the case for international investing is appealing.

Valuation Ranges Across Regions³

(12-Month Forward P/E, January 2006 – April 2025)

■ Interquartile range — Median ◆ Current I 10th – 90th percentile



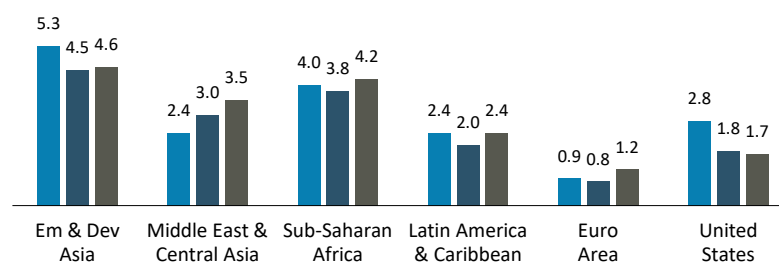
#2 - GROWTH VARIES AROUND THE WORLD

Projected elevated growth rates in non-U.S. countries provide favorable prospects to capitalize on potential future growth. Despite being underrepresented in the global index, many other countries outside the U.S. contribute to global production and growth. Approximately 96% of the world's population, 85% of the world's economic activity, and 63% of public companies with market capitalizations greater than \$5 billion are located outside the U.S. Data indicates many countries offer superior growth opportunities relative to the U.S.

Growth Projections by Region⁴

(Real GDP Growth, %)

■ 2024 ■ 2025f ■ 2026f



#3 - U.S. DOLLAR VOLATILITY

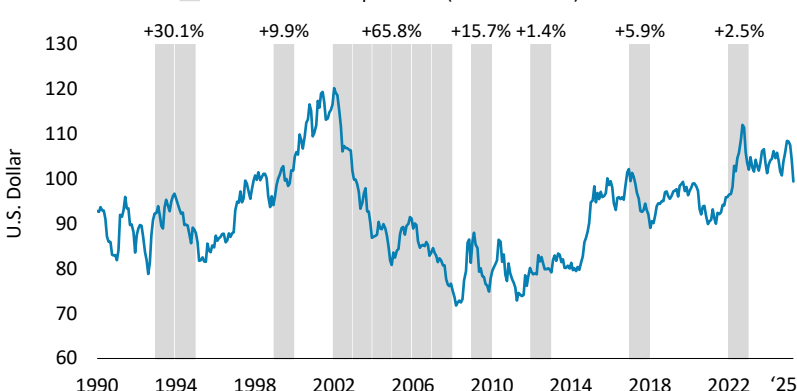
The periods from 1994 to 2001 and post the Great Financial Crisis share common factors that contributed to demand for the U.S. dollar, including Federal Reserve Policy, U.S. economic growth, foreign capital inflows into the U.S., relative political stability, and technological innovation. U.S. equities generally outperformed in these periods.

Variables changed in the early 2000s, leading to a weakening U.S. dollar and resulting in outperformance of international equities. The next cycle may see volatility in the U.S. dollar, and diversifying a portion of assets into international equities may be a reasonable strategy.

U.S. Dollar Strength vs. Calendar Year Relative Returns⁵

(MSCI ACWI ex-U.S. Index – S&P 500 Index)

— U.S. Dollar ■ International Outperforms (Calendar Year)



³Source: Bloomberg; U.S. is S&P 500 Index, ACWI ex-U.S. is MSCI ACWI ex-U.S. Index, International Developed is MSCI World ex-U.S. Index and Emerging Markets is MSCI Emerging Markets Index.

⁴Source: International Monetary Fund, World Economic Outlook Update, April 2025.

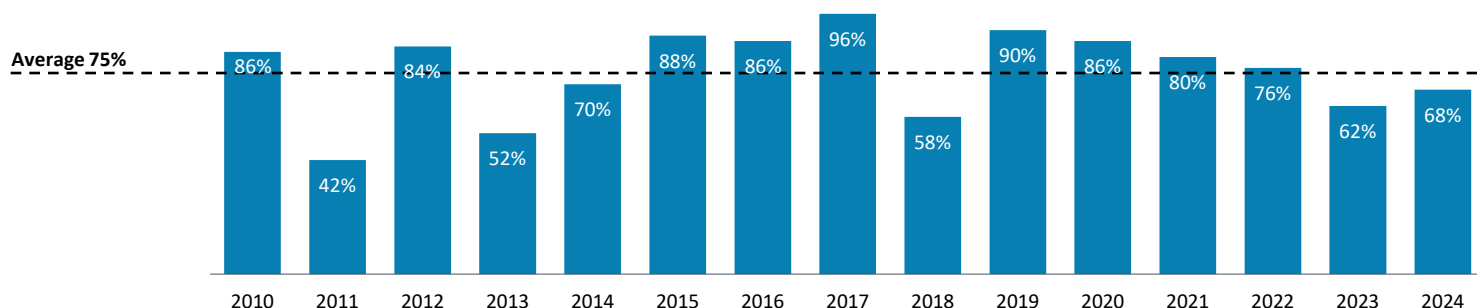
⁵Sources: FactSet, eVestment. U.S. Dollar value determined by the ICE U.S. Dollar Index - Price. Calendar years outperformance and percentage outperformance (cumulative) calculated using MSCI ACWI ex-U.S. Index versus S&P 500 Index. Past performance is not indicative of future performance.

A World Full of Opportunities

Investing in only U.S.-based companies significantly limits the opportunity set for investors. In fact, on average over the last 15 years, 75% of the 50 top performing stocks in the MSCI ACWI Index were non-U.S. stocks.

Percent of Top 50 Performing Stocks Based Outside of the U.S.⁶

(in the MSCI All Country World Index)



Chautauqua Capital: Finding Advantaged Companies for the Long Term

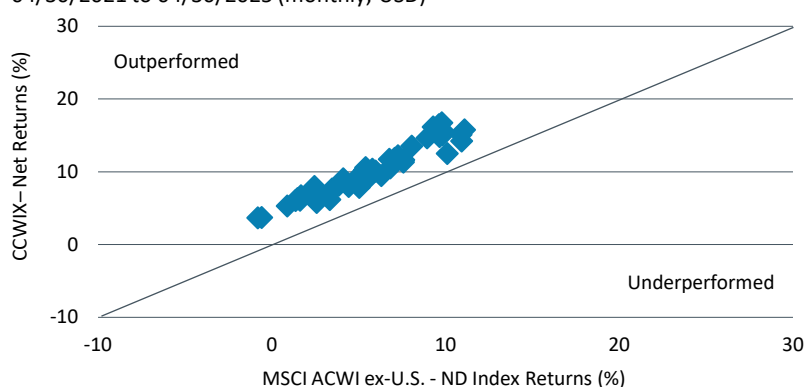
We seek to uncover wealth-generating companies using in-depth fundamental analysis on a company-by-company basis and invest with a long time horizon. At Chautauqua, we search for companies that:

- Benefit from durable, long-term trends
- Possess competitive advantages that enable them to potentially secure a significant portion of the profits created by those trends
- Can be purchased at reasonable valuations

The Baird Chautauqua International Growth Fund (CCWIX) has historically provided investors international diversification with faster growth, more profit, and less leverage than the MSCI ACWI ex-U.S. Index. The fund has outperformed the index over rolling five-year periods since inception.

Rolling Five-Year Returns Since Inception⁷

04/30/2021 to 04/30/2025 (monthly, USD)



FUND PERFORMANCE

(as of 04/30/2025)

	Average Annual Total Returns (%)				Expense Ratio (Net/Gross)
	1 Year	3 Year	5 Year	Since Inception*	
International Growth Fund Institutional Class (net)	18.05	9.91	12.51	9.41	0.80%/0.84%
International Growth Fund Investor Class (net)	17.76	9.64	12.21	9.13	1.05%/1.09%
MSCI ACWI ex-U.S. Index – ND	11.93	8.04	10.09	6.86	--





*Inception date: April 15, 2016.

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the data quoted. Returns include reinvestment of dividends and capital gains. To obtain the most recent month-end performance data available, please visit bairdfunds.com. 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, 2026 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 a 0.25% 12b-1 fee.

⁶Sources: FactSet. Top performing 50 stocks based on companies in the MSCI All Country World Index.

⁷Source: APX. Performance data quoted is for the Institutional Share Class of the Funds and represents past performance. Past performance does not guarantee future results.

INTERNATIONAL/GLOBAL GROWTH INVESTMENT TEAM

Investment Professional	Educational Background	Years of Experience	Prior Affiliation
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 Haicheng Li, CFA Managing Partner	MBA, Stanford University MMSc, Harvard Medical School MS, Harvard University BA, Rutgers University	23	TCW
 David Lubchenco Partner	MBA, University of Denver BA, The Colorado College	32	Marsico Capital Management Transamerica Investment Management Janus Capital
 Nate Velarde Partner	MIDS, UC Berkeley MBA, University of Chicago BA, University of Chicago	23	PIMCO Nuveen Investments TCW

For more information regarding how Chautauqua can help add value to your investment lineup, please contact us:

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The S&P 500 Index is an unmanaged index consisting of 500 publicly traded large-cap U.S. companies. The MSCI ACWI ex-U.S. Index® is a free float-adjusted market capitalization weighted index designed to represent performance of large- and mid-cap stocks across developed and emerging markets excluding the United States. The MSCI ACWI Index® is a free float-adjusted market capitalization weighted index designed to represent performance of large- and mid-cap stocks across developed and emerging markets. The MSCI World ex-U.S. Index® is a free float-adjusted, market capitalization-weighted index designed to represent performance of large- and mid-cap stocks across developed markets excluding the United States. The MSCI Emerging Markets Index® is a free float-adjusted, market capitalization-weighted index designed to represent performance of large- and mid-cap stocks across emerging markets. Indices are unmanaged and direct investment is not possible. "ND" represents net of dividends returns for the benchmark.

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