



# Prospectus

December 13, 2021

Baird Equity Opportunity Fund  
(Investor Class: BSVSX)  
(Institutional Class: BSVIX)

The U.S. Securities and Exchange Commission (the "SEC") has not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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# Summary Section

## Baird Equity Opportunity Fund

### Investment Objective

The investment objective of the Baird Equity Opportunity Fund (the “Fund”) is to provide long-term capital appreciation.

### Fees and Expenses of the Fund

The table below describes the fees and expenses that you may pay if you buy, hold and sell shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and example below.

#### Shareholder Fees

*(fees paid directly from your investment)*

None

#### Annual Fund Operating Expenses

*(expenses that you pay each year as a percentage of the value of your investment)*

	<i>Investor Class Shares</i>	<i>Institutional Class Shares</i>
Management Fees <sup>(1)</sup>	1.25%	1.25%
Distribution and Service (12b-1) Fees	0.25%	None
Other Expenses <sup>(2)</sup>	<u>0.39%</u>	<u>0.39%</u>
Total Annual Fund Operating Expenses	1.89%	1.64%
Less: Fee Waiver/Expense Reimbursement <sup>(3)</sup>	<u>-0.39%</u>	<u>-0.39%</u>
Total Annual Fund Operating Expenses After Fee Waiver/Expense Reimbursement	1.50%	1.25%

<sup>(1)</sup> Effective December 12, 2021 the Fund’s management fee increased from 0.85% to 1.25% as approved by shareholders at a meeting held on December 7, 2021.

<sup>(2)</sup> On December 13, 2021, the Fund acquired the assets of the Baird Small/Mid Cap Value Fund, a former series of Baird Funds, Inc. (the “Company”). Accordingly, “Other Expenses” are based on amounts estimated to be incurred for the current fiscal year after giving effect to this transaction.

<sup>(3)</sup> Robert W. Baird & Co. Incorporated (the “Advisor”) has contractually agreed to waive management fees and/or reimburse other expenses in order to limit the Fund’s total annual fund operating expenses to 1.25% and 1.50% of average daily net assets for the Institutional Class and Investor Class shares, respectively. The Advisor’s expense reimbursement agreement includes the fees and expenses incurred by the Fund in connection with the Fund’s investments in other investment companies (to the extent, in the aggregate, such expenses exceed 0.0049% of the Fund’s net assets) and interest expense, but excludes taxes, brokerage commissions and extraordinary expenses. If such excluded expenses were incurred, Fund expenses would be higher. The agreement will continue in effect through at least April 30, 2025 and may only be terminated prior to the end of this term by or with the consent of the Board of Directors. The Advisor is not entitled to recoup any fees waived and/or expenses reimbursed under the agreement.

## Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Please note that the one-year and three-year numbers below are based on the Fund's net expenses resulting from the expense reimbursement agreement described above. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
Investor Class Shares	\$153	\$474	\$864	\$2,072
Institutional Class Shares	\$127	\$397	\$732	\$1,800

## Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in total annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 61% of the average value of its portfolio. With the appointment of Greenhouse Funds LLLP ("Greenhouse" or the "Subadvisor") as the Fund's investment sub-advisor effective as of December 12, 2021, it is expected that the Fund's portfolio turnover rate will be higher, at least temporarily, as the Subadvisor adjusts the Fund's holdings to reflect changes made to the Fund's principal investment strategies.

## Principal Investment Strategies

The Fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities. However, the Fund will not borrow for investment purposes.

The Fund invests primarily in a select portfolio of equity securities of companies with small- to medium-market capitalizations (those with market capitalizations, at the time of purchase, of less than \$20 billion). Although the Fund invests principally in U.S. companies, the Fund may invest up to 15% of its total assets in equity securities of foreign companies.

Equity securities in which the Fund may invest include common stocks, preferred stocks, American Depositary Receipts ("ADRs") or other depositary shares or receipts, rights, warrants, exchange-traded funds ("ETFs"), and options whose reference asset is an equity security or equity securities index. In addition to equity ETFs, the Fund may

also invest in ETFs generally. The Fund may also purchase and sell (or write) options to hedge its portfolio or enhance returns.

The Fund will normally hold a limited number (typically 25 to 50) of companies. However, the Fund may hold fewer or more companies from time to time and invest in companies with larger market capitalizations when the Subadvisor believes doing so will help efforts to achieve the Fund's investment objective. The Fund will hold a mix of both value and growth stocks as part of the Subadvisor's opportunistic approach to investing.

The Fund is "non-diversified," meaning that it may invest a greater percentage of its assets in a smaller number of companies than a diversified mutual fund. Given the Subadvisor's opportunistic investment strategy, the Fund will generally be overweight in certain sectors and underweight in other sectors, as compared to the sector weightings in the Russell 2000 Index (the Fund's benchmark index), based on the Subadvisor's judgment of the sectors' relative attractiveness and its individual securities selection. The Fund may have little or no exposure to certain sectors. The Fund's sector exposures will likely change over time, as macroeconomic, market, sector and company specific conditions change.

In selecting investments for the Fund, the Subadvisor employs bottom-up research and fundamental analyses with a focus on companies that the Subadvisor believes possess a favorable risk/return profile. The Subadvisor seeks attractive opportunities for the Fund by evaluating industry dynamics and competitive forces as well as a company's business model, earnings quality, profitability, cash flows, management acumen and demonstrated capital stewardship. Extensive financial modeling and valuation assessments are then used to calculate the expected risk and return, after which the Subadvisor exercises its experience and judgment to determine timing and position sizing.

The Subadvisor seeks companies with the following key attributes:

- Large addressable market with a well-structured competitive landscape;
- Attractive business model with a sustainable competitive advantage;
- Stable or expanding profit margins and return on capital;
- Positive and growing free cash flow;
- Disciplined management team practicing intelligent capital deployment; and
- The presence or prediction of meaningful change including business model, product set, management, capital allocation strategy and valuation.

The Subadvisor also considers environmental, social and governance (ESG) factors as part of its overall investment decision-making because of the impacts those factors may have on a company's performance. The Subadvisor believes ESG factors vary across companies, industries and sectors and therefore does not apply exclusionary ESG screens in selecting investments for the Fund. There are not universally accepted ESG factors and the Subadvisor will consider them in its discretion.

The Subadvisor considers the following factors, among others, in deciding to sell positions: when the price objective has been reached with no change to underlying fundamentals, when a significant negative event changes the Subadvisor's view of the company's prospects, when target catalysts are realized or when an investment loses its attractiveness relative to other potential opportunities. The Subadvisor will also trim or sell securities to manage the Fund's risk related to position sizing.

Although the Subadvisor's target investment horizon is generally measured in years, the Subadvisor may from time to time engage in short-term trading for the Fund to take advantage of potential opportunities, which may increase portfolio turnover.

## Principal Risks

Please be aware that you may lose money by investing in the Fund. The following is a summary description of certain risks of investing in the Fund.

### *Stock Market Risks*

Stock prices vary and may fall, thus reducing the value of the Fund's investments. Certain stocks selected for the Fund's portfolio may decline in value more than the overall stock market. U.S. and international markets have recently experienced extreme price volatility and reduced liquidity. Continuing market problems may have adverse effects on the Fund.

### *Management Risks*

The Subadvisor's judgment about the attractiveness, value and potential appreciation of particular companies' stocks may prove to be incorrect. Such errors could result in a negative return to the Fund and a loss to you.

### *Non-Diversified Fund Risks*

As a non-diversified fund, the Fund may invest a larger percentage of its assets in a smaller number of companies compared to a diversified fund. As a result, a decline in value of one or a few securities held by the Fund will more adversely impact the Fund's performance than if the Fund's assets were more evenly invested in a larger number of companies. The Fund's share price can be expected to fluctuate more than that of a similar fund that is diversified.

### *Equity Securities Risks*

Equity securities may experience sudden, unpredictable drops in value or long periods of decline in value. This change may occur because of factors that affect securities markets generally or factors affecting specific industries, sectors or companies in which the Fund invests.

### *Common Stock Risks*

Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. Holders of common stocks are generally subject to greater risk than holders of preferred stocks and debt obligations of the same issuer because common stockholders

generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders and other creditors.

#### *Smaller Market Capitalization Risks*

Stocks of companies with small and medium market capitalizations involve a higher degree of risk than investments in the broad-based equities market. Small- to mid-capitalization stocks are often more volatile and less liquid than investments in larger companies, and are more likely to be adversely affected by poor economic or market conditions. In addition, small- to mid-capitalization companies may lack the management experience, financial resources and product diversification of larger companies, making them more susceptible to market pressures and business failure.

#### *Economic Sector Risks*

The Fund may invest a higher percentage of its total assets in one or more economic sectors, which may involve being overweight in those sectors relative to the Fund's benchmark index. Adverse conditions impacting those sectors may have a significant negative impact on the Fund's absolute and relative performance.

#### *Options Risks*

The Fund may purchase and sell (or write) call and put options. Options are subject to various types of risks, including market risk, liquidity risk, volatility risk, counterparty risk, legal risk and operations risk. With options purchased by the Fund, the risk is limited to the premium paid for the option if the underlying stock price moves in the opposite direction from desired and the option expires worthless. For options sold or written by the Fund, the primary risk is that the underlying stock price may move directionally away from the exercise price resulting in the option holder exercising the option and requiring the Fund to either deliver the securities (in the case of a call option) or pay for the securities (in the case of a put option) and recognize a significant loss.

#### *ETF Risks*

You will indirectly bear fees and expenses charged by the ETFs in which the Fund invests, in addition to the Fund's direct fees and expenses. Accordingly, your cost of investing in the Fund will generally be higher than the cost of investing directly in the ETF. The market price of ETF shares may trade at a discount to their net asset value or an active trading market for ETF shares may not develop or be maintained. ETFs in which the Fund invests typically will not be able to replicate exactly the performance of the underlying assets they track.

#### *New Subadvisor Risks*

The Subadvisor has not previously served as a sub-adviser to a registered investment company. It is possible the Subadvisor may not achieve the Fund's intended investment objective.

#### *Portfolio Turnover Risks*

The Fund may from time to time buy and sell portfolio securities and other assets to transition the Fund's portfolio to the Subadvisor's strategy or to rebalance the Fund's

exposure to various economic sectors. Higher portfolio turnover may result in the Fund paying higher levels of transaction costs and generating greater tax liabilities for shareholders. Portfolio turnover risk may cause the Fund's performance to be less than you expect.

#### *Foreign Securities Risks*

Securities of foreign issuers and ADRs are subject to certain inherent risks, such as political or economic instability of the country of issue and government policies, tax rates, withholding of foreign taxes, prevailing interest rates and credit conditions that may differ from those affecting domestic corporations. Securities of foreign issuers and ADRs may also be subject to currency fluctuations and controls and greater fluctuation in price than the securities of domestic corporations. Foreign companies generally are subject to different auditing and financial reporting standards than those applicable to domestic companies.

The United Kingdom (UK) withdrew from the European Union (EU) on January 31, 2020 following a June 2016 referendum referred to as "Brexit." Although the UK and EU have made a trade agreement that was entered into force on May 1, 2021, certain post-EU arrangements were outside the scope of the negotiating mandate and remain unresolved and subject to further negotiation and agreement. There is significant market uncertainty regarding Brexit's ramifications, and the range of possible political, regulatory, economic and market outcomes are difficult to predict. The uncertainty surrounding the UK's economy, and its legal, political, and economic relationship with the remaining member states of the EU, may continue to be a source of instability and cause considerable disruption in securities markets, including increased volatility and illiquidity, as well as currency fluctuations in the British pound's exchange rate against the U.S. dollar.

#### *Small Fund Risk*

There can be no assurance that the Fund will grow to or maintain an economically viable size.

#### *Shareholder Concentration Risk*

A large percentage of the Fund's shares are held by a small number of shareholders, including persons and entities related to the Advisor. A large redemption by one or more of these shareholders could materially increase the Fund's transaction costs and could increase the Fund's ongoing operating expenses, which would negatively impact the remaining shareholders of the Fund.

#### *ESG Considerations Risk*

Consideration of ESG factors in the investment process may cause the Subadvisor to forgo opportunities to invest in certain companies or to gain exposure to certain industries or regions and, therefore, carries the risk that, under certain market conditions, the Fund may underperform funds that do not consider such factors.



### *Recent Market Events*

U.S. and international markets have experienced significant periods of volatility in recent months and years due to a number of economic, political, social and global macro factors including the impact of the coronavirus (COVID-19) global pandemic, which resulted in a public health crisis, business interruptions, growth concerns in the U.S. and overseas, travel restrictions, changed travel and social behaviors, rising inflation, and reduced consumer spending. While U.S. and global economies are recovering from the effects of COVID-19 the recovery is proceeding at slower than expected rates and may last for a prolonged period of time.

### *Tax Risk*

Shareholders who are not tax-exempt may experience tax consequences as the Fund's portfolio is transitioned to the Subadvisor's strategy. The Fund will generate capital gains (or losses) on the sale of its portfolio securities. The amount of capital gains generated could be significant and the Fund would be required to distribute those capital gains to shareholders. You should consult your tax adviser for further information about federal, state and local tax consequences relative to your specific situation.

### *Cybersecurity Risk*

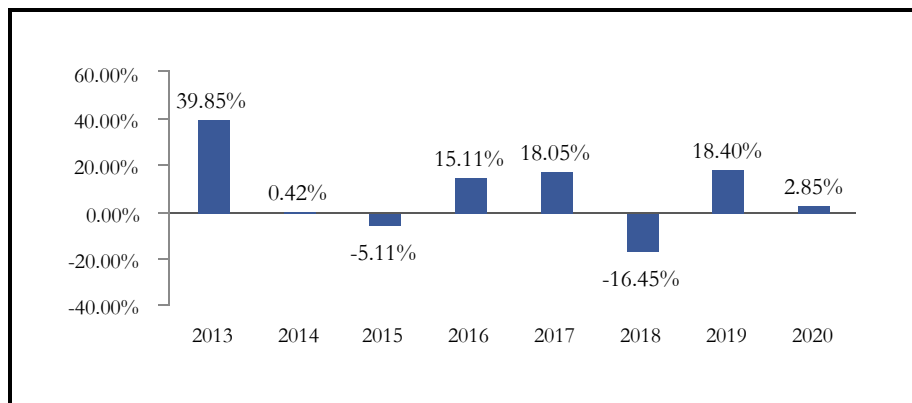
With the increased use of technologies such as the Internet to conduct business, the Fund is susceptible to operational, information security, and related risks. Cyber incidents affecting the Fund or its service providers may cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Fund's ability to calculate its net asset value ("NAV"), impediments to trading, the inability of shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

## Performance

The performance information provides some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for one and five years and since inception period compare with those of a broad measure of market performance. Past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. The Subadvisor became the Fund's sub-advisor as of December 12, 2021 and the Fund's name changed to the Baird Equity Opportunity Fund. Prior to December 12, 2021, the Fund was known as the Baird SmallCap Value Fund and was managed by the Advisor without the use of a sub-advisor and with a different investment strategy. The performance results shown in the bar chart and table are from periods during which the Fund was managed by the Advisor prior to the retention of the Subadvisor and when the Fund was managed as a diversified portfolio for purposes of the Investment Company Act of 1940. ***The performance record below does not illustrate the performance of the Subadvisor or the Fund's investment strategy in effect as of the date of this prospectus.*** Updated performance information is available on the

Fund's website at [www.bairdfunds.com](http://www.bairdfunds.com) or by calling the Fund toll-free at 1-866-442-2473.

### Calendar Year Returns for Institutional Class Shares



The calendar year-to-date return for the Fund's Institutional Class Shares as of September 30, 2021 was 10.80%.

**Best quarter:** 4th quarter 2020 27.62%

**Worst quarter:** 1st quarter 2020 -27.11%

### Average Annual Total Returns as of December 31, 2020

	<u>1 Year</u>	<u>5 Years</u>	<u>Since Inception (5/1/12)</u>
<i>Institutional Class</i>			
Return Before Taxes	2.85%	6.69%	7.73%
Return After Taxes on Distributions	1.56%	5.96%	7.14%
Return After Taxes on Distributions and Sale of Fund Shares	2.58%	5.20%	6.18%
<i>Investor Class</i>			
Return Before Taxes	2.54%	6.43%	7.46%
<b>Russell 2000<sup>®</sup> Index<sup>(1)</sup></b> <b>(reflects no deduction for fees, expenses or taxes)</b>	19.96%	13.26%	12.26%
<b>Russell 2000<sup>®</sup> Value Index</b> <b>(reflects no deduction for fees, expenses or taxes)</b>	4.63%	9.65%	9.56%

<sup>(1)</sup> Effective December 12, 2021, the Fund's primary benchmark was changed to the Russell 2000<sup>®</sup> Index, replacing the Russell 2000<sup>®</sup> Value Index, because it is a more comparative benchmark to the Fund's principal investment strategies under the Subadvisor's management.

After-tax returns are shown only for Institutional Class shares, and the after-tax returns for Investor Class shares will vary. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your tax situation and may differ from those shown. After-tax returns are not relevant if you hold your shares through a tax-deferred account, such as a 401(k) plan or an individual retirement account.

The Return After Taxes on Distributions and Sale of Fund Shares may be higher than other return figures when a capital loss occurs upon the redemption of Fund shares and provides an assumed tax benefit that increases the after-tax return.

## Investment Advisor

Robert W. Baird & Co. Incorporated is the Fund's investment advisor.

## Investment Subadvisor

Greenhouse Funds LLLP is the Fund's sub-advisor.

## Portfolio Manager

<u>Name</u>	<u>Portfolio Manager of the Fund Since</u>	<u>Title</u>
Joseph Milano	December 2021	Founder and Chief Investment Officer of the Subadvisor

# Purchase and Sale of Fund Shares, Taxes and Financial Intermediary Compensation

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## Purchase and Sale of Fund Shares

You may purchase or redeem shares of the Fund on any day the New York Stock Exchange (the “NYSE”) is open by written request via mail (Baird Funds, Inc. c/o U.S. Bank Global Fund Services, P.O. Box 701, Milwaukee, WI 53201-0701) or overnight delivery (Baird Funds, Inc. c/o U.S. Bank Global Fund Services, 615 E. Michigan Street, Third Floor, Milwaukee, WI 53202), by wire transfer, by telephone at 1-866-442-2473, or through a financial intermediary. Purchases and redemptions by telephone are only permitted if you previously established these options on your account.

The minimum initial and subsequent investment amounts are shown below, although the Fund may reduce or waive them in some cases in its discretion.

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	<i>Initial Purchase</i>	<i>Subsequent Purchases</i>
Investor Class	\$1,000 – Individual Retirement Accounts (Traditional/Roth/SIMPLE/SEP IRAs) and Coverdell Education Savings Account	\$100
	\$2,500 – All Other Accounts	\$100
Institutional Class	\$10,000 – All Account Types	No minimum

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## Tax Information

The Fund’s distributions may be subject to federal income tax and may be taxed as ordinary income or long-term capital gains unless you are investing through a tax-deferred or other tax-advantaged arrangement, such as a 401(k) plan or an individual retirement account (“IRA”). You may be taxed later upon the withdrawal of monies from such tax-deferred or other tax-advantaged arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase Fund shares through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. In addition, some broker-dealers may regard Institutional Class shares of the Fund as “clean” shares and charge you a commission on the purchase of such shares. Ask your salesperson or visit your financial intermediary’s website for more information.

# Principal Investment Strategies, Related Risks and Disclosure of Portfolio Holdings

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This Prospectus describes the Baird Equity Opportunity Fund (the “Fund”), offered by Baird Funds, Inc. (“Baird Funds” or the “Company”). The Fund was previously named the Baird SmallCap Value Fund.

## Investment Objective

The investment objective of the Fund is to provide long-term capital appreciation.

The investment objective is fundamental and may not be changed without shareholder approval. The percentage limitations set forth under “Principal Investment Strategies” are measured at the time of investment.

## Principal Investment Strategies

The Fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities. However, the Fund will not borrow for investment purposes.

The Fund invests primarily in a select portfolio of equity securities of companies with small- to medium-market capitalizations (those with market capitalizations, at the time of purchase, of less than \$20 billion). Although the Fund invests principally in U.S. companies, the Fund may invest up to 15% of its total assets in equity securities of foreign companies.

Equity securities in which the Fund may invest include common stocks, preferred stocks, ADRs or other depositary shares or receipts, rights, warrants, ETFs, and options whose reference asset is an equity security or equity securities index. In addition to equity ETFs, the Fund may also invest in ETFs generally, or may invest cash temporarily in ETFs until individual securities are identified for purchase or until the Fund is able to purchase securities in a sector. The Fund may also purchase and sell (or write) options to hedge its portfolio or enhance returns.

The Fund will normally hold a limited number (typically 25 to 50) of companies. However, the Fund may hold fewer or more companies from time to time and invest in companies with larger market capitalizations when the Subadvisor believes doing so will help efforts to achieve the Fund’s investment objective. The Fund will hold a mix of both value and growth stocks as part of the Subadvisor’s opportunistic approach to investing.

The Fund is “non-diversified,” meaning that it may invest a greater percentage of its assets in a smaller number of companies than a diversified mutual fund. Given the Subadvisor’s opportunistic investment strategy, the Fund will generally be overweight in certain sectors and underweight in other sectors, as compared to the sector weightings in the Russell 2000 Index (the Fund’s benchmark index), based on the Subadvisor’s judgment of the sectors’ relative attractiveness and its individual securities selection. The Fund may have little or no exposure to certain sectors. The Fund’s sector exposures will likely change over time, as macroeconomic, market, sector and company specific conditions change.

In selecting investments for the Fund, the Subadvisor employs bottom-up research and fundamental analyses with a focus on companies that the Subadvisor believes possess a favorable risk/return profile. The Subadvisor seeks attractive opportunities for the Fund by evaluating industry dynamics and competitive forces as well as a company’s business model, earnings quality, profitability, cash flows, management acumen and demonstrated capital stewardship. Extensive financial modeling and valuation assessments are then used to calculate the expected risk and return, after which the Subadvisor exercises its experience and judgment to determine timing and position sizing.

The Subadvisor seeks companies with the following key attributes:

- Large addressable market with a well-structured competitive landscape;
- Attractive business model with a sustainable competitive advantage;
- Stable or expanding profit margins and return on capital;
- Positive and growing free cash flow;
- Disciplined management team practicing intelligent capital deployment; and
- The presence or prediction of meaningful change including business model, product set, management, capital allocation strategy and valuation.

The Subadvisor also considers ESG factors as part of its overall investment decision-making because of the impacts those factors may have on a company’s performance. The Subadvisor believes ESG factors vary across companies, industries and sectors and therefore does not apply exclusionary ESG screens in selecting investments for the Fund. There are not universally accepted ESG factors and the Subadvisor will consider them in its discretion.

The Subadvisor considers the following factors, among others, in deciding to sell positions: when the price objective has been reached with no change to underlying fundamentals, when a significant negative event changes the Subadvisor’s view of the company’s prospects, when target catalysts are realized or when an investment loses its attractiveness relative to other potential opportunities. The Subadvisor will also trim or sell securities to manage the Fund’s risk related to position sizing.

Although the Subadvisor’s target investment horizon is generally measured in years, the Subadvisor may from time to time engage in short-term trading for the Fund to take advantage of potential opportunities, which may increase portfolio turnover.

## Other Principal Investment Strategies

### *Cash or Similar Investments; Temporary Strategies*

Under normal circumstances, the Fund may invest up to 20% of its net assets in cash or liquid reserves (such as U.S. government securities, money market mutual funds, repurchase agreements, commercial paper or certificates of deposit). The Fund may invest up to 100% of its total assets in cash or similar short-term investment grade securities (such as U.S. government securities, money market mutual funds, repurchase agreements, commercial paper or certificates of deposit) as a temporary defensive position during adverse market, economic or political conditions and in other limited circumstances. To the extent the Fund engages in any temporary strategies or maintains a substantial cash position, the Fund may not achieve its investment objective. To the extent that the Fund invests in money market funds, there will be some duplication of expenses because the Fund would bear its pro rata portion of such money market fund's management fees and operational expenses.

For the Fund, the percentage limitations set forth under "Principal Investment Strategies" is measured at the time of investment.

### *Foreign Securities and ADRs*

The Fund may invest up to 15% of its total assets in common stocks, ADRs or other depositary shares or receipts, or ordinary shares of publicly-traded foreign issuers. ADRs are receipts generally issued by U.S. banks or trust companies evidencing ownership of the underlying foreign securities and denominated in U.S. dollars. ADRs may be sponsored or unsponsored. "Sponsored" ADRs are issued jointly by the issuer of the underlying security and the depository and "unsponsored" ADRs are issued without the participation of the issuer of the deposited security. Holders of unsponsored ADRs generally bear all costs of the facility. With sponsored facilities, the underlying issuer typically bears some of the costs of the facility.

## Principal Risks

### *Stock Market Risks*

Stock prices vary and may fall, thus reducing the value of the Fund's investments. Certain stocks selected for the Fund's portfolio may decline in value more than the overall stock market. U.S. and international markets have recently experienced extreme price volatility and reduced liquidity. As a result, many of the above risks may be increased. Continuing market problems may have adverse effects on the Fund.

### **are:**

Securities rated in one of the four highest categories by Standard & Poor's ("S&P"), Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings ("Fitch") or another nationally recognized statistical rating organization.

### *Management Risks*

The Subadvisor's judgment about the attractiveness, value and potential appreciation of particular companies' stocks may prove to be incorrect. Such errors could result in a negative return to the Fund and a loss to you.

### *Non-Diversified Fund Risks*

As a non-diversified fund, the Fund may invest a larger percentage of its assets in a smaller number of companies compared to a diversified fund. As a result, a decline in value of one or a few securities held by the Fund will more adversely impact the Fund's performance than if the Fund's assets were more evenly invested in a larger number of companies. The Fund's share price can be expected to fluctuate more than that of a similar fund that is diversified.

### *Equity Securities Risks*

Equity securities may experience sudden, unpredictable drops in value or long periods of decline in value. This change may occur because of factors that affect the securities markets in general, such as adverse changes in economic conditions, the general outlook for corporate earnings, interest rates or investor sentiment. Equity securities may also lose value because of factors affecting an entire industry or sector, such as increases in production costs, or factors directly related to a specific company, such as decisions made by its management.

### *Common Stock Risks*

Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises. Holders of common stocks are generally subject to greater risk than holders of preferred stocks and debt obligations of the same issuer because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders and other creditors.

### *Smaller Market Capitalization Risks*

Stocks of companies with small and medium market capitalizations involve a higher degree of risk than investments in the broad-based equities market. Small- to mid-capitalization stocks are often more volatile and less liquid than investments in larger companies, and are more likely to be adversely affected by poor economic or market conditions. The frequency and volume of trading in securities of smaller companies may be substantially less than is typical of larger companies. Therefore, the securities of small- to mid-capitalization companies may be subject to greater and more abrupt price fluctuations. In addition, small- to mid-capitalization companies may lack the management experience, financial resources and product diversification of larger companies, making them more susceptible to market pressures and business failure. A significant percentage of the outstanding shares of a smaller company may also be held



by management, which could cause management to have greater influence over actions requiring shareholder approval. The risks of investing in smaller companies generally increase as the size of the companies decreases.

#### *Economic Sector Risks*

The Fund may invest a higher percentage of its total assets in one or more economic sectors, which may involve being overweight in those sectors relative to the Fund's benchmark index. Adverse conditions impacting those sectors may have a significant negative impact on the Fund's absolute and relative performance.

#### *Options Risks*

The Fund may purchase and sell (or write) call and put options. Options are subject to various types of risks, including market risk, liquidity risk, volatility risk, counterparty risk, legal risk and operations risk. With options purchased by the Fund, the risk is limited to the premium paid for the option if the underlying stock price moves in the opposite direction from desired and the option expires worthless. For options sold or written by the Fund, the primary risk is that the underlying stock price may move directionally away from the exercise price resulting in the option holder exercising the option and requiring the Fund to either deliver the securities (in the case of a call option) or pay for the securities (in the case of a put option) and recognize a significant loss.

#### *ETF Risks*

The price of an ETF can fluctuate within a wide range, and the Fund could lose money investing in an ETF if the prices of the securities owned by the ETF go down. In addition, ETFs are subject to risks that the market price of ETF shares may trade at a discount to their NAV, an active trading market for ETF shares may not develop or be maintained, or trading of ETF shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Additionally, a Fund will bear its proportionate share of an ETF's fees and expenses (including management fees, administration fees and custodian fees) in addition to the fees and expenses of the Fund.

#### *New Subadvisor Risks*

The Subadvisor has not previously served as a sub-adviser to a registered investment company. It is possible the Subadvisor may not achieve the Fund's intended investment objective.

#### *Portfolio Turnover Risks*

The Fund may from time to time buy and sell portfolio securities and other assets to transition the Fund's portfolio to the Subadvisor's strategy or to rebalance the Fund's exposure to various economic sectors. Higher portfolio turnover may result in the Fund paying higher levels of transaction costs and generating greater tax liabilities for shareholders. Portfolio turnover risk may cause the Fund's performance to be less than you expect.

### *Foreign Securities Risks*

Securities of foreign issuers and ADRs are subject to certain inherent risks, such as political or economic instability of the country of issue, the difficulty of predicting international trade patterns and the possibility of imposition of exchange controls. Such securities may also be subject to greater fluctuations in price than securities of domestic corporations. In addition, there may be less publicly available information about a foreign company than about a domestic company. Foreign companies generally are subject to different accounting, auditing and financial reporting standards than those applicable to domestic companies. With respect to certain foreign countries, there is a possibility of expropriation or confiscatory taxation, or diplomatic developments, which could affect investments in those countries.

The United Kingdom (UK) withdrew from the European Union (EU) on January 31, 2020 following a June 2016 referendum referred to as “Brexit.” Although the UK and EU have made a trade agreement that was entered into force on May 1, 2021, certain post-EU arrangements were outside the scope of the negotiating mandate and remain unresolved and subject to further negotiation and agreement. There is significant market uncertainty regarding Brexit’s ramifications, and the range of possible political, regulatory, economic and market outcomes are difficult to predict. The uncertainty surrounding the UK’s economy, and its legal, political, and economic relationship with the remaining member states of the EU, may continue to be a source of instability and cause considerable disruption in securities markets, including increased volatility and illiquidity, as well as currency fluctuations in the British pound’s exchange rate against the U.S. dollar.

### *Small Fund Risk*

There can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Board of Directors may determine to liquidate the Fund. Liquidation of the Fund can be initiated without shareholder approval by the Board of Directors if it determines that liquidation is in the best interests of the Fund. While such risk may apply to funds of any size, such risk is heightened in funds with fewer assets under management.

### *Shareholder Concentration Risk*

A large percentage of the Fund’s shares are held by a small number of shareholders, including persons and entities related to the Subadvisor. A large redemption by one or more of these shareholders could materially increase the Fund’s transaction costs and could increase the Fund’s ongoing operating expenses, which would negatively impact the remaining shareholders of the Fund.

### *ESG Considerations Risk*

Consideration of ESG factors in the investment process may cause the Subadvisor to forgo opportunities to invest in certain companies or to gain exposure to certain industries or regions and, therefore, carries the risk that, under certain market conditions, the Fund may underperform funds that do not consider such factors.

### *Recent Market Events*

U.S. and international markets have experienced volatility in recent months and years due to a number of economic, political and global macro factors, including the impact of the coronavirus (COVID-19) global pandemic, which resulted in a public health crisis, business interruptions, growth concerns in the U.S. and overseas, travel restrictions, changed travel and social behaviors, rising inflation and reduced consumer spending. While several countries, including the U.S., have begun to lift public health restrictions in efforts to reopen their respective economies, the outbreak of new variants has led to the renewal of health mandates by local governments and businesses, event cancellations and additional travel restrictions, supply chain shortages, cessation of return-to-office plans and an overall economic slowdown. While U.S. and global economies are recovering from the effects of COVID-19, the recovery is proceeding at slower than expected rates and may last for a prolonged period of time. Uncertainties regarding inflation, interest rates, political events, rising government debt in the U.S. and trade tensions have also contributed to market volatility. Global economies and financial markets are increasingly interconnected, which increases the possibility that conditions in one country or region might adversely impact issuers in a different country or region. In particular, a rise in protectionist trade policies, slowing global economic growth, risks associated with epidemic and pandemic diseases, risks associated with the United Kingdom's departure from the European Union, the risk of trade disputes, and the possibility of changes to some international trade agreements, could affect the economies of many nations, including the United States, in ways that cannot necessarily be foreseen at the present time. Continuing market volatility as a result of recent market conditions or other events may have adverse effects on your account.

### *Tax Risk*

Shareholders who are not tax exempt may experience tax consequences as the Fund's portfolio is transitioned to the Subadvisor's strategy. The Fund will generate capital gains (or losses) on the sale of its portfolio securities. The amount of capital gains generated could be significant, and the Fund would be required to distribute those capital gains to shareholders. You should consult your tax adviser for further information about federal, state and local tax consequences relative to your specific situation.

### *Cybersecurity Risk*

With the increased use of technologies such as the Internet to conduct business, the Fund is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Fund or its service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Fund's ability to calculate its NAV, impediments to trading, the inability of fund shareholders to transact

business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which the Fund invests, counterparties with which the Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for fund shareholders) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Fund's service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Fund cannot control the cyber security plans and systems put in place by their service providers or any other third parties whose operations may affect the Fund or its shareholders. As a result, the Fund and its shareholders could be negatively impacted.

## Portfolio Holdings Disclosure Policy

A description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio holdings is available in the Statement of Additional Information ("SAI") and on the Company's website at [www.bairdfunds.com](http://www.bairdfunds.com).

### Note Regarding Percentage Limitations

Whenever an investment objective, policy or strategy of the Fund set forth in this Prospectus or the Fund's SAI states a maximum (or minimum) percentage of the Fund's assets that may be invested in any type of security or asset class, the percentage is determined immediately after the Fund's acquisition of that investment, except with respect to percentage limitations on temporary borrowing and illiquid investments. Accordingly, any later increase or decrease resulting from a change in the market value of a security or in the Fund's assets (*e.g.*, due to net sales or redemptions of Fund shares) will not cause the Fund to violate a percentage limitation. As a result, due to market fluctuations, cash inflows or outflows or other factors, the Fund may exceed such percentage limitations from time to time.

## Who May Want to Invest in the Fund

The Fund may be appropriate for investors who:

- Wish to invest for the long-term;
- Want to realize capital appreciation on investments in equity securities;
- Are looking for an equity component to their portfolio;
- Are willing to assume the risk of investing in equity securities; and
- Have long-term goals such as planning for retirement.

The Fund is not appropriate for investors who have short-term financial goals.

Before investing in the Fund, you should carefully consider:

- Your investment goals;
- The amount of time you are willing to leave your money invested; and
- The amount of risk you are willing to take.

## Management of the Fund

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### The Advisor

Robert W. Baird & Co. Incorporated (the “Advisor”), subject to the general supervision of the Company’s Board of Directors (the “Board”), serves as the Company’s investment advisor and administers the Company’s business affairs. The Advisor is responsible for supervising the management of the Fund’s portfolio by the Subadvisor.

Pursuant to an Investment Advisory Agreement between the Company and the Advisor, effective December 12, 2021, for its services, the Advisor receives a management fee of 1.25% of the average daily net assets of the Fund. The advisory fee is accrued daily and paid monthly. The Advisor has contractually agreed to waive its fees and/or reimburse the Fund’s total annual fund operating expenses at least through April 30, 2025 to the extent necessary to ensure that the total operating expenses, including the fees and expenses incurred by the Fund in connection with the Fund’s investments in other investment companies (to the extent, in the aggregate, such fees and expenses on an annual basis exceed 0.0049% of a Fund’s average daily net assets) and interest expense, but excluding taxes, brokerage commissions and extraordinary expenses, do not exceed an annual rate of 1.25% and 1.50% of average daily net assets for the Institutional Class and Investor Class shares, respectively.

Any waivers or reimbursements have the effect of lowering the overall expense ratio for the Fund and increasing the overall return to investors at the time any such amounts are waived and/or reimbursed.

Prior to December 12, 2021, under the Fund’s prior investment advisory agreement with the Advisor, the management fee for the Fund was 0.85% of the Fund’s average daily net assets. After expense waivers, the net advisory fee paid to the Advisor for the fiscal year ended December 31, 2020 under the prior investment advisory agreement was equal to 0.16% of the SmallCap Value Fund’s average daily net assets.

The Advisor was founded in 1919 and has its main office at 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202. The Advisor provides investment management services for individuals and institutional clients including business entities, not-for-profit organizations, universities foundations and pension and profit-sharing plans. As of

September 30, 2021, the Advisor had approximately \$200 billion in assets under discretionary management.

A discussion regarding the basis for the Board's approval of the investment advisory and subadvisory agreements with respect to the Fund will be available in the Fund's 2021 annual report.

## The Subadvisor

Effective December 12, 2021, the Advisor has entered into a sub-advisory agreement with Greenhouse Funds L.L.P. pursuant to which the Subadvisor manages the Fund's portfolio. Greenhouse is an SEC-registered investment adviser located at 650 South Exeter Street, Suite 1080, Baltimore, MD 21202. Founded by Joseph Milano in June 2013, Greenhouse provides investment advisory services to private funds (hedge funds and long-only funds) and separately managed accounts, in addition to its subadvisory services to the Fund and has more than \$789 million of assets under management as of September 30, 2021.

Subject to the Advisor's supervision, Greenhouse is responsible for the day-to-day management of the Fund in accordance with the Fund's investment objective and policies. The Subadvisor provides continuous advice and recommendations concerning the Fund's investments and is responsible for selecting the broker-dealers who execute the portfolio transactions.

Under the sub-advisory agreement, the Subadvisor receives compensation from the Advisor for its services to the Fund at an annual rate of 1.00% of the Fund's average daily net assets.

## Portfolio Manager

### *Joseph Milano*

Joseph Milano, CFA, is the portfolio manager for the Fund and has managed the Fund since 2021. Mr. Milano is Founder and Chief Investment Officer of the Subadvisor, having served in such capacities since establishing the Subadvisor in June 2013. Mr. Milano is the portfolio manager of the Greenhouse Master Fund LP and Greenhouse Long Only Master Fund LP, two private funds of which the Subadvisor is the investment manager, and manages Greenhouse's separately managed accounts. Mr. Milano previously served as portfolio manager of the T. Rowe Price New America Growth Fund from July 2002 until May 2013. Mr. Milano previously served as a vice president of T. Rowe Price, which he joined in 1996. Mr. Milano earned his B.A. from Duke University in 1994.

The Fund's SAI provides additional information about the portfolio manager, including other accounts managed, ownership of Funds shares and compensation.

## Subadvisor Related Historical Performance

Greenhouse manages a long-only equity fund (the “Long-Only Fund”), an unregistered private fund launched in 2019 that has an investment objective, policies and strategies substantially similar to those of the Baird Equity Opportunity Fund (the “Fund”) under Greenhouse’s management. The Long-Only Fund is managed solely by Joseph Milano, the Fund’s portfolio manager as of December 12, 2021, while he has been a portfolio manager at Greenhouse.

The performance information for the Long-Only Fund shown below is based on the actual performance of the Long-Only Fund since its launch on January 1, 2019. The returns presented below have not been verified by any third party and are unaudited.

**The performance information shown below represents the historical information of the Long-Only Fund and is not the performance of the Fund. This performance information should not be considered indicative of the Fund’s future performance.**

The returns information presented below for the Long-Only Fund is calculated on a total return basis and includes all dividends and interest, accrued income, and realized and unrealized gains and losses and is net of transaction costs. All returns presented below reflect the deduction the Fund’s Institutional Class total annual fund operating expenses, both before and after the Advisor’s contractual fee waiver and expense reimbursement, as set forth under the heading “Fees and Expenses of the Fund.” Securities transactions are accounted for on the trade date and accrual accounting is utilized. Cash and cash equivalents are included in performance returns.

The methodology used to calculate total returns presented below for the Long-Only Fund differs from the standards required by the SEC for calculation of performance for registered investment companies. Results may differ between the Long-Only Fund and the Fund due to differences in fees, expenses and cash flows as well as differences in the size of positions taken in relation to the size of portfolios. The Long-Only Fund is not subject to the diversification requirements, tax restrictions or investment limitations imposed on the Fund by the 1940 Act, or Subchapter M of the Code. Consequently, the performance results of the Long-Only Fund could have been adversely affected if it had been regulated under the federal securities and tax laws.

## Greenhouse Long-Only Equity Fund

<u>Periods Ending</u> <u>9/30/21</u>	<u>Average Annual</u> <u>Total Returns</u> (after deducting the Fund's Net Annual Operating Expenses)	<u>Average Annual</u> <u>Total Returns</u> (after deducting the Fund's Total Annual Operating Expenses)	<u>Russell 2000<sup>®</sup></u> <u>Total Return</u> <u>Index<sup>(2)</sup></u>
1 Year	55.56%	54.98%	47.67%
Since Inception <sup>(1)</sup>	33.27%	32.76%	10.64%

<u>Periods Ending</u> <u>12/31</u>	<u>Total Returns</u> (after deducting the Fund's Net Annual Operating Expenses)	<u>Total Returns</u> (after deducting the Fund's Total Annual Operating Expenses)	<u>Russell 2000<sup>®</sup></u> <u>Total Return</u> <u>Index<sup>(2)</sup></u>
2020	40.01%	39.47%	19.94%
2019 <sup>(1)</sup>	32.72%	32.21%	25.53%

The Greenhouse Long-Only Equity Fund's return from January 1, 2021 through September 30, 2021 was 18.56% (after deducting the Fund's net annual operating expenses) and 18.22% (after deducting the Fund's total annual operating expenses).

<sup>(1)</sup> The Greenhouse Long-Only Equity Fund commenced operations on January 1, 2019.

<sup>(2)</sup> The Russell 2000<sup>®</sup> Total Return Index measures the performance of the small-cap segment of the U.S. equity universe and includes approximately 2,000 small-cap companies. The Russell 2000<sup>®</sup> Total Return Index is a subset of the Russell 3000<sup>®</sup> Index, which consists of the 3,000 largest U.S. domiciled publicly traded common stocks by market capitalization. The Russell 2000<sup>®</sup> Total Return Index reflects no deduction for fees, expenses or taxes. A direct investment in an index is not possible.

## Recent Events

On December 7, 2021, shareholders of the Fund approved the retention of Greenhouse as the Fund's subadvisor, together with a new investment advisory agreement with Robert W. Baird & Co. Inc. and the redesignation of the Fund as non-diversified for purposes of the Investment Company Act of 1940. In connection with these changes, former Investor Class shareholders of the Fund had their shares converted to Institutional Class shares of the Fund pursuant to a plan of conversion effective December 13, 2021. On December 7, 2021, shareholders of the Baird Small/Mid Cap Value Fund, a series of the Company, approved an agreement and plan of reorganization pursuant to which the Baird Small/Mid Cap Value Fund was reorganized with and into the Fund (the "Reorganization"). The Reorganization closed on December 13, 2021.



# Financial Highlights

The financial highlights table is intended to help you understand the Fund's financial performance for the past five fiscal years of the Fund as well as the semi-annual fiscal period ended June 30, 2021, as indicated in the table below. Certain information reflects financial results for a single Fund share. The total returns presented in the table represent the rate that an investor would have earned or lost on an investment in the Fund for the stated periods (assuming reinvestment of all distributions). Information in the table for the fiscal years ended December 31, 2020, 2019, 2018 and 2017 has been audited by Cohen & Company, Ltd., whose report, along with the Fund's financial statements, is included in the Fund's annual report, which is available upon request. The financial highlights for the period ended June 30, 2021 are unaudited. Information in the table for the fiscal years or periods ended prior to December 31, 2017 was audited by a different public accounting firm.

## Financial Highlights

Baird Equity Opportunity Fund (formerly known as Baird SmallCap Value Fund) – Institutional Class

	<b>Six Months Ended June 30, 2021 (Unaudited)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Per Share Data:</b>						
Net asset value, beginning of period	\$15.56	\$15.96	\$13.58	\$16.99	\$14.83	\$13.03
<b>Income from investment operations:</b>						
Net investment income <sup>(1)</sup>	0.07	0.03	0.13	0.05	0.09	0.21
Net realized and unrealized gains (losses) on investments	1.85	0.43 <sup>(2)</sup>	2.36	(2.85)	2.59	1.76
Total from investment operations	1.92	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 period</b>	<b>\$17.48</b>	<b>\$15.56</b>	<b>\$15.96</b>	<b>\$13.58</b>	<b>\$16.99</b>	<b>\$14.83</b>
<b>Total return</b>	<b>12.34%<sup>(3)</sup></b>	<b>2.85%</b>	<b>18.40%</b>	<b>(16.45)%</b>	<b>18.05%</b>	<b>15.11%</b>

## Financial Highlights

Baird Equity Opportunity Fund (formerly known as Baird SmallCap Value Fund) – Institutional Class

	<b>Six Months Ended June 30, 2021 (Unaudited)</b>		<b>Year Ended December 31,</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	
<b>Supplemental data and ratios:</b>						
Net assets, end of year (millions)	\$35.9	\$30.4	\$33.0	\$28.8	\$33.6	\$28.2
Ratio of expenses to average net assets	0.95% <sup>(4)</sup>	0.95%	0.95%	1.00% <sup>(5)</sup>	1.00%	1.00%
Ratio of expenses to average net assets (before waivers)	1.47% <sup>(4)</sup>	1.64%	1.44%	1.38%	1.35%	1.43%
Ratio of net investment income to average net assets	0.82% <sup>(4)</sup>	0.21%	0.87%	0.29%	0.61%	1.58%
Ratio of net investment income (loss) to average net assets (before waivers)	0.30% <sup>(4)</sup>	(0.48)%	0.38%	(0.09)%	0.26%	1.15%
Portfolio turnover rate <sup>(6)</sup>	35% <sup>(3)</sup>	61%	55%	36%	30%	49%

<sup>(1)</sup> Calculated using average shares outstanding during the period.

<sup>(2)</sup> Due to timing of capital share transactions, the per share amount of net realized and realized gain (loss) on investments varies from the amounts shown in the statement of operations.

<sup>(3)</sup> Not annualized.

<sup>(4)</sup> Annualized.

<sup>(5)</sup> 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%.

<sup>(6)</sup> 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.

## Financial Highlights

Baird Equity Opportunity Fund (formerly known as Baird SmallCap Value Fund) – Investor Class

	<b>Six Months Ended</b>		<b>Year Ended December 31,</b>				
	<b>June 30, 2021</b>		<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>						
<b>Per Share Data:</b>							
Net asset value, beginning of period	\$15.52	\$15.97	\$13.58	\$16.97	\$14.81	\$12.99	
<b>Income from investment operations:</b>							
Net investment income <sup>(1)</sup>	0.05	(0.01)	0.09	0.01	0.06	0.18	
Net realized and unrealized gains (losses) on investments	1.84	0.42 <sup>(2)</sup>	2.37	(2.85)	2.58	1.75	
Total from investment operations	1.89	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 period</b>	<b>\$17.41</b>	<b>\$15.52</b>	<b>\$15.97</b>	<b>\$13.58</b>	<b>\$16.97</b>	<b>\$14.81</b>	
<b>Total return</b>	<b>12.18% <sup>(3)</sup></b>	<b>2.54%</b>	<b>18.19%</b>	<b>(16.71)% <sup>(5)</sup></b>	<b>17.78%</b>	<b>14.84%</b>	
<b>Supplemental data and ratios:</b>							
Net assets, end of year (millions)	\$0.3	\$0.3	\$0.9	\$0.8	\$2.6	\$2.6	
Ratio of expenses to average net assets	1.20% <sup>(4)</sup>	1.20%	1.20%	1.25% <sup>(5)</sup>	1.25%	1.25%	
Ratio of expenses to average net assets (before waivers)	1.72% <sup>(4)</sup>	1.89%	1.69%	1.63%	1.60%	1.68%	
Ratio of net investment income to average net assets	0.57% <sup>(4)</sup>	(0.04)%	0.62%	0.04%	0.36%	1.33%	

## Financial Highlights

Baird Equity Opportunity Fund (formerly known as Baird SmallCap Value Fund) – Investor Class

	Six Months Ended		Year Ended December 31,			
	June 30, 2021 (Unaudited)	2020	2019	2018	2017	2016
Ratio of net investment income (loss) to average net assets (before waivers)	0.05% <sup>(4)</sup>	(0.73)%	0.13%	(0.34)%	0.01%	0.90%
Portfolio turnover rate <sup>(6)</sup>	35% <sup>(3)</sup>	61%	55%	36%	30%	49%

<sup>(1)</sup> Calculated using average shares outstanding during the period.

<sup>(2)</sup> Due to timing of capital share transactions, the per share amount of net realized and realized gain (loss) on investments varies from the amounts shown in the statement of operations.

<sup>(3)</sup> Not annualized.

<sup>(4)</sup> Annualized.

<sup>(5)</sup> 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%.

<sup>(6)</sup> 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.

## Your Account

### Distribution of Shares

#### Distributor

The Advisor, Robert W. Baird & Co. Incorporated, is also the distributor (the “Distributor”) of shares of the Fund, and a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”).

#### Rule 12b-1 Plan

The Fund has adopted a distribution and shareholder service plan on behalf of Investor Class shares and pursuant to Rule 12b-1 under the 1940 Act (the “Rule 12b-1 Plan”). Under the Rule 12b-1 Plan, the Investor Class shares pay the Distributor a fee at an annual rate of 0.25% of their average daily net asset value. The Distributor uses this fee primarily to finance activities that promote the sale of Investor Class shares. Such activities include, but are not necessarily limited to, compensating brokers, dealers, financial intermediaries and sales personnel for distribution and shareholder services, printing and mailing prospectuses to persons other than current shareholders, printing and mailing sales literature, and advertising. Because 12b-1 fees are ongoing, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

## Referral Program

The Distributor has established a referral program pursuant to which it may pay cash compensation to its sales personnel for sales of Institutional Class shares of the Fund. Compensation paid to participants in this program for sales of Institutional Class shares of the Fund may be more or less than compensation they receive for sales of shares of other investment companies. These payments may influence the Distributor's sales personnel to recommend the Institutional Class shares of the Fund over another investment. These payments are only made for sales to non-ERISA institutional accounts. The Distributor will pay compensation under the referral program out of its own resources. Accordingly, the referral program will not affect the price an investor will pay for Institutional Class shares of the Fund. Please see "Fees and Expenses of the Fund" for information about the Fund's fees and expenses.

## Fund Purchases Through a Financial Intermediary

Financial intermediaries, such as banks, fiduciaries, custodians, investment advisers, and broker-dealers, hold shares of the Fund for their clients through omnibus or networked accounts. The Fund, and/or the Distributor on behalf of the Fund, retain financial intermediaries, as agents, to provide sub-transfer agency, administrative or related shareholder services to their clients for the Fund. The Advisor, the Distributor and/or the Fund pay certain financial intermediaries for performing such services.

The Distributor may also retain financial intermediaries to provide sales, marketing support, or related services to their clients who beneficially own Fund shares. From time to time, the Advisor or the Distributor may pay those financial intermediaries for the provision of those services. Any such payments will be made from the Advisor's or the Distributor's own resources. These payments, sometimes referred to as marketing support payments or revenue sharing payments, are in addition to or in lieu of any amounts payable to the financial intermediary under the Fund's Rule 12b-1 Plan for the provision of distribution and shareholder services provided by financial intermediaries on behalf of Investor Class shares. The payments made to these financial intermediaries vary based on a number of factors, including the types of services provided and amount of their clients' assets invested in the Fund and, with respect to marketing support payments, the level of sales activity. These payments may influence the financial intermediary to recommend the Fund, or a particular class of Fund shares, over another investment.

## Description of Classes

The Fund offers two classes of shares: Investor Class and Institutional Class. The classes differ with respect to their minimum investments and expenses. Investor Class shares impose a Rule 12b-1 fee that is assessed against the assets of the Fund attributable to that class. Accordingly, the performance information for the Investor Class shares would be lower than the performance information shown for the Institutional Class shares of the Fund.

Financial institutions may receive Rule 12b-1 fees from the Distributor based upon Investor Class shares owned by their clients or customers. The Distributor will determine the schedule of such fees and the basis upon which such fees will be paid.

## Share Price

Shares of each class in the Fund are sold at their net asset value (“NAV”). Shares may be purchased or redeemed on days the New York Stock Exchange (the “NYSE”) is open. The NYSE is closed most national holidays and Good Friday.

The NAV for each class of shares of the Fund is determined as of the close of regular trading on the NYSE (normally 3:00 p.m., Central time) Monday through Friday, except on days the NYSE is not open. If the NYSE closes early, the Fund will calculate the NAV at the closing time on that day. If an emergency exists as permitted by the SEC, NAV may be calculated at a different time.

The NAV for each class of shares is determined by adding the value of the Fund’s investments, cash and other assets attributable to a particular share class, subtracting the liabilities attributable to that class and then dividing the result by the total number of shares outstanding in the class.

When making a purchase request, make sure your request is in good order.

“Good order” means your purchase request includes:

- The name of the Fund and share class;
- The dollar amount of shares to be purchased;
- Purchase application or investment stub; and
- Check payable to Baird Funds or, if paying by wire, receipt of Federal Funds.

The Board has adopted Pricing and Valuation Committee Procedures (“Pricing Procedures”), which specify how the Fund’s investments are to be valued when calculating the Fund’s NAV. The Board has delegated responsibility for daily pricing of the Fund’s investments to the Advisor. The Fund’s accounting agent calculates the daily NAV for the Fund.

The Fund’s portfolio investments are generally valued using pricing information provided by a primary independent pricing service. If pricing information is not available from the primary pricing service, pricing information from an approved secondary independent pricing service or another source set forth in the Pricing Procedures may be used. Should pricing information not be available from a primary or secondary pricing service or another permitted source, the investment will be priced at its “fair value” as determined by the Valuation Committee of the Advisor, subject to the ultimate supervision of the Board.

Equity securities, including ETFs and closed-end funds, that are listed on a U.S. securities exchange are generally valued at the last sale price or official closing price at the close of that exchange. If, on a particular day, an exchange-listed security does not trade, then the security will be valued at the average of the most recent bid and asked

prices. Over-the-counter equity securities for which reliable quotations are available are valued at the average of the most recent bid and asked prices.

Foreign equity securities listed on a foreign exchange are generally valued at the last sale price on the exchange on which the security is primarily traded at the time of the close of the NYSE. Listed foreign equity securities not traded on a particular day are generally valued at the mean between the last reported bid and asked quotes, or the last sale price when appropriate; otherwise, the security will be priced at fair value by the Valuation Committee. If no such quotations are available, the security will be priced at fair value by the Valuation Committee. The use of an evaluated adjustment factor in such instances is intended to price each such security at its fair value at the time the Fund calculates its NAV by estimating the impact of market fluctuation or movement on a security's value if its local market were still open for trading alongside the U.S. markets. An evaluated adjustment factor will not be applied to securities primarily traded on markets that are open at the same time as U.S. equity markets are open, or when a reliable evaluated adjustment factor is unavailable.

Shares of mutual funds that are quoted on Nasdaq are generally valued at their last calculated NAV.

Debt obligations are generally valued using evaluated bid prices provided by the primary pricing service. If the primary pricing service does not price a particular debt obligation, the Fund may use an evaluated price provided by a secondary pricing service. If a secondary pricing service does not price a particular debt obligation, the Advisor may obtain and use a valuation from a dealer who was the underwriter for the issuance or who makes a market in that debt obligation or similar debt obligations. If the Advisor cannot obtain a price provided by such a dealer, the debt obligation will generally be priced at fair value by the Valuation Committee. Debt obligations purchased with a remaining maturity of 60 days or less are valued at market prices as described above, unless an evaluated price is not available from a pricing service, in which case such debt obligation 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 debt obligation, the debt obligation is priced at fair value by the Valuation Committee.

Put and call options purchased by the Fund will be valued at the last sale price or, in the absence of such a price, at the mean between bid and asked prices.

If pricing information is not readily available from a pricing service or another permitted source, or if the Advisor deems the pricing information to not represent "fair value" of the investment, the investment will be priced at its "fair value" as determined by the Valuation Committee, subject to the ultimate supervision of the Board. The price of the security used by the 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. 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. In addition, during periods of market volatility or illiquidity, the prices determined for any individual investment on any given day may vary significantly from the amount that can be obtained in an actual sale of that investment, and the Fund's NAV may fluctuate significantly from day to day or from period to period.

## Buying Shares

### Minimum Investments

	<i>Initial Purchase</i>	<i>Subsequent Purchases</i>
Investor Class	\$1,000 – Individual Retirement Accounts (Traditional/Roth/SIMPLE/SEP IRAs) and Coverdell Education Savings Account	\$100
	\$2,500 – All Other Accounts	\$100
Institutional Class	\$10,000 – All Account Types	No minimum

#### *Minimum Investment Waivers – Institutional Class Shares*

The minimum initial investment amount for Institutional Class shares is waived for all employees, directors and officers of the Advisor or the Company and members of their families (including parents, grandparents, siblings, spouses, children and in-laws of such employees, directors and officers). It is also waived for clients of the Advisor who acquire shares of a Fund made available through a mutual fund asset allocation program offered by the Advisor. It is also waived for former Investor Class shareholders who received Institutional Class shares pursuant to a Plan of Conversion effective with the retention of the Subadvisor and former Investor Class shareholders of the Baird Small/Mid Cap Value Fund who received Institutional Class shares pursuant to an Agreement and Plan of Reorganization.

#### *Minimum Investment Reductions – Investor and Institutional Class Shares*

The investment minimums noted above are waived for investments in Investor and Institutional Class shares by 401(k) and other employer-sponsored retirement plans (excluding IRAs and other one person retirement plans). Also, the minimum initial investment amount for Institutional Class and Investor Class shares may be waived or reduced at the discretion of the Distributor, including waivers or reductions for purchases by health savings plans or made through certain registered investment advisers and qualified third-party platforms.



## In-Kind Payments

Payment for shares of the Fund may, in the discretion of the Fund, be made in the form of securities that are permissible investments for the Fund as described in the Prospectus. For further information about this form of payment, contact the Fund (toll-free) at 1-866-442-2473. In connection with an in-kind securities payment, the Fund will require, among other things, that the securities be valued on the day of purchase in accordance with the pricing methods used by the Fund; that the Fund receives satisfactory assurances that it will have good and marketable title to the securities received by it; that the securities be in proper form for transfer to the Fund; that adequate information be provided to the Fund concerning certain tax matters relating to the securities; and that the amount of the purchase be at least \$1,000,000. You may realize a taxable gain or loss on the contributed securities at the time of the in-kind securities payment.

## Timing of Requests

Shares may only be purchased on days when the NYSE is open for business. Your price per share will be the NAV next computed after your request is received in good order by the Fund or its agents. All requests received in good order before the close of regular trading on the NYSE (normally, 3:00 p.m., Central time) will be executed at the NAV computed on that day. Requests received after the close of regular trading on the NYSE will receive the next business day's NAV.

## Receipt of Orders

The Fund may authorize one or more broker-dealers to accept on their behalf purchase and redemption orders that are in good order. In addition, these broker-dealers may designate other financial intermediaries to accept purchase and redemption orders on the Fund's behalf. Contracts with these agents require the agents to track the time that purchase and redemption orders are received. Purchase and redemption orders must be received by the Fund or its authorized intermediaries before the close of regular trading on the NYSE (normally, 3:00 p.m., Central time) to receive that day's share price.

## Customer Identification Procedures

The Company, on behalf of the Fund, is required to comply with various anti-money laundering laws and regulations. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions, including mutual funds, to obtain, verify and record information that identifies each person who opens an account.

In compliance with Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), please note that U.S. Bancorp Fund Services, LLC, the Company's transfer agent (the "Transfer Agent"), will verify certain information on your account application as part of the Fund's Anti-Money Laundering Program. As requested on the account application, you must supply your full name, date of birth, Social Security number and permanent street address. Mailing addresses containing only a P.O. Box will not be accepted. If

you are opening the account in the name of a legal entity (*e.g.*, partnership, limited liability company, business trust, corporation, etc.), you must also supply the identity of the beneficial owners. If you require assistance when completing your application, please call (toll free) 1-866-442-2473.

If the Company or the Transfer Agent does not have a reasonable belief of the identity of a shareholder, the initial purchase will be rejected or the shareholder will not be allowed to perform a transaction on the account until such information is received. In the rare event that the Transfer Agent is unable to verify a shareholder's identity, the Fund reserves the right to redeem the shareholder's account at the current day's net asset value. The shareholder will be notified of such action within five business days. Any delay in processing the shareholder's order will affect the purchase price you receive for the shares. The Company, the Distributor and the Transfer Agent are not liable for fluctuations in NAV experienced as a result of such delays in processing. If at any time the Company or the Transfer Agent detects suspicious behavior or if certain account information matches government lists of suspicious persons, the Company or the Transfer Agent may determine not to open an account, may reject additional purchases, may close an existing account, may file a suspicious activity report and/or may take other action.

The Fund may not be sold to investors residing outside the U.S. and its territories, except upon evidence of compliance with the laws of the applicable foreign jurisdictions.

The Company has appointed an anti-money laundering compliance officer to oversee the implementation of the Company's Anti-Money Laundering Program.

## Market Timing Policy

Depending on various factors (including the size of the Fund, the amount of assets the Advisor typically maintains in cash or cash equivalents, and the dollar amount, number and frequency of trades), short-term or excessive trading into and out of the Fund, generally known as market timing, may harm all shareholders by: disrupting investment strategies; increasing brokerage, administrative and other expenses; decreasing tax efficiency; diluting the value of shares held by long-term shareholders; and impacting Fund performance. The Board has approved policies that seek to discourage frequent purchases and redemptions and curb the disruptive effects of market timing (the "Market Timing Policy"). Pursuant to the Market Timing Policy, the Fund may decline to accept an application or may reject a purchase request, including an exchange, from a market timer or an investor who, in the Advisor's sole discretion, has a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Fund. For these purposes, the Advisor may consider an investor's trading history in the Fund or other Baird Funds. The Fund, the Advisor, the Subadvisor and affiliates thereof are prohibited from entering into arrangements with any shareholder or other person to permit frequent purchases and redemptions of Fund shares.

The Company monitors and enforces its market timing policy through:

- Monitoring of trade activity;
- Restrictions and prohibitions on purchases and/or exchanges by persons believed to engage in frequent trading activity; and
- Regular reports to the Board by the Fund's Chief Compliance Officer regarding any instances of suspected market timing and any waivers granted by the officers and Chief Compliance Officer of the Fund of the redemption fee.

In addition, if market timing is detected in an omnibus account held by a financial intermediary, the Fund may request that the intermediary restrict or prohibit further purchases or exchanges of Fund shares by any shareholder that has been identified as having violated the Market Timing Policy. The Fund may also request that the intermediary provide identifying information, such as Social Security numbers, and trading information about the underlying shareholders in the account in order to review any unusual patterns of trading activity discovered in the omnibus account.

While the Fund seeks to take action that will detect and deter market timing, the risks of market timing cannot be completely eliminated. For example, the Fund may not be able to identify or reasonably detect or deter market timing transactions that may be facilitated by financial intermediaries or made difficult to identify through the use of omnibus accounts by those intermediaries that transmit purchase, exchange or redemption orders to the Fund on behalf of its customers who are the beneficial owners. More specifically, unless the financial intermediaries have the ability to detect and deter market timing transactions themselves, the Fund may not be able to determine whether the purchase or sale is connected with a market timing transaction. In certain cases, the Company may rely on the market timing policies of financial intermediaries, even if those policies are different from the policy of the Company, when the Advisor believes that the policies are reasonably designed to prevent excessive trading practices that are detrimental to the Fund. Additionally, there can be no assurance that the systems and procedures of the Fund, Advisor or Distributor will be able to monitor all trading activity in a manner that would detect market timing. However, the Fund, the Advisor and the Distributor will attempt to detect and deter market timing in transactions by all Fund investors, whether directly through the Transfer Agent or through financial intermediaries.

## Householding

In an effort to decrease costs, the Fund intends to reduce the number of duplicate prospectuses, proxy statements and other regulatory mailings you receive by sending only one copy of each to those addresses shared by two or more accounts and to shareholders we reasonably believe are from the same family or household. Once implemented, if you would like to discontinue householding for your accounts, please call the Fund toll-free at 1-866-442-2473 to request individual copies of these documents. Once the Fund receives notice to stop householding, we will begin sending individual copies 30 days after receiving your request. This policy does not apply to account statements.

# Methods of Buying

	<i>To Open an Account</i>	<i>To Add to an Account</i>
By Telephone	<p>You may not use the telephone purchase option for your initial purchase of the Fund’s shares. However, you may call the Fund (toll-free) at 1-866-442-2473 to open a new account by requesting an exchange into another Baird Fund. See “Exchanging Shares.”</p>	<p>After your account has been open for seven business days, you may call the Fund (toll-free) at 1-866-442-2473 to place your order for Fund shares. Money will then be moved from your bank account to your Fund account upon request. Only bank accounts held at domestic institutions that are Automated Clearing House (“ACH”) members may be used for telephone transactions. The minimum telephone purchase is \$100.</p>
By Mail	<p>Make your check payable to “Baird Funds.” All checks must be in U.S. dollars drawn on a U.S. financial institution. Forward the check and your application to the address below. To prevent fraud, the Fund will not accept cash, money orders, third party checks, traveler’s checks, credit card checks, starter checks or U.S. Treasury checks for the purchase of shares. If your check is returned for any reason, a \$25 fee will be assessed against your account and you will be responsible for any loss incurred by the Fund. The Fund is unable to accept post-dated checks or any conditional order or payment.</p>	<p>Fill out the Invest by Mail form from your confirmation statement, or indicate the Fund name, your name, address, and account number on a separate piece of paper along with your check. Make your check payable to “Baird Funds.” Forward the check and Invest by Mail form or separate letter of instruction to the address below.</p>

	<i>To Open an Account</i>	<i>To Add to an Account</i>
By Federal Funds Wire	Forward your application to Baird Funds at the address below. Call (toll-free) 1-866-442-2473 to obtain an account number. Wire funds using the instructions to the right.	Notify the Fund of an incoming wire by calling (toll-free) 1-866-442-2473. Use the following instructions: U.S. Bank National Association 777 E. Wisconsin Ave. Milwaukee, WI 53202 ABA#: 075000022 Credit: U.S. Bancorp Fund Services, LLC Account #: 112-952-137 Further Credit: (name of Fund, share class) (name/title on the account) (account #) Wired funds must be received prior to 3:00 pm Central time to be eligible for same day pricing. The Fund, the Advisor and the Transfer Agent are not responsible for the consequences of delays resulting from the banking or Federal Reserve Wire system, or from incomplete wiring instructions.
Automatic Investment Plan	Open a Fund account with one of the other methods. If by mail, be sure to include your bank account number on the appropriate section of your application and enclose a voided check or deposit slip with your initial purchase application.	Call the Fund (toll-free) at 1 866-442-2473 for instructions on how to set up an Automatic Investment Plan if you did not select the option on your original application. Regular automatic investments (minimum of \$100) will be taken from your checking or savings account on a monthly basis. If you do not have sufficient funds in your account or if your account is closed at the time of the automatic transaction, you will be assessed a \$25 fee. Any request to change or terminate your Automatic Investment Plan should be submitted to the Transfer Agent 5 days prior to effective date.
Through Shareholder Service Organizations	To purchase shares for another investor, call the Fund (toll-free) at 1-866-442-2473.	To purchase shares for another investor, call the Fund (toll-free) at 1-866-442-2473.

	<i>To Open an Account</i>	<i>To Add to an Account</i>
By Exchange	Call the Fund (toll-free) at 1 866 442-2473 to obtain exchange information. See “Exchanging Shares.”	Call the Fund (toll-free) at 1 866-442-2473 to obtain exchange information. See “Exchanging Shares.”

You should use the following addresses when sending documents by mail or by overnight delivery:

*By Mail*

Baird Funds, Inc.  
c/o U.S. Bank Global Fund Services  
P.O. Box 701  
Milwaukee, Wisconsin 53201-0701

*By Overnight Delivery*

Baird Funds, Inc.  
c/o U.S. Bank Global Fund Services  
615 E. Michigan Street, Third Floor  
Milwaukee, Wisconsin 53202

**NOTE: The Fund and the Transfer Agent do not consider the U.S. Postal Service or other independent delivery services to be their agents. Only actual physical receipt by the Transfer Agent of purchase orders or redemption requests (e.g., retrieving mail from the post office or accepting delivery from a delivery service) constitutes receipt by the Transfer Agent. Therefore, deposit in the mail or with such services, or receipt at the Transfer Agent’s post office box, of purchase orders or redemption requests does not constitute receipt by the Transfer Agent. Receipt of purchase orders or redemption requests is based on when the order is received at the Transfer Agent’s offices.**

## Selling Shares

### Methods of Selling

<i>To Sell Some or All of Your Shares</i>	
By Telephone	If you did not decline telephone redemption options, call the Fund (toll-free) at 1-866-442-2473 to place the order. (Note: for security reasons, requests by telephone will be recorded.) Telephone redemptions involving \$50,000 or more of Investor Class shares are not permitted.
By Mail	Send a letter to the Fund that indicates the dollar amount or number of shares you wish to redeem. The letter should contain the Fund’s name, the account number and the number of shares or the dollar amount of shares to be redeemed. Be sure to have all shareholders sign the letter and, if necessary, have the signature guaranteed. For IRAs, requests submitted without an election regarding tax withholding will be subject to tax withholding.

### *To Sell Some or All of Your Shares*

Systematic Withdrawal Plan	<p>The Fund offers shareholders a Systematic Withdrawal Plan. Call the Fund (toll-free) at 1-866-442-2473 to obtain information on how to arrange for regular monthly or quarterly fixed withdrawal payments. The minimum payment you may receive is \$50 per period. In order to participate in the Plan, your account balance must be at least \$5,000 and the minimum payment you may receive is \$50 per period. If you elect this method of redemption, the Fund will send a check to your address of record or will send the payment via electronic funds transfer through the Automated Clearing House (ACH) network directly to your bank account. For payment through the ACH network, your bank must be an ACH member and your bank account information must be maintained on your Fund account. This program may be terminated at any time by the Fund. You may also elect to terminate your participation in this Plan at any time by contacting the Transfer Agent at least five days prior to the next scheduled withdrawal.</p> <p>Note that this plan may deplete your investment and affect your income or yield.</p>
By a Financial Intermediary	Consult your account agreement for information on redeeming shares.
By Exchange	Call the Fund (toll-free) at 1-866-442-2473 to obtain exchange information. See “Exchanging Shares” for further information.

## Payment of Redemption Proceeds

You may request redemption of your shares at any time. Shares may be redeemed on days the NYSE is open. The NYSE is closed most national holidays and Good Friday. Your shares will be redeemed at the next NAV per share calculated after your order is received in good order by the Fund or its agents. All requests received in good order before the close of regular trading on the NYSE (normally, 3:00 p.m., Central time) will be executed at the NAV computed on that day. Requests received after the close of regular trading on the NYSE will receive the next business day's NAV. Payment of redemption proceeds for all methods of payment will be made promptly, typically within one to two days, and in any event not later than seven days after the receipt of a redemption request in proper form as discussed in this Prospectus. You may receive the proceeds in one of three ways:

When making a redemption request, make sure your request is in good order. “Good order” means your letter of instruction includes:

- The name of the Fund;
- The number of shares or the dollar amount of shares to be redeemed;
- Signatures of all registered shareholders exactly as the shares are registered and, if necessary, with a signature guarantee; and
- The account number.

- A check mailed to your account's address. Your proceeds will typically be sent on the business day following the day on which the Fund or its agent receives your request in good order. Checks will not be forwarded by the U.S. Postal Service, so please notify us if your address has changed prior to a redemption request. A redemption request made within 15 days of an address change will require a signature guarantee. Proceeds will be sent to you in this way, unless you request one of the alternatives described below.
- The proceeds transmitted by Electronic Funds Transfer ("EFT") to a properly pre-authorized bank account. The proceeds usually will arrive at your bank two banking days after we process your redemption.
- The proceeds transmitted by wire to a pre-authorized bank account for a \$15 fee. This fee will be deducted from your redemption proceeds for complete and share specific redemptions. In the case of a partial redemption, the fee will be deducted from the remaining account balance. The fee is paid to the Transfer Agent to cover costs associated with the transfer. The Advisor reserves the right to waive the wire fee in limited circumstances. The proceeds usually will arrive at your bank the first banking day after we process your redemption. Be sure to have all necessary information from your bank. Your bank may charge a fee to receive wired funds.

Before selling recently purchased shares, please note that if the Transfer Agent has not yet collected payment for the shares you are selling, there may be a delay in sending the proceeds until the payment is collected, which may take up to 12 calendar days from the purchase date. This procedure is intended to protect the Fund and its shareholders from loss. This delay will not apply if you purchased your shares via wire payment.

The Fund typically expects it will hold cash or cash equivalents to meet redemption requests. The Fund may also use the proceeds from the sale of portfolio securities to meet redemption requests if consistent with the management of the Fund. The Fund may also meet redemption requests through the use of a line of credit. The Fund may also make redemptions in kind (i.e., payments in portfolio securities rather than cash) to meet redemption requests. These redemption methods will be used regularly and may also be used in stressed market conditions.

The Transfer Agent will send redemption proceeds by wire or EFT only to the bank and account designated on the account application or in written instructions (with signatures guaranteed) subsequently received by the Transfer Agent, and only if the bank is a member of the Federal Reserve System. If the dollar or share amount requested to be redeemed is greater than the current value of your account, your entire account balance will be redeemed. If you choose to redeem your account in full, any Automatic Investment Plan currently in effect for the account will be terminated unless you indicate otherwise in writing and any Systematic Withdrawal Plan will be terminated.



## Signature Guarantees

The Transfer Agent may require a signature guarantee for certain redemption requests. A signature guarantee ensures that your signature is genuine and protects you from unauthorized account redemptions. A signature guarantee, from either a Medallion program member or a non-Medallion program member, or other acceptable signature verification of each owner is required in the following situations:

- If you are requesting a change in ownership on your account;
- When redemption proceeds are payable or sent to any person, address or bank account not on record;
- When a redemption request is received by the Transfer Agent and the account address has changed within the last 15 calendar days; and
- For all redemptions of Investor Class shares totaling \$50,000 or more from any shareholder account.

The Fund reserves the right to waive any signature requirement at their discretion.

In addition to the situations described above, the Fund and/or the Transfer Agent reserve the right to require a signature guarantee or other acceptable signature verification in other instances based on the circumstances relative to the particular situation.

Signature guarantees are designed to protect both you and the Fund from fraud. Signature guarantees can be obtained from most banks, credit unions or saving associations, or from broker-dealers, national securities exchanges, registered securities exchanges or clearing agencies deemed eligible by the SEC. Notaries cannot provide signature guarantees.

Non-financial transactions including establishing or modifying certain services on an account may require signature verification from a Signature Validation Program member, or other acceptable form of authentication from a financial institution.

## Corporate, Trust and Other Accounts

Redemption requests from corporate, trust and institutional accounts, and executors, administrators and guardians, require documents in addition to those described above evidencing the authority of the officers, trustees or others. In order to avoid delays in processing redemption requests for these accounts, you should call the Fund (toll-free) at 1-866-442-2473 before making the redemption request to determine what additional documents are required.

## Transfer of Ownership

In order to change the account registrant or transfer ownership of an account, additional documents will be required. To avoid delays in processing these requests, you should call the Fund (toll-free) at 1-866-442-2473 before making your request to determine what additional documents are required.

## Exchanging Shares

You may exchange all or a portion of your investment from the same class of one Baird Fund to an identically registered account in another Baird Fund. You may also exchange between classes of a Fund or other Baird Funds if you meet the minimum investment requirements for the class into which you would like to exchange. Any new account established through an exchange will be subject to the minimum investment requirements applicable to the shares acquired. Exchanges will be executed on the basis of the relative NAV of the shares exchanged. The exchange privilege may be exercised only in those states where the class of shares of the Fund being acquired legally may be sold.

An exchange from one Baird Fund to another Baird Fund is considered to be a sale of shares for federal income tax purposes on which you may realize a taxable capital gain or loss unless you are a tax-exempt investor or hold your shares through a tax-deferred account such as a 401(k) plan or an IRA. A conversion from shares of one class to shares of a different class within the same Baird Fund is generally not a taxable transaction for federal income tax purposes.

Call the Fund (toll-free) at 1-866-442-2473 to learn more about exchanges and other Baird Funds.

### **More Information about the Exchange Privilege**

The Fund and other Baird Funds are intended as long-term investment vehicles and not to provide a means of speculating on short-term market movements. In addition, excessive trading can hurt the Fund's performance and shareholders. Therefore, the Fund may terminate, without notice, the exchange privilege of any shareholder who uses the exchange privilege excessively. See "Your Account—Buying Shares—Market Timing Policy." In addition, if you exchange your shares in the Fund for shares in any other Baird Fund, you may be subject to the redemption fee, if applicable to that Fund, described under "Your Account – Selling Shares – Redemption Fee." The Fund may change or temporarily suspend the exchange privilege during unusual market conditions.

## General Transaction Policies

The Fund reserves the right to:

- Vary or waive any minimum investment requirement.

- Refuse, change, discontinue, or temporarily suspend account services, including purchase, exchange, or telephone redemption privileges, for any reason.
- Reject any purchase or the purchase side of an exchange request for any reason. Generally, the Fund does this if the purchase or exchange is disruptive to the efficient management of the Fund (due to the timing of the investment or a shareholder's history of excessive trading).
- Reinvest a distribution check in your account at the Fund's then-current NAV and reinvest all subsequent distributions if you elect to receive distributions in cash and the U.S. Postal Service cannot deliver your check, or if a distribution check remains uncashed for six months. You may change the distribution option on your account at any time by writing or calling the transfer agent. Any request for change should be submitted five days prior to the next distribution.
- Redeem all shares in your account if your balance falls below the Fund's minimum initial purchase amount for the applicable class of shares. If, within 60 days of the Fund's written request, you have not increased your account balance, you may be required to redeem your shares. The Fund will not require you to redeem shares if the value of your account drops below the investment minimum due to fluctuations of NAV.
- Delay paying redemption proceeds for up to seven days after receiving a request in proper form as described in this Prospectus.
- Modify or terminate the Automatic Investment and Systematic Withdrawal Plans at any time.
- Modify or terminate the exchange privilege after a 60-day written notice to shareholders.
- Make a "redemption in kind" (a payment in portfolio securities rather than cash) if the amount you are redeeming is in excess of the lesser of (i) \$250,000 or (ii) 1% of the Fund's assets in any 90-day period. In such cases, you may incur brokerage costs in converting these securities to cash. The Fund expects that any redemptions in kind will be made with readily marketable securities. However, shareholders who receive a redemption in kind will bear market risk until they sell the securities. For federal income tax purposes, redemptions in kind are taxed in the same manner to a redeeming shareholder as redemptions made in cash. The redeeming shareholder will generally receive a pro rata share of each security and cash position held by the distributing Fund (*e.g.*, rounding such security positions to the nearest 100 shares or other appropriate rounding lot method), with adjustments for restricted securities, odd lots or fractional shares, or such other method of redemption that addresses any potential for overreaching or other concerns that underlie Section 17 of the

Investment Company Act if applicable. The distributing Fund will distribute cash in lieu of securities held in the Fund not amounting to round lots or other securities not distributed pursuant to the adjustments described above.

- Reject any purchase or redemption request that does not contain all required documentation.

If you did not decline telephone privileges on the account application or in a letter to the Fund, you may be responsible for any fraudulent telephone orders as long as the Fund has taken reasonable precautions to verify your identity. If an account has more than one owner or authorized person, the Fund will accept telephone instructions from any one owner or authorized person. In addition, once you place a telephone transaction request, it cannot be canceled or modified after the close of regular trading on the NYSE (normally, 3:00 p.m. Central time).

Telephone trades must be received by or prior to the close of regular trading on the NYSE (normally, 3:00 p.m. Central time). During periods of significant economic or market change, shareholders may encounter higher than usual call waits and telephone transactions may be difficult to complete. Please allow sufficient time to place your telephone transaction. If you are unable to contact the Fund by telephone, you may also mail the requests to the Fund at the address listed under “Buying Shares.”

Your broker-dealer or other financial organization may establish policies that differ from those of the Fund. For example, the organization may charge transaction fees, set higher minimum investments or impose certain limitations on buying or selling shares in addition to those identified in this Prospectus. Contact your broker-dealer or other financial organization for details.

*Lost Shareholders, Inactive Accounts and Unclaimed Property.* It is important that the Fund maintains a correct address for each shareholder. An incorrect address may cause a shareholder’s account statements and other mailings to be returned to the Fund. Based upon statutory requirements for returned mail, the Fund will attempt to locate the shareholder or rightful owner of the account. If the Fund is unable to locate the shareholder, then they will determine whether the shareholder’s account can legally be considered abandoned. Your mutual fund account may be transferred to the state government of your state of residence if no activity occurs within your account during the “inactivity period” specified in your state’s abandoned property laws. The Fund is legally obligated to escheat (or transfer) abandoned property to the appropriate state’s unclaimed property administrator in accordance with statutory requirements. The shareholder’s last known address of record determines which state has jurisdiction. Please proactively contact the Transfer Agent toll-free at 1-877-677-9414 at least annually to ensure your account remains in active status.

If you are a resident of the State of Texas, you may designate a representative to receive notifications that, due to inactivity, your mutual fund account assets may be delivered to the Texas Comptroller. Please contact the Transfer Agent if you wish to complete a Texas Designation of Representative form.

# Distributions and Taxes

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## Distributions

The Fund makes distributions to its shareholders from the Fund's net investment income and any realized net capital gain.

Distributions from the Fund's net investment income are declared and paid annually. Net capital gain, if any, is generally distributed annually. It is expected that the Fund's distributions will be primarily distributions of net capital gain.

Each share class determines its net investment income and net capital gain distributions in the same manner. However, because Investor Class shares pay Rule 12b-1 fees, distributions of net investment income paid to Investor Class shareholders will be lower per share than those paid to Institutional Class shareholders.

All of your distributions from the Fund's net investment income and net capital gain will be reinvested in additional shares of the same class of that Fund unless you instruct otherwise on your account application or have redeemed all shares you held in the Fund.

## Taxation

Changes in income tax laws, potentially with retroactive effect, could impact the Fund's investments or the tax consequences to you of investing in the Fund. Some of the changes could affect the timing, amount and tax treatment of Fund distributions made to shareholders. Please consult your tax adviser before investing.

Fund distributions are taxable regardless of whether the distributions are received in cash or reinvested in additional Fund shares, unless you are a tax-exempt investor or hold your shares through a tax-deferred arrangement, such as a 401(k) plan or an IRA. Distributions of the Fund's investment company taxable income (which includes dividends, interest, net short-term capital gain and net gain from foreign currency transactions), if any, generally are taxable to the Fund's shareholders as ordinary income, except to the extent any of the distributions are attributable to and reported as "qualified dividend income," as described below. For corporate shareholders, distributions of the Fund's investment company taxable income may be eligible for the intercorporate dividends-received deduction. Fund distributions may not be subject to federal income tax if you are a tax-exempt investor or are investing through a tax-deferred arrangement, such as a 401(k) plan or an IRA, in which case you may be subject to federal income tax upon withdrawal of money from such tax-deferred arrangements. The Fund may be required to withhold federal income tax at a rate set under Section 3406 of the Code (backup withholding) from dividend payments,

distributions and redemption proceeds if you fail to furnish the Fund with your correct Social Security or other applicable taxpayer identification number. You must certify that the number is correct and that you are not subject to backup withholding. The certification is included as part of the share purchase application form.

For non-corporate shareholders, to the extent that a distribution of investment company taxable income is attributable to and reported as “qualified dividend” income, such income may be eligible for the reduced federal income tax rates applicable to net long-term capital gain. If for any taxable year the Fund has gross income (excluding net capital gain) of which at least 95% was “qualified dividends,” all of the Fund’s distributions of investment company taxable income for such taxable year will be eligible for the lower federal income tax rates on “qualified dividends.” Certain holding period requirements also must be satisfied by both the Fund and the shareholder to obtain “qualified dividend” treatment.

Distributions of the Fund’s net capital gain (the excess of net long-term capital gain over net short-term capital loss) will generally be taxable as long-term capital gains whether reinvested in additional Fund shares or received in cash and regardless of the length of time that a shareholder has owned Fund shares.

A distribution of the Fund’s investment company taxable income or net capital gain declared by the Fund in October, November or December, but paid during January of the following year, is taxable as if received on December 31 of the year such distribution was declared.

If the value of shares is reduced below a shareholder’s cost basis as a result of a distribution by the Fund, the distribution will be taxable even though it, in effect, represents a return of invested capital. Investors considering buying shares just prior to a distribution of the Fund’s investment company taxable income or net capital gain should be aware that, although the price of shares purchased at that time may reflect the amount of the forthcoming distribution, such distribution may nevertheless be taxable to them.

Certain individuals, trusts and estates may be subject to a Net Investment Income (“NII”) tax of 3.8% (in addition to regular income tax). The NII tax is imposed on the lesser of (i) a taxpayer’s investment income, net of deductions properly allocable to such income or (ii) the amount by which such taxpayer’s modified adjusted gross income exceeds certain thresholds (\$250,000 for married individuals filing jointly, \$200,000 for unmarried individuals and \$125,000 for married individuals filing separately). The Fund’s distributions are includable in a shareholder’s investment income for purposes of this NII tax. In addition, any capital gain realized by a shareholder upon a sale, exchange or redemption of Fund shares is includable in the shareholder’s investment income for purposes of this NII tax.

The federal income tax status of all distributions made by the Fund for the preceding year will be reported to shareholders annually. Distributions made by the Fund may also be subject to state and local taxes. Please note that distributions of both

investment company taxable income and net capital gain are taxable even if reinvested in additional Fund shares.

Shareholders who sell, exchange or redeem shares generally will have a capital gain or loss from the sale, exchange or redemption. The amount of the gain or loss and the rate of federal income tax will depend mainly upon the amount paid for the shares, the amount received from the sale, exchange or redemption, and the length of time that the shares were held by a shareholder. Gain or loss realized upon a sale, exchange or redemption of Fund shares will generally be treated as a long-term capital gain or loss if the shares have been held for more than one year, and, if held for one year or less, as a short-term capital gain or loss. Any loss arising from the sale, exchange or redemption of shares held for six months or less, however, is treated as a long-term capital loss to the extent of any distributions of net capital gain received or deemed to be received with respect to such shares. In determining the holding period of such shares for this purpose, any period during which your risk of loss is offset by means of options, short sales or similar transactions is not counted. If you purchase Fund shares (through reinvestment of distributions or otherwise) within 30 days before or after selling, exchanging or redeeming shares of the same Fund at a loss, all or part of that loss will not be deductible and will instead increase the basis of the newly acquired shares to preserve the loss until a future sale, exchange or redemption.

If more than 50% of the value of the Fund's total assets at the close of its taxable year consists of stock and securities in foreign corporations, the Fund will be eligible to, and may, file an election with the Internal Revenue Service ("IRS") that would enable the Fund's shareholders, in effect, to receive the benefit of the foreign tax credit with respect to any income taxes paid by the Fund to foreign countries and U.S. possessions. Please see the SAI for additional information regarding the foreign tax credit.

The Fund is required to report to certain shareholders and the IRS the cost basis of Fund shares acquired on or after January 1, 2012, when such shareholders subsequently sell, exchange or redeem those Fund shares. The Fund will determine cost basis using the average cost method unless you elect in writing (and not over the telephone) any alternate IRS-approved cost basis method. Please see the SAI for more information regarding cost basis reporting.

Additional tax information may be found in the SAI. Because everyone's tax situation is unique, always consult your tax professional about federal, state and local tax consequences of an investment in the Fund.

# For More Information

You can find more information about the Fund in the following documents:

## **Statement of Additional Information (“SAI”)**

The SAI contains details about the investments and techniques of the Fund and certain other additional information. A current SAI is on file with the Securities and Exchange Commission (“SEC”) and is incorporated by reference into this Prospectus. This means that the SAI is legally considered a part of this Prospectus even though it is not physically within this Prospectus.

## **Annual and Semi-Annual Reports**

The Fund’s annual and semi-annual reports provide information regarding the Fund’s financial reports and portfolio holdings. The annual report contains a discussion of the market conditions and investment strategies that significantly affected the Fund’s performance during the Fund’s last fiscal year. As of January 1, 2021, paper copies of the Fund’s annual and semi-annual shareholder reports will no longer be sent by mail. Instead, the reports will be made available on the Fund’s website. You will be notified and provided with a link each time a report is posted to the website. You may request to receive paper reports from the Fund or from your financial intermediary, free of charge, at any time. You can obtain a free copy of these documents, request other information, or make general inquiries about the Fund by calling the Fund (toll-free) at 1-866-442-2473 or by writing to:

Baird Funds, Inc.  
c/o U.S. Bank Global Fund Services  
P.O. Box 701  
Milwaukee, WI 53201-0701

The Fund’s Prospectus, SAI and the annual and semi-annual reports are also available, free of charge, on the Fund’s website at [www.bairdfunds.com](http://www.bairdfunds.com).

You may write to the SEC’s Public Reference Room at the regular mailing address or the e-mail address below and ask them to mail you information about the Fund, including the SAI. They will charge you a fee for this duplicating service. You can also visit the SEC’s Public Reference Room and review and copy documents while you are there. For more information about the operation of the SEC’s Public Reference Room, call the SEC at the telephone number below.

Public Reference Section  
Securities and Exchange Commission  
100 F Street  
Washington, D.C. 20549-1520  
[publicinfo@sec.gov](mailto:publicinfo@sec.gov)  
(202) 551-8090

Reports and other information about the Fund are also available on the EDGAR database on the SEC’s Internet website at <http://www.sec.gov>. Copies of this information may be obtained, after paying a duplicating fee, by electronic request at [publicinfo@sec.gov](mailto:publicinfo@sec.gov).