

Baird Short-Term Municipal Bond Fund

Investor Class Shares | BTMSX

Annual Shareholder Report | December 31, 2024



Baird Funds

This annual shareholder report contains important information about the Baird Short-Term Municipal Bond Fund (the “Fund”) for the period of January 1, 2024 to December 31, 2024. You can find additional information about the Fund at www.bairdassetmanagement.com/funddocuments. You can also request this information by contacting us at 1-866-442-2473.

WHAT WERE THE FUND COSTS FOR THE LAST YEAR? (based on a hypothetical \$10,000 investment)

Fund Share Class	Costs of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment
Investor Class Shares BTMSX	\$56	0.55%

WHAT IMPACTED FUND PERFORMANCE IN 2024?

The tax-exempt municipal bond market produced solid total returns for 2024 as elevated income levels more than offset the decline in bond prices as yields rose. The interest rate hikes by the Federal Reserve in 2022 and 2023, which sought to slow the economy and bring down the rate of inflation, helped produce the higher income levels that benefited investors in 2024. Also, the tightening of municipal credit spreads, as yields narrowed between lower-quality and higher-quality bonds, also contributed to the solid returns for the year.

The Investor Class Shares of the Short-Term Municipal Fund (BTMSX) posted a net total return of 2.98% in 2024. The Bloomberg Municipal Index, a broad-based U.S. bond market index had a total return of 1.05% and the Fund’s primary benchmark, the Bloomberg 1-5 Year Short Municipal Index, had a total return of 2.07%.

The Fund outperformed its primary benchmark in 2024. Drivers of Fund performance described below are relative to the Fund’s primary benchmark.

Contributors to Performance

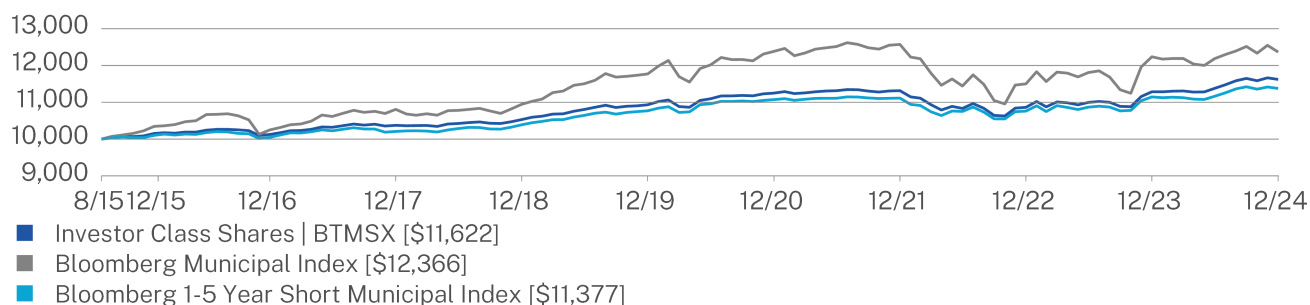
- Credit - Overweight to lower-quality and non-rated issues as spreads narrowed
- Sector - Overweight to revenue issues, most notably housing and industrial development revenue (IDR)/pollution control revenue (PCR)
- Security selection - Select high yield issues
- Curve - Barbell posture, particularly the overweight to maturities less than 1-year
- Pricing services – The Fund uses ICE to value its portfolio holdings, while the Fund’s primary benchmark index uses another pricing service to value its constituent holdings

Detractors from Performance

- Sector - Overweight to higher education

HOW HAS THE FUND PERFORMED SINCE INCEPTION?

CUMULATIVE PERFORMANCE (based on a hypothetical initial investment of \$10,000 on 8/31/2015)



AVERAGE ANNUAL TOTAL RETURNS (%)

(as of December 31, 2024)

	1 Year	5 Years	Since Inception (8/31/2015)
Investor Class Shares BTMSX	2.98	1.23	1.62
Bloomberg Municipal Index	1.05	0.99	2.30
Bloomberg 1-5 Year Short Municipal Index	2.07	1.10	1.39

Visit www.bairdassetmanagement.com/baird-funds for more recent performance information.

The Fund's past performance is not a good predictor of how the Fund will perform in the future. The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

KEY FUND STATISTICS (as of December 31, 2024)

Net Assets	\$1,460,198,873
Number of Holdings	1,017
Net Advisory Fee Paid	\$3,794,472
Portfolio Turnover Rate	42%
Average Credit Quality	A+
Average Effective Duration	2.25 years
Average Effective Maturity	2.51 years
SEC 30-Day Yield	3.08%

WHAT DID THE FUND INVEST IN? (% of total investments as of December 31, 2024)

Security Type Breakdown

Revenue	60.1%
General Obligation	27.3%
Pre-Refunded ETM	11.8%
U.S. Treasury Securities	0.8%
Money Market Funds	0.0%

Credit Rating Breakdown*

AAA	19.9%
AA	44.1%
A	16.2%
BBB	11.8%
Below BBB	1.3%
Not Rated	6.7%

* The credit rating quality profile is calculated on a market value-weighted basis and includes accrued interest as of the end of the period using the highest credit quality rating for each security held by the Fund given by a Nationally Recognized Statistical Rating Organization (NRSRO). NRSROs rate the credit quality of securities using a scale that generally ranges from AAA (highest) to D (lowest). For pre-refunded securities the reported credit quality reflects the highest reported rating from a NSRO for the underlying collateral.



For additional information about the Fund, including its prospectus, financial information, holdings and proxy voting information, scan the QR code or visit www.bairdassetmanagement.com/funddocuments.

HOUSEHOLDING - To reduce Fund expenses, only one copy of most shareholder documents may be mailed to shareholders with multiple accounts at the same address (Householding). If you would prefer that your Fund documents not be househanded, please contact the Fund at 1-866-442-2473, or contact your financial intermediary. Your instructions will typically be effective within 30 days of receipt by the Fund or your financial intermediary.