

Baird Small/Mid Cap Growth Fund

Investor Class Shares | BSGSX

Annual Shareholder Report | December 31, 2024



Baird Funds

This annual shareholder report contains important information about the Baird Small/Mid Cap Growth 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 BSGSX | \$114 | 1.10% |

WHAT IMPACTED FUND PERFORMANCE IN 2024?

For the 12-month period ending December 31, 2024, the Investor Class Shares of the Baird Small/Mid Cap Growth Fund delivered a net return of 7.56%, trailing the gain of 13.90% for the Russell 2500[®] Growth Index, the Fund’s primary benchmark. Drivers of the Fund’s relative performance described below are compared to the Fund’s primary benchmark.

During the year a resilient economy and interest rate cuts from the Federal Reserve provided a favorable backdrop for broad positive U.S. equity market performance. However, the Fund trailed the Russell 2500[®] Growth benchmark return as a strong finish to the year was not enough to offset a slow start. Areas of relative outperformance, including Healthcare, Financials, and Energy, were unfortunately more than offset by relative underperformance in Industrials, Consumer Discretionary, Consumer Staples, and Technology. In addition, the Fund did not hold two large-weighted benchmark companies in the Technology sector that produced significant returns in the first half of the year. The Fund’s positions in retail holdings and companies exposed to housing activity experienced weakness as they came under pressure as long-term interest rates remained elevated during the year. However, relative performance improved significantly in the second half of the year due to favorable stock selection from several positions across multiple sectors such as Healthcare, Consumer Discretionary, and Technology.

Contributors to Performance

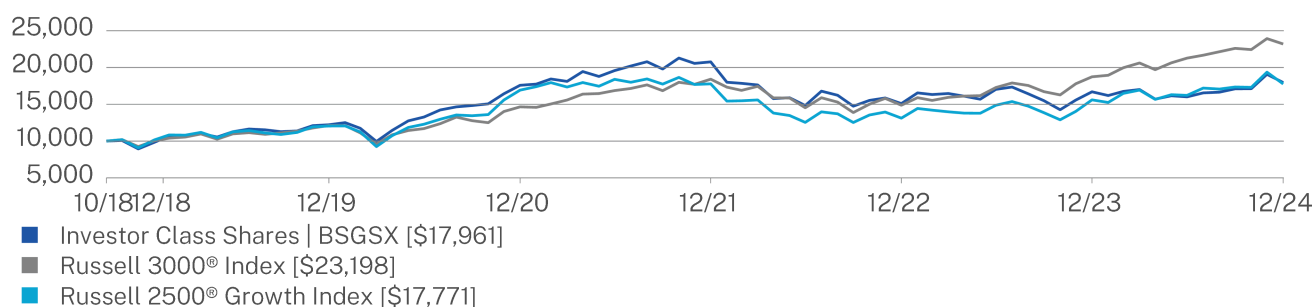
- Sectors: Healthcare, Financials, Energy
- Positions: Astera Labs, Inc., Tarsus Pharmaceuticals, Inc., Shockwave Medical, Inc., Dutch Bros, Inc. – Class A, Boot Barn Holdings, Inc.

Detractors from Performance

- Sectors: Industrials, Consumer Discretionary, Consumer Staples, Technology
- Positions: Five Below, Inc., WillScot Mobile Mini Holdings Corp., Lamb Weston Holdings, Inc., Endava PLC - ADR, CONMED Corp.

HOW HAS THE FUND PERFORMED SINCE INCEPTION?

CUMULATIVE PERFORMANCE (based on a hypothetical initial investment of \$10,000 on 10/31/2018)



AVERAGE ANNUAL TOTAL RETURNS (%)

(as of December 31, 2024)

| | 1 Year | 5 Years | Since Inception (10/31/2018) |
|-------------------------------|--------|---------|------------------------------|
| Investor Class Shares BSGSX | 7.56 | 8.01 | 9.96 |
| Russell 3000® Index | 23.81 | 13.86 | 14.62 |
| Russell 2500® Growth Index | 13.90 | 8.08 | 9.77 |

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 | \$188,788,366 |
| Number of Holdings | 57 |
| Net Advisory Fee Paid | \$1,189,388 |
| Portfolio Turnover Rate | 78% |

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

Top 10 Securities

| | |
|--|------|
| Descartes Systems Group, Inc. | 2.9% |
| Insulet Corp. | 2.8% |
| Tarsus Pharmaceuticals, Inc. | 2.7% |
| First American Government Obligations Fund - Class U | 2.6% |
| Kinsale Capital Group, Inc. | 2.5% |
| Neurocrine Biosciences, Inc. | 2.5% |
| AAON, Inc. | 2.5% |
| Lennox International, Inc. | 2.5% |
| Dutch Bros, Inc. - Class A | 2.4% |
| Boot Barn Holdings, Inc. | 2.3% |

Sector Breakdown

| | |
|------------------------|-------|
| Information Technology | 24.8% |
| Health Care | 21.0% |
| Industrials | 20.7% |
| Consumer Discretionary | 15.2% |
| Financials | 5.5% |
| Consumer Staples | 5.5% |
| Energy | 3.4% |
| Real Estate | 1.3% |
| Money Market Funds | 2.6% |



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.