

# Annual Report – Baird Funds

December 31, 2023

Baird Mid Cap Growth Fund  
Baird Small/Mid Cap Growth Fund  
Baird Equity Opportunity Fund  
Baird Chautauqua International Growth Fund  
Baird Chautauqua Global Growth Fund

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This report has been prepared for shareholders and may be distributed to others only if preceded or accompanied by a current prospectus.

**Cautionary Note on Analyses, Opinions and Outlooks:** In this report we offer analyses and opinions on the performance of individual securities, companies, industries, sectors, markets, interest rates and governmental policies, including predictions, forecasts and outlooks regarding possible future events. These can generally be identified as such because the context of the statements may include such words as “believe,” “should,” “will,” “expects,” “anticipates,” “hopes” and words of similar effect. These statements reflect the portfolio managers’ good faith beliefs and judgments and involve risks and uncertainties, including the risk that the portfolio managers’ analyses, opinions and outlooks are or will prove to be inaccurate. It is inherently difficult to correctly assess and explain the performance of particular securities, sectors, markets, interest rate movements, governmental actions or general economic trends and conditions, and many unforeseen factors contribute to the performance of Baird Funds. Investors are, therefore, cautioned not to place undue reliance on subjective judgments contained in this report.

Baird Funds  
1-866-442-2473  
[www.bairdfunds.com](http://www.bairdfunds.com)

February 26, 2024

Dear Shareholder,

Equity markets had a solid year in 2023 with U.S. and international indices posting double-digit returns for the year. The Baird Equity Funds also delivered solid risk adjusted absolute returns, while relative returns trailed their respective benchmarks.

For the equity markets, 2023 marked an about-face from weaker performance in 2022. The change was fueled by lower market expectations for equity returns entering the year, continued economic growth, and importantly, moderating inflation, which raised investor hopes that the Federal Reserve's rate hiking cycle had reached a conclusion.

However, there was considerable volatility along the way, starting in March with the rapid failure of three regional banks, headlined by Silicon Valley Bank. The failures initially placed pressure on equities, which quickly reversed as the Federal Reserve injected liquidity into the market and the government took steps to fully protect depositors of the failed institutions.

Equities resumed their climb until July, when the market weakened over concerns that China's economy may be softening and that the Federal Reserve saw "upside risks" to inflation, leading rates to climb; smaller cap stocks were disproportionately impacted. A favorable inflation report late in October turned the market sharply higher into year-end as rates retreated, and the market narrative shifted to an economic soft landing coveted by investors. The Treasury aided the rally with the injection of additional liquidity.

Further, two themes emerged that aided the equity rally, but likewise created fundamental uncertainty and volatility within the technology and healthcare sectors. These included the broader, potentially powerful applications of artificial intelligence and the increased medical use of GLP-1 drugs for weight loss, such as Ozempic. Our teams continue to evaluate the long-term implications and opportunities of these potentially revolutionary trends.

Through these stages of market volatility, the teams that manage the Baird Equity Funds on your behalf adhered to their underlying investment philosophies and remained focused on identifying attractive, high-quality businesses. In our view, the consistent application of these underlying processes is central to delivering superior long-term investment results. We continue to invest in our business so that we may best serve you.

We are proud of our firm, proud of our team and so very grateful, honored and humbled to serve as your equity manager.

Sincerely,

A handwritten signature in black ink that reads "Mary Ellen Stanek". The signature is written in a cursive, flowing style.

Mary Ellen Stanek, CFA  
President  
Baird Funds, Inc.

# Baird Mid Cap Growth Fund

December 31, 2023 (Unaudited)

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## Portfolio Managers' Commentary

For the year ended December 31, 2023, the Baird Mid Cap Growth Fund Institutional Class posted a total return of 20.17% as compared to 25.87% for the Russell Midcap® Growth Index, the Fund's benchmark index.

The market environment in 2023 changed dramatically over the last two months of the year as stocks rallied meaningfully following a lower-than-expected inflation report in late October. The market move signaled an abrupt end to the Federal Reserve's tightening cycle, shifting instead to a view incorporating multiple interest rate cuts beginning in the first half of 2024. Time will tell if the market read of a Federal Reserve "pivot" proves correct, but the changed outlook took a nondescript return year for many stocks and broadened to a strong positive year for nearly all parts of the stock market.

The Fund's relative performance experienced distinct phases during 2023, including modest outperformance in the first half of the year, a stretch of meaningful underperformance encompassing the third quarter into October, and full participation during the sharp move higher late in the year. We are pleased that the Fund recaptured a good portion of last year's decline, but we would have liked a stronger result that tracked closer to the benchmark index return.

Fund characteristics remained similar to prior years and are instructive regarding our high-quality investment philosophy with overall Fund portfolio holdings possessing a higher level of profitability, solid revenue growth, and lower balance sheet leverage compared to its benchmark index. The Fund's investment mix has tended to earn a higher relative valuation level as measured by price-to-earnings, which we view as justified by the stronger fundamental profile of Fund holdings.

We believe the Fund's favorable fundamental profile compared to its benchmark is the right starting point in our effort to drive attractive long-term investment performance. However, there are times when the market rewards different characteristics. This most recent year was one of those periods, particularly in the technology sector, where there was a wide performance differential between unprofitable companies, which the Fund does not hold, and profitable companies. The difference was an important determinant of the poor relative performance of Fund technology holdings compared to its benchmark and explained the bulk of overall Fund underperformance for the year. By our analysis, unprofitable technology companies comprised approximately 40% of the sector and advanced 79% for the year, compared to 37% for the profitable group. We will hold to our rule of requiring profitability as a key measure defining a quality company, despite the periodic performance headwinds it creates when unprofitable companies are in vogue. We know that over time, the requirement has kept the Fund invested in the higher return portion of its benchmark and added value to the Fund's relative performance. We welcome new companies entering our investment opportunity set but look for more than just revenue growth and a good story.

The Fund's industrial sector holdings also detracted from relative performance as stock picking was not good enough to keep pace with the benchmark. Several Fund holdings declined amid a strong return environment and accounted for the Fund's holdings' underperformance in that sector. Of note, two holdings in the transaction processing industry lagged as company fundamentals did not recover as quickly as other companies in the industry. Two other Fund holdings, one a producer of home standby generators and related systems, and the other a diversified manufacturer, struggled to deal with an uneven demand environment. We typically view the materials sector as an extension of the industrial sector, as we favor companies tied to manufacturing rather than more commodity-related activities. The two Fund holdings in the materials sector helped offset a portion of the underperformance from industrials.

The Fund's largest relative positive performance contribution came from the energy sector. A solid, positive return from an oil production company offset weakness from a provider of renewable energy systems. In addition, the Fund's small exposure to the sector proved beneficial as energy prices retreated and the sector's negative overall return significantly trailed the benchmark index advance.

The healthcare sector recovered from a difficult period mid-year to post a positive contribution to Fund performance. Two long-time Fund holdings led the way: one company develops and manufactures products and services for animal health, and the other offers contract research services for drug development. Both exhibited fundamental strength. In addition, the lack of Fund exposure to the biotechnology industry proved helpful as that industry group performed poorly. In our view, the sector has displayed unusual performance the past 24 months, struggling to hold up in the difficult market in 2023 and lagging in this year's rising market. We continue to believe that we can assemble a strong mix of high-quality growth companies in this sector given the favorable trends in long-term spending and innovation.

The Fund's consumer discretionary holdings produced a drag on relative performance. Fund holdings in an auto parts supplier and holdings in the specialty retail group lagged, more than offsetting strength in holdings providing products and services for the housing market, which benefitted from stability in underlying demand and the fourth quarter decline in interest rates. The consumer staples sector provided a slight offset to consumer discretionary underperformance as the Fund's lower-than-benchmark weight proved helpful as the sector's return trailed the broad market strength.

Two sectors, telecommunications and real estate, each had a single Fund holding during the year, owing to their small benchmark weights. The Fund's telecommunications sector holding outperformed, benefitting from continued favorable product demand for the network switching business. In the real estate sector, the Fund's holding of a data provider to the apartment and commercial real estate markets failed to keep pace with holdings of the corresponding benchmark index sector as the company embarked on a path of accelerated spending to pursue a new market opportunity, pushing out a potential inflection in earnings growth.

Fund holdings in the financial sector did not keep pace with those included in the benchmark for the sector. While avoiding direct exposure to failed banks last spring, the Fund's one bank holding detracted from performance as the industry came under pressure. Also, a lack of exposure to the asset management industry, which participated with the strong up market, hurt relative results for the sector and offset strong performance from a Fund holding serving the specialty insurance market.

The Fund does not use its cash position tactically; however, with the market moving higher, cash held to accommodate additions to individual holdings or new investment ideas served as a headwind to relative performance.

The Fund's long-standing investment process remains focused on identifying high-quality companies that deliver attractive returns and above-average growth relative to peers. Seeking to control risk at the sector and position level is also a priority of our process, with the goal of providing attractive long-term returns for the Fund compared to its benchmark index. Over shorter time periods a factor, like profitability, may work against performance when comparing to a benchmark; however, over longer time periods, we believe holding a mix of highly profitable and fundamentally sound businesses is the best way to generate strong investment performance.

We appreciate your support.

Portfolio Managers:

Charles F. Severson, CFA  
Kenneth M. Hemauer, CFA

# Baird Mid Cap Growth Fund

December 31, 2023 (Unaudited)

## Portfolio Characteristics

A December 31, 2023 summary of the Fund's top 10 holdings and equity sector analysis compared to the Russell Midcap<sup>®</sup> Growth Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

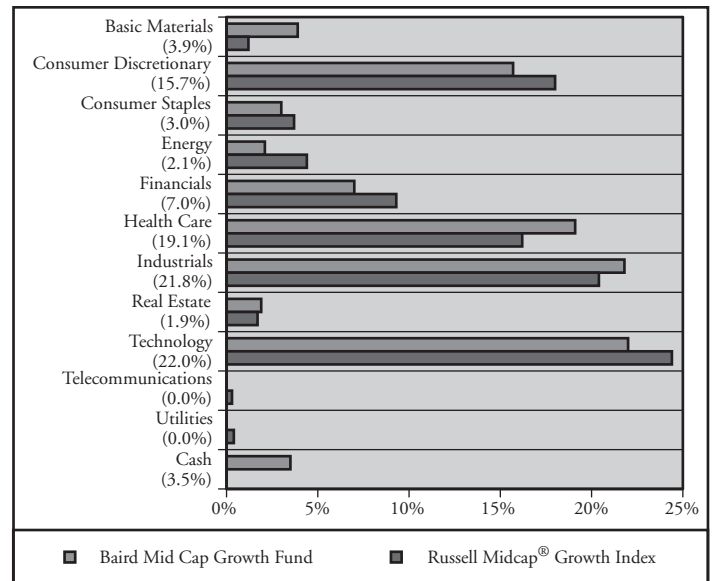
IDEXX Laboratories, Inc.	3.0%
DexCom, Inc.	3.0%
Globant SA	2.7%
Copart, Inc.	2.7%
PTC, Inc.	2.6%
ICON PLC	2.6%
CDW Corp.	2.4%
Watsco, Inc.	2.4%
Pool Corp.	2.4%
HEICO Corp.	2.3%

<b>Net Assets:</b>	\$2,529,413,633
<b>Portfolio Turnover Rate:</b>	42%
<b>Number of Equity Holdings:</b>	52

### Annualized Portfolio Expense Ratio<sup>(3)</sup>:

Institutional Class:	0.82%
Investor Class:	1.07% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>



(1) The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2023.

(2) Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2023, and may not add up to 100% due to rounding.

(3) Reflects expense ratios as stated in the Fund's current prospectus dated May 1, 2023. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.85% of average daily net assets for the Institutional Class shares and 1.10% of average daily net assets for the Investor Class shares, at least through April 30, 2025.

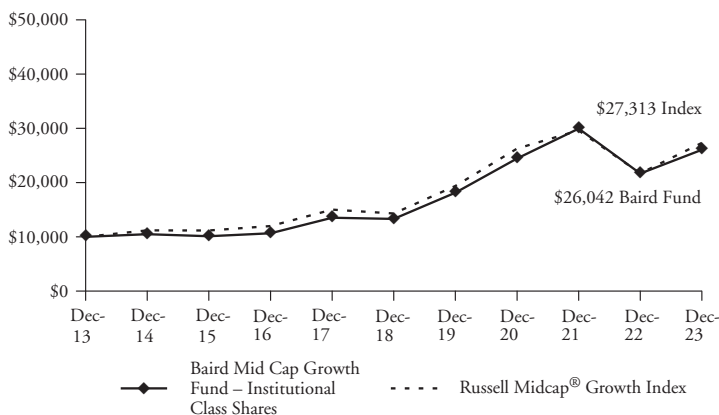
(4) Includes 0.25% 12b-1 fee.

# Baird Mid Cap Growth Fund

December 31, 2023 (Unaudited)

## Institutional Class

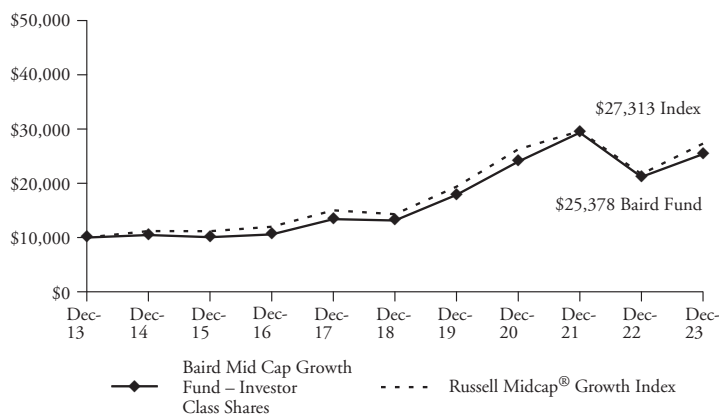
### Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 12/31/13, assuming reinvestment of all distributions.

## Investor Class

### Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 12/31/13, assuming reinvestment of all distributions.

## Total Returns

For the Periods Ended December 31, 2023

	Average Annual			
	One Year	Five Years	Ten Years	Since Inception <sup>(1)</sup>
Institutional Class Shares	20.17%	14.38%	10.04%	8.43%
Investor Class Shares	19.86%	14.07%	9.76%	8.17%
Russell Midcap® Growth Index <sup>(2)</sup>	25.87%	13.81%	10.57%	7.89%

<sup>(1)</sup> For the period from December 29, 2000 (inception date) through December 31, 2023.

<sup>(2)</sup> The Russell Midcap® Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

The line graphs and the returns table shown above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The expense ratio for each Class, as reflected in the Fund's current prospectus, is set forth under "Portfolio Characteristics".

The Fund focuses on growth-style stocks and therefore the performance of the Fund will typically be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. The Fund may invest up to 15% of its total assets in equity securities (consisting of common stock, ordinary shares and ADRs) of foreign companies. Foreign investments involve additional risks such as currency rate fluctuations, political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund invests a substantial portion of its assets in the stocks of mid-capitalization companies. Mid-capitalization companies often are more volatile and face greater risks than larger, more established companies. U.S. and international markets have experienced significant periods of volatility due to a number of economic, political and other global macro factors. The war between Ukraine and Russia is approaching its 2nd anniversary and the October 7th attack by Hamas and Israel's response only added to global tensions. US/China relations remain strained, impacted by sluggish Chinese economic growth and numerous issues affecting trade relations. Domestically, inflation remains an area of focus since getting to the Fed's 2% target may prove to be more challenging than the market expects. In addition, 2024 is an election year and the current level of political discord is high. Finally, while the coronavirus (COVID-19) appears to have entered an endemic stage, significant outbreaks present a continued risk to the global economy. These and other events may cause market disruptions and could have an adverse effect on the value of the Fund's investments.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-442-2473 or visit [www.bairdfunds.com](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.

# Baird Mid Cap Growth Fund

Schedule of Investments, December 31, 2023

## Common Stocks

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>		<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Aerospace &amp; Defense</b>				<b>Life Sciences Tools &amp; Services</b>			
HEICO Corp.	331,305	\$ 59,260,525	2.3%	Bio-Techne Corp.	328,947	\$ 25,381,551	1.0%
<b>Air Freight &amp; Logistics</b>				ICON PLC <sup>(1)</sup>	232,969	65,946,535	2.6%
GXO Logistics, Inc. <sup>(1)</sup>	623,726	38,147,082	1.5%	Repligen Corp. <sup>(1)</sup>	276,018	49,628,036	2.0%
<b>Automobile Components</b>						140,956,122	5.6%
Aptiv PLC <sup>(1)</sup>	301,069	27,011,911	1.1%	<b>Machinery</b>			
<b>Beverages</b>				Graco, Inc.	532,200	46,173,672	1.8%
Boston Beer Co., Inc. <sup>(1)</sup>	98,677	34,101,784	1.4%	IDEX Corp.	215,944	46,883,602	1.9%
<b>Building Products</b>				Ingersoll Rand, Inc.	511,429	39,553,919	1.6%
Trex Co., Inc. <sup>(1)</sup>	652,532	54,023,124	2.1%	RBC Bearings, Inc. <sup>(1)</sup>	178,285	50,791,613	2.0%
<b>Capital Markets</b>						183,402,806	7.3%
MarketAxess Holdings, Inc.	122,307	35,817,605	1.4%	<b>Oil, Gas, &amp; Consumable Fuels</b>			
MSCI, Inc.	85,533	48,381,741	1.9%	Diamondback Energy, Inc.	335,936	52,096,955	2.1%
		84,199,346	3.3%	<b>Professional Services</b>			
<b>Commercial Services &amp; Supplies</b>				Broadridge Financial Solutions, Inc.	270,084	55,569,783	2.2%
Cintas Corp.	66,125	39,850,893	1.6%	Equifax, Inc.	200,009	49,460,225	2.0%
Copart, Inc. <sup>(1)</sup>	1,383,242	67,778,858	2.7%	Paycom Software, Inc.	144,576	29,886,751	1.2%
		107,629,751	4.3%			134,916,759	5.4%
<b>Consumer Staples Distribution &amp; Retail</b>				<b>Real Estate Management &amp; Development</b>			
BJ's Wholesale Club Holdings, Inc. <sup>(1)</sup>	354,664	23,641,902	0.9%	CoStar Group, Inc. <sup>(1)</sup>	556,103	48,597,841	1.9%
Dollar Tree, Inc. <sup>(1)</sup>	323,542	45,959,141	1.8%	<b>Semiconductors &amp; Semiconductor Equipment</b>			
		69,601,043	2.7%	Lattice Semiconductor Corp. <sup>(1)</sup>	524,572	36,190,222	1.4%
<b>Distributors</b>				Monolithic Power Systems, Inc.	75,455	47,595,505	1.9%
Pool Corp.	149,683	59,680,109	2.4%			83,785,727	3.3%
<b>Electronic Equipment, Instruments, &amp; Components</b>				<b>Software</b>			
CDW Corp.	269,403	61,240,690	2.4%	ANSYS, Inc. <sup>(1)</sup>	137,970	50,066,554	2.0%
<b>Financial Services</b>				Bentley Systems, Inc.	635,030	33,135,865	1.3%
Jack Henry & Associates, Inc.	233,310	38,125,187	1.5%	Descartes Systems Group, Inc. <sup>(1)(2)</sup>	314,689	26,452,757	1.0%
<b>Food Products</b>				Dynatrace, Inc. <sup>(1)</sup>	856,559	46,845,212	1.9%
Lamb Weston Holdings, Inc.	388,237	41,964,537	1.7%	PTC, Inc. <sup>(1)</sup>	381,699	66,782,057	2.6%
<b>Ground Transportation</b>				Tyler Technologies, Inc. <sup>(1)</sup>	117,063	48,946,382	1.9%
J.B. Hunt Transport Services, Inc.	208,521	41,649,985	1.6%			272,228,827	10.7%
<b>Health Care Equipment &amp; Supplies</b>				<b>Specialty Retail</b>			
Align Technology, Inc. <sup>(1)</sup>	160,784	44,054,816	1.7%	Five Below, Inc. <sup>(1)</sup>	167,934	35,796,811	1.4%
DexCom, Inc. <sup>(1)</sup>	611,332	75,860,188	3.0%	Floor & Decor Holdings, Inc. <sup>(1)</sup>	444,010	49,533,756	2.0%
IDEXX Laboratories, Inc. <sup>(1)</sup>	137,630	76,391,531	3.0%			85,330,567	3.4%
Insulet Corp. <sup>(1)</sup>	220,507	47,845,609	1.9%	<b>Trading Companies &amp; Distributors</b>			
ResMed, Inc.	267,360	45,991,267	1.8%	Fastenal Co.	738,814	47,852,983	1.9%
		290,143,411	11.4%	Ferguson PLC	203,686	39,325,656	1.6%
<b>Health Care Technology</b>				Watsco, Inc.	140,285	60,107,914	2.4%
Veeva Systems, Inc. <sup>(1)</sup>	266,951	51,393,407	2.0%			147,286,553	5.9%
<b>Hotels, Restaurants, &amp; Leisure</b>				<b>Total Common Stocks</b>			
Churchill Downs, Inc.	246,657	33,281,429	1.3%	(Cost \$1,724,644,687)		2,442,861,068	96.6%
<b>Household Durables</b>							
DR Horton, Inc.	365,151	55,495,649	2.2%				
<b>Insurance</b>							
Kinsale Capital Group, Inc.	112,024	37,517,958	1.5%				
<b>IT Services</b>							
EPAM Systems, Inc. <sup>(1)</sup>	136,404	40,558,365	1.6%				
Globant SA <sup>(1)</sup>	290,922	69,233,618	2.7%				
		109,791,983	4.3%				

The accompanying notes are an integral part of these financial statements.

# Baird Mid Cap Growth Fund

Schedule of Investments, December 31, 2023

## Short-Term Investment

	<u>Shares</u>	<u>Value</u>	<u>% of Net Assets</u>
<b>Money Market Mutual Fund</b>			
First American Government Obligations Fund, Class U, 5.31% <sup>(3)</sup>	86,739,978	\$ 86,739,978	3.4%
<b>Total Short-Term Investment</b> (Cost \$86,739,978)		86,739,978	3.4%
<b>Total Investments</b> (Cost \$1,811,384,665)			
		2,529,601,046	100.0%
<b>Liabilities in Excess of Other Assets</b>		(187,413)	(0.0)%
<b>TOTAL NET ASSETS</b>		<b>\$2,529,413,633</b>	<b>100.0%</b>

### Notes to Schedule of Investments

(1) Non-Income Producing.

(2) Foreign Security.

(3) Seven-Day Yield.

Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.

## Summary of Fair Value Exposure at December 31, 2023

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as "inputs") used in pricing the asset or liability. These standards state that "observable inputs" reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and "unobservable inputs" reflect an entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$2,442,861,068	\$ —	\$ —	\$2,442,861,068
<b>Total Equity</b>	2,442,861,068	—	—	2,442,861,068
<b>Short-Term Investment</b>				
Money Market Mutual Fund	86,739,978	—	—	86,739,978
<b>Total Short-Term Investment</b>	86,739,978	—	—	86,739,978
<b>Total Investments*</b>	<b>\$2,529,601,046</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$2,529,601,046</b>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers into or out of Level 3 during the year, as compared to the security classifications from the prior year's annual report. See the Fund's Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*



# Baird Small/Mid Cap Growth Fund

December 31, 2023 (Unaudited)

## Portfolio Manager's Commentary

For the year ended December 31, 2023, the Baird Small/Mid Growth Fund Institutional Class posted a total return of 10.88% as compared to 18.93% for the Russell 2500® Growth Index, the Fund's benchmark index.

In 2023, both relative and absolute returns were dominated by macroeconomic headlines that caused interest rate volatility that led to either "risk-on" or "risk-off" environments for small/mid-cap growth stocks, in our view. After a strong 10% benchmark return in January, the index declined the next four months, before another strong rally in June and July. Markets then sold off through the end of October, and benchmark returns were negative for the year before favorable inflation data and Federal Reserve commentary sparked a sharp rally into year-end. While we were pleased with a solid recovery after a difficult 2022, we were disappointed to trail benchmark, particularly during the late-year rally.

For calendar 2023, the Fund generated positive relative performance in six sectors. Unfortunately, they represented only 30% of the portfolio by weight. The Fund's holdings in its three largest sectors, healthcare, technology, and industrials, all lagged benchmark returns, resulting in total portfolio performance below benchmark returns. Recall the characteristics of the Fund's portfolio have remained consistent since inception five years ago. Relative to its benchmark, the overall Fund portfolio holdings tend to be slightly larger by market cap, and generally only including companies with better profitability, revenue growth, earnings growth, and less levered balance sheets. That has typically resulted in a portfolio that trades at a higher price-to-earnings ratio and price-to-sales ratio than the benchmark. For the year, factor impact on the Fund's portfolio was minimal, although there were significant impacts in specific quarters. Valuation was a headwind to Fund performance, as the least expensive quintile of companies based on price-to-sales outperformed significantly, and the most expensive quintile based on price-to-earnings lagged benchmark returns. The majority of the Fund's relative underperformance occurred in December, when the most unprofitable, lowest margin quintiles of companies outperformed significantly.

The Fund's strongest relative performance contributor in 2023 came from the consumer staples sector, led by a small-cap, high-growth beverage producer specializing in coconut water. The strong stock performance was the result of both continued market share leadership, as well as an improvement in margins driven by lower shipping costs. Two other Fund portfolio positions in that sector lagged in 2023, although we remain optimistic on their prospects going forward. We also initiated one new Fund position earlier in the year, a company focused on high protein snacks that we think can gain market share in a growing category.

The Fund's energy sector performance overall lagged benchmark returns, and the Fund's underweight in the group helped drive slightly positive portfolio attribution. We were fortunate to exit the Fund's lone holding in solar energy, preventing a worse outcome as the company's business slowed further in 2023 given ballooning channel inventories. The Fund's two remaining energy positions generated slightly positive returns for the calendar year, compared to benchmark returns that were negative. As we do not make major sector bets, we continue to maintain two Fund positions in the sector, an oilfield services provider and an oil/gas producer, although the future performance of these two business likely depends on the direction of oil prices.

The Fund's positive annual performance from the financials sector was led by a company that consolidates and manages registered investment advisors that was acquired for a healthy premium. The Fund also benefitted from a long-time holding that provides excess and surplus insurance, as the company continues to grow rapidly with favorable pricing trends in its business. The lone detractor in the sector was a company that provides bond trading technology. Despite a volatile rate environment, we were disappointed with the company's execution and sold the stock out of the Fund. Finally, we added one new Fund holding in the sector which provides accounting and back-office software to financial services institutions. We like the profile of projected double-digit organic revenue growth and the potential for continued margin expansion.

Several consumer discretionary holdings within the Fund were beneficiaries of lower interest rate expectations, which led to modest relative outperformance for the sector for the calendar year. Those holdings included a retailer of flooring supplies, a distributor of pool supplies, as well as a homebuilder focused on the first-time buyer in large, fast-growing cities in the United States. The Fund also benefited from strong performance and continued sales execution of a footwear brand business held by the Fund for the past two years. Given the strong outperformance of this business and the always-present fashion risk, we reduced the Fund's position size twice during the calendar year. Detractors for the year included two retailers, one focused on lower price items and one focused on western gear sold in geographies with economies reliant on the energy industry. Although we have a longer-term secular thesis, the western gear retailer stock did not work as interest rates and oil prices declined in the fourth quarter. During the year, we exited two Fund positions: a home furnishings retailer and an auto auction salvage business that was acquired by another company. We added three new companies to the Fund's holdings in the sector during the year, including a software provider to the K-12 educational market, a mid-cap warehouse club, and a leading online gaming and entertainment company. We think all three businesses provide opportunities for improving growth in a variety of industries within consumer discretionary.

The Fund only owns one stock each in the materials and real estate sectors, and both were positive contributors to calendar year performance. In real estate, a small cap storage REIT responded positively in the fourth quarter as interest rates declined. Similarly, the lone materials holding, a provider of key components to the aerospace industry, responded well to the rising market environment towards the end of the year.

The Fund's holdings in three sectors underperformed more than 300 basis points each on a relative basis in calendar 2023. Simply put, our stock picking in 2023 wasn't good enough across the board to keep pace with strong benchmark returns in technology and industrials, while we also faced a few stock-specific headwinds that led to negative returns in the healthcare sector.

There were a handful of setbacks throughout the year that negatively affected several industrials holdings in the Fund. We view this sector more broadly than just manufacturing business, as we think this sector includes diverse business in services, technology, energy, and financials as well. Within the services business, a Fund holding focused on business process outsourcing was viewed as being challenged by the emergence of artificial intelligence; however, it was a delay in new contracts starts that caused the company to reduce its earnings outlook later in the year. Another Fund holding that has a diversified industrial portfolio faced headwinds in its life science instruments business due to lower spending in China. We also saw elevated channel inventories from prior above-market growth reduce demand for a leading equipment provider to the lawn and landscape industry. Lastly, a choppy macroeconomic environment led to inconsistent execution from other Fund holdings, including a leading engineering and construction firm, a higher growth provider of payroll software, and a manufacturer of mobile storage units used at construction sites. Offsetting these challenges were positive contributions from Fund holdings that were beneficiaries of an expectation for lower interest rates, including a leading HVAC distributor and supplier of composite decking. The Fund also saw strong gains from a provider of paper manufacturing equipment, a leading payments platform for the hotel and restaurant industries, and a supplier of components and services for the nuclear power industry. We sold out of five Fund positions given the companies' uneven business execution in a challenging macro environment and our lack of conviction in our original investment thesis in those companies.

The technology sector also detracted from relative returns in calendar 2023, as only a few Fund holdings exceed the benchmark's strong 34% return for the year. We sold the Fund's longtime semiconductor holding that specializes in power management as the company exceeded \$25 billion in market capitalization after returning over 40%. We also sold a software business focused on customer experience that was a positive contributor due to its acquisition by private equity. Finally, the Fund saw continued strong performance from a software business used for designing complex products as well as very strong execution from an IT-consulting firm owned by the Fund for several years. More than offsetting the gains were disappointing fundamental developments that resulted in growth below consensus expectations, whether due to the economy, company-specific challenges, or simply poor investment timing. We experienced setbacks in several software holdings in the Fund, including businesses focused on sales and marketing, social media monitoring, and cloud infrastructure. A long-time Fund holding focused on shipping and transportation logistics software also underperformed, mostly due to the sluggish macro environment. In summary, 2023 was quite challenging as growth stocks in technology were subject to the swings in interest rates, selling off through the third quarter before the strong market rally in November and December.

# Baird Small/Mid Cap Growth Fund

December 31, 2023 (Unaudited)

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Finally, the healthcare sector also generated below benchmark returns, which was a departure from previous years where the industry has traditionally been a source of positive outperformance. In addition to the Fund's lack of exposure to small cap biotech (which rallied significantly late in the year), its long-time exposure to the medical technology industry was upended by investor worries about the emergence of new data from GLP-1 drugs. While we underestimated the downside in a few Fund holdings, we kept ownership of both the Fund's insulin pump and sleep apnea device companies as we believed the sell-off was overdone. We were rewarded for this patience in the fourth quarter; however, lack of biotech exposure overwhelmed the recovery in the Fund's med tech positions. We exited Fund positions where performance fell short of our expectations, resulting in slower growth. These included a diversified specialty pharma company, a small cap provider of a novel aesthetics toxin, and a profitable biotech company that licenses its drug delivery technology to expand indications for existing branded infused drugs. Also detracting from performance were two Fund holdings that provide consumable technology for life sciences research that are facing headwinds from slowdowns in research activity in China. Two positive contributors to Fund performance for the year were a long-time clinical research organization holding, as well as a provider of surgical instruments.

The Fund does not use its cash position tactically; however, with the market moving sharply higher in the last two months of the year even cash held to accommodate additions to individual holdings or new investment ideas detracted from relative performance.

The long-standing investment process underlying the Fund remains focused on identifying high-quality companies that deliver attractive returns and above-average growth relative to peers. Seeking to control risk at the sector and position level is also a priority of our process, with the goal of providing attractive long-term returns for the Fund compared to its benchmark index.

We appreciate your support.

Portfolio Manager:

Jonathan Good

# Baird Small/Mid Cap Growth Fund

December 31, 2023 (Unaudited)

## Portfolio Characteristics

A December 31, 2023 summary of the Fund's top 10 holdings and equity sector analysis compared to the Russell 2500® Growth Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

PTC, Inc.	3.2%
RBC Bearings, Inc.	2.9%
ICON PLC	2.8%
Kadant, Inc.	2.8%
Watsco, Inc.	2.6%
Pool Corp.	2.5%
BWX Technologies, Inc.	2.5%
Dynatrace, Inc.	2.4%
Descartes Systems Group, Inc.	2.3%
IDEX Corp.	2.3%

<b>Net Assets:</b>	\$176,684,379
<b>Portfolio Turnover Rate:</b>	48%
<b>Number of Equity Holdings:</b>	56

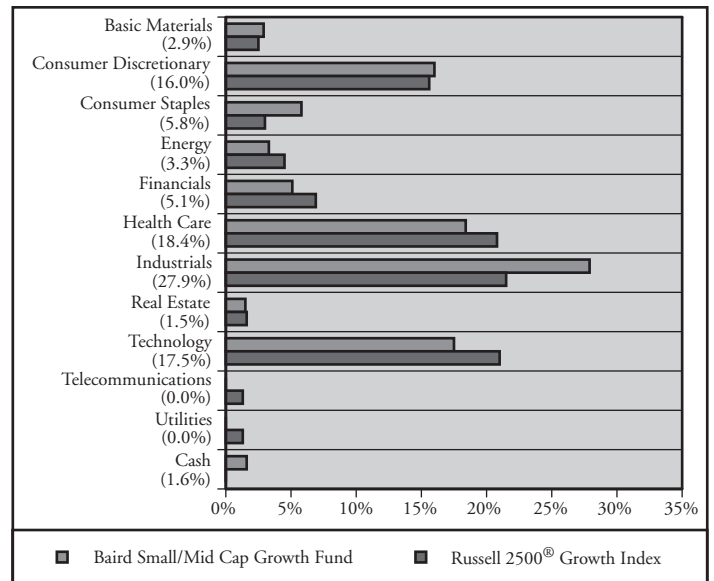
### Annualized Portfolio Expense Ratio<sup>(3)</sup>:

<b>Gross</b>	
Institutional Class:	0.98%
Investor Class:	1.23% <sup>(4)</sup>

### Net

Institutional Class:	0.85%
Investor Class:	1.10% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>



<sup>(1)</sup> The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2023.

<sup>(2)</sup> Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2023, and may not add up to 100% due to rounding.

<sup>(3)</sup> Reflects expense ratios as stated in the Fund's current prospectus dated May 1, 2023. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.85% of average daily net assets for the Institutional Class shares and 1.10% of average daily net assets for the Investor Class shares, at least through April 30, 2025.

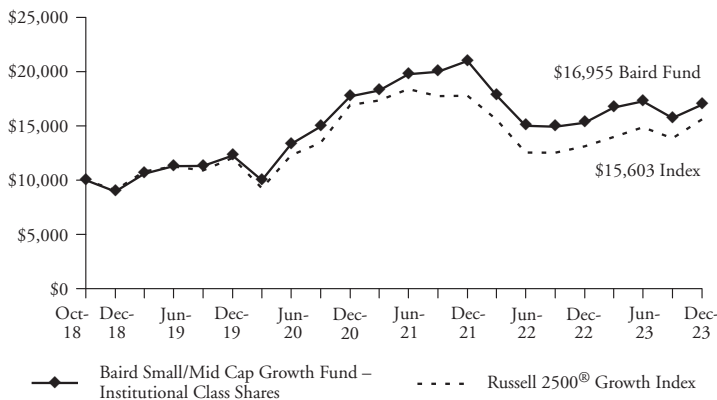
<sup>(4)</sup> Includes 0.25% 12b-1 fee.

# Baird Small/Mid Cap Growth Fund

December 31, 2023 (Unaudited)

## Institutional Class

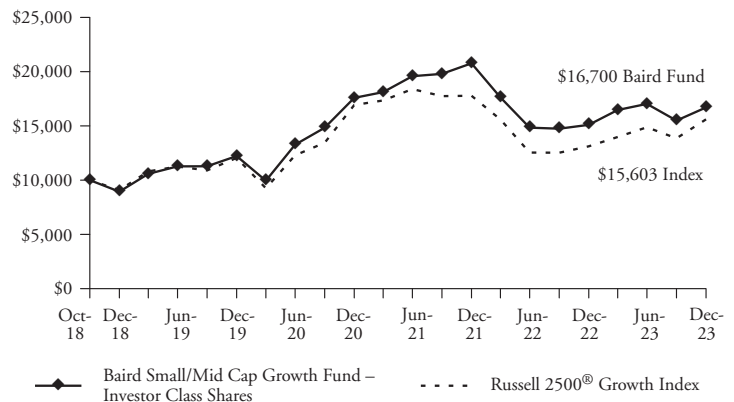
### Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 10/31/18, assuming reinvestment of all distributions.

## Investor Class

### Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 10/31/18, assuming reinvestment of all distributions.

## Total Returns

For the Periods Ended December 31, 2023

	One Year	Average Annual		
		Three Years	Five Years	Since Inception <sup>(1)</sup>
Institutional Class Shares	10.88%	-1.47%	13.63%	10.76%
Investor Class Shares	10.60%	-1.70%	13.31%	10.43%
Russell 2500® Growth Index <sup>(2)</sup>	18.93%	-2.68%	11.43%	8.99%

<sup>(1)</sup> For the period from October 31, 2018 (inception date) through December 31, 2023.

<sup>(2)</sup> The Russell 2500® Growth Index measures the performance of the small-to-mid cap growth segment of the U.S. equity universe. It includes those Russell 2500® Index companies with higher price-to-book ratios and higher forecasted growth values. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

The line graphs and the returns table shown above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The gross and net expense ratio for each Class, as reflected in the Fund's current prospectus, are set forth under "Portfolio Characteristics".

The Fund focuses on growth-style stocks and therefore the performance of the Fund will typically be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. The Fund may invest up to 15% of its total assets in equity securities (consisting of common stock, ordinary shares and ADRs) of foreign companies. Foreign investments involve additional risks such as currency rate fluctuations, political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund invests a substantial portion of its assets in the stocks of small- and mid-capitalization companies. Small- and mid-capitalization companies often are more volatile and face greater risks than larger, more established companies. U.S. and international markets have experienced significant periods of volatility due to a number of economic, political and other global macro factors. The war between Ukraine and Russia is approaching its 2nd anniversary and the October 7th attack by Hamas and Israel's response only added to global tensions. US/China relations remain strained, impacted by sluggish Chinese economic growth and numerous issues affecting trade relations. Domestically, inflation remains an area of focus since getting to the Fed's 2% target may prove to be more challenging than the market expects. In addition, 2024 is an election year and the current level of political discord is high. Finally, while the coronavirus (COVID-19) appears to have entered an endemic stage, significant outbreaks present a continued risk to the global economy. These and other events may cause market disruptions and could have an adverse effect on the value of the Fund's investments.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-442-2473 or visit [www.bairdfunds.com](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.

# Baird Small/Mid Cap Growth Fund

Schedule of Investments, December 31, 2023

## Common Stocks

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>		<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Aerospace &amp; Defense</b>				<b>IT Services</b>			
BWX Technologies, Inc.	56,614	\$ 4,343,993	2.5%	Endava PLC – ADR <sup>(1)(2)</sup>	23,463	\$ 1,826,595	1.0%
HEICO Corp.	20,666	3,696,527	2.1%	Globant SA <sup>(1)</sup>	15,327	3,647,519	2.1%
		8,040,520	4.6%			5,474,114	3.1%
<b>Air Freight &amp; Logistics</b>				<b>Life Sciences Tools &amp; Services</b>			
GXO Logistics, Inc. <sup>(1)</sup>	49,046	2,999,653	1.7%	Bio-Techne Corp.	35,390	2,730,692	1.5%
<b>Beverages</b>				ICON PLC <sup>(1)</sup>	17,338	4,907,868	2.8%
Boston Beer Co., Inc. <sup>(1)</sup>	9,261	3,200,509	1.8%	Repligen Corp. <sup>(1)</sup>	14,998	2,696,640	1.5%
Vita Coco Co., Inc. <sup>(1)</sup>	96,721	2,480,894	1.4%			10,335,200	5.8%
		5,681,403	3.2%	<b>Machinery</b>			
<b>Biotechnology</b>				IDEX Corp.	18,452	4,006,114	2.3%
Exact Sciences Corp. <sup>(1)</sup>	52,039	3,849,846	2.2%	Kadant, Inc.	17,440	4,888,606	2.8%
Halozyme Therapeutics, Inc. <sup>(1)</sup>	74,516	2,754,111	1.6%	RBC Bearings, Inc. <sup>(1)</sup>	18,204	5,186,137	2.9%
		6,603,957	3.8%			14,080,857	8.0%
<b>Broadline Retail</b>				<b>Oil, Gas, &amp; Consumable Fuels</b>			
Global-e Online Ltd. <sup>(1)(2)</sup>	67,127	2,660,243	1.5%	Matador Resources Co.	63,937	3,635,458	2.1%
<b>Building Products</b>				<b>Professional Services</b>			
Trex Co., Inc. <sup>(1)</sup>	46,366	3,838,641	2.2%	ExlService Holdings, Inc. <sup>(1)</sup>	72,588	2,239,340	1.3%
<b>Capital Markets</b>				Paylocity Holding Corp. <sup>(1)</sup>	14,489	2,388,512	1.4%
Factset Research Systems, Inc.	5,608	2,675,296	1.5%	WNS Holdings Ltd. – ADR <sup>(1)(2)</sup>	26,916	1,701,091	1.0%
<b>Construction &amp; Engineering</b>						6,328,943	3.7%
WillScot Mobile Mini Holdings Corp. <sup>(1)</sup>	81,364	3,620,698	2.0%	<b>Semiconductors &amp; Semiconductor Equipment</b>			
<b>Consumer Staples Distribution &amp; Retail</b>				Lattice Semiconductor Corp. <sup>(1)</sup>	42,098	2,904,342	1.6%
BJ's Wholesale Club Holdings, Inc. <sup>(1)</sup>	31,632	2,108,589	1.2%	SiTime Corp. <sup>(1)</sup>	17,458	2,131,273	1.2%
<b>Distributors</b>						5,035,615	2.8%
Pool Corp.	10,993	4,383,019	2.5%	<b>Software</b>			
<b>Electronic Equipment, Instruments, &amp; Components</b>				Bentley Systems, Inc.	55,023	2,871,100	1.6%
Littelfuse, Inc.	9,607	2,570,449	1.5%	Clearwater Analytics Holdings, Inc. <sup>(1)</sup>	180,269	3,610,788	2.0%
<b>Energy Equipment &amp; Services</b>				Descartes Systems Group, Inc. <sup>(1)(2)</sup>	47,664	4,006,636	2.3%
ChampionX Corp.	72,721	2,124,180	1.2%	Dynatrace, Inc. <sup>(1)</sup>	78,332	4,283,977	2.4%
<b>Financial Services</b>				PowerSchool Holdings, Inc. <sup>(1)</sup>	90,902	2,141,651	1.2%
Jack Henry & Associates, Inc.	15,219	2,486,937	1.4%	PTC, Inc. <sup>(1)</sup>	32,274	5,646,660	3.2%
Shift4 Payments, Inc. <sup>(1)</sup>	49,406	3,672,842	2.1%	Tyler Technologies, Inc. <sup>(1)</sup>	8,679	3,628,863	2.1%
		6,159,779	3.5%			26,189,675	14.8%
<b>Food Products</b>				<b>Specialized REITs</b>			
Lamb Weston Holdings, Inc.	23,727	2,564,651	1.5%	National Storage Affiliates Trust	66,259	2,747,761	1.6%
Simply Good Foods Co. <sup>(1)</sup>	48,865	1,935,054	1.1%	<b>Specialty Retail</b>			
		4,499,705	2.6%	Boot Barn Holdings, Inc. <sup>(1)</sup>	28,565	2,192,649	1.2%
<b>Ground Transportation</b>				Five Below, Inc. <sup>(1)</sup>	13,521	2,882,137	1.6%
Knight-Swift Transportation Holdings, Inc.	40,514	2,335,632	1.3%	Floor & Decor Holdings, Inc. <sup>(1)</sup>	29,161	3,253,201	1.8%
<b>Health Care Equipment &amp; Supplies</b>						8,327,987	4.6%
CONMED Corp.	28,687	3,141,513	1.8%	<b>Textiles, Apparel, &amp; Luxury Goods</b>			
Inspire Medical Systems, Inc. <sup>(1)</sup>	15,778	3,209,719	1.8%	Deckers Outdoor Corp. <sup>(1)</sup>	4,629	3,094,162	1.8%
Insulet Corp. <sup>(1)</sup>	11,803	2,561,015	1.4%	<b>Trading Companies &amp; Distributors</b>			
iRhythm Technologies, Inc. <sup>(1)</sup>	22,180	2,374,147	1.3%	Watsco, Inc.	10,811	4,632,189	2.6%
QuidelOrtho Corp. <sup>(1)</sup>	23,777	1,752,365	1.0%	<b>Total Common Stocks (Cost \$148,523,231)</b>			
Shockwave Medical, Inc. <sup>(1)</sup>	13,292	2,532,924	1.4%			173,964,574	98.5%
		15,571,683	8.7%				
<b>Hotels, Restaurants, &amp; Leisure</b>							
Churchill Downs, Inc.	21,114	2,848,912	1.6%				
<b>Household Durables</b>							
LGI Homes, Inc. <sup>(1)</sup>	19,887	2,648,153	1.5%				
<b>Insurance</b>							
Kinsale Capital Group, Inc.	8,098	2,712,101	1.5%				

The accompanying notes are an integral part of these financial statements.

# Baird Small/Mid Cap Growth Fund

Schedule of Investments, December 31, 2023

## Short-Term Investment

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Money Market Mutual Fund</b>			
First American Government Obligations Fund, Class U, 5.31% <sup>(3)</sup>	5,564,678	\$ 5,564,678	3.1%
<b>Total Short-Term Investment</b> (Cost \$5,564,678)		5,564,678	3.1%
<b>Total Investments</b> (Cost \$154,087,909)		179,529,252	101.6%
<b>Liabilities in Excess of Other Assets</b>		(2,844,873)	(1.6)%
<b>TOTAL NET ASSETS</b>		\$176,684,379	100.0%

### Notes to Schedule of Investments

(1) Non-Income Producing.

(2) Foreign Security.

(3) Seven-Day Yield.

ADR – American Depositary Receipt

Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. (“MSCI”) and Standard & Poor’s Financial Services LLC (“S&P”). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.

## Summary of Fair Value Exposure at December 31, 2023

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$173,964,574	\$ —	\$ —	\$173,964,574
<b>Total Equity</b>	173,964,574	—	—	173,964,574
<b>Short-Term Investment</b>				
Money Market Mutual Fund	5,564,678	—	—	5,564,678
<b>Total Short-Term Investment</b>	5,564,678	—	—	5,564,678
<b>Total Investments*</b>	\$179,529,252	\$ —	\$ —	\$179,529,252

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers into or out of Level 3 during the year, as compared to the security classifications from the prior year’s annual report. See the Fund’s Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*

# Baird Equity Opportunity Fund

December 31, 2023 (Unaudited)

## Portfolio Manager's Commentary

Equities bounced back in 2023, as easing inflation raised hopes for looser monetary policy and drove valuations higher. Smaller-cap stocks struggled for much of the year but posted a strong final two months, enabling the Russell 2000 Index to finish with a 14.03% gain for the quarter (16.93% for the year), while the Baird Equity Opportunity Fund modestly underperformed the Russell 2000 Index, its benchmark index, with a 13.65% net return in the fourth quarter (13.75% for the year).

The Federal Reserve (Fed) hiked interest rates another four times in 2023 while maintaining a steady pace of balance sheet reduction (quantitative tightening) to try and quell higher-than-normal inflation. As key price indexes peaked, investor focus shifted toward the timing of a potential Fed pivot toward loosening monetary policy. Investors bid up equities with a particular focus on larger cap technology stocks – the S&P 500 Information Technology Index rose a whopping 58% for the year. Within our target universe of smaller-cap stocks, that bullish sentiment lagged but returns were solid, nonetheless. The Russell 2000 Industrial and Tech sectors led the way, up 29% and 28%, respectively.

The Fund's results were a bit frustrating since many of its positions suffered more from a lack of investor interest than any meaningful disappointment with company fundamentals. Said differently, while the market at large benefited from rising valuations, it was more of a grind for the Fund's portfolio. Given the concentrated nature of the Fund's portfolio, the idiosyncratic nature of its holdings, and the portfolio management team's willingness to take a view that runs counter to the market's prevailing wisdom, the Fund's portfolio can feel out of step from time to time – and in 2023 it did. A few incremental factors seemed to challenge performance in the second and third quarters, in particular. First, in March, regional bank liquidity fears spiked and drove the Fed to employ a burst of "closet financial easing" to manage contagion risk. Then, in the spring, surprisingly strong results from artificial intelligence (AI) chip maker Nvidia led investors to aggressively drive up technology shares in search of the next AI winners. While neither had a measurable negative impact on the Fund's portfolio, we also did not have much upside leverage to these factors.

Ups and downs aside, the Fund had many winners during the year, including Blackbaud, Cadre Holdings, and Universal Display. Software-maker Blackbaud rose in lockstep with its strong results throughout the year, driven by accelerating revenue growth, strong margin expansion, and a newer pricing initiative that we believe will pay dividends for several more years. Cadre, a maker of public safety products, benefited from strong execution even during a period of declining law enforcement headcount. As the "defund the police" movement subsides and rising crime in many cities comes to the fore, we think municipalities will renew their efforts to combat violence and theft. If so, Cadre's array of non-lethal products should experience demand tailwinds, driving profit growth in the years to come.

Universal Display (OLED) benefitted from investors' rising appreciation of the potential for the company's blue phosphorescent emitters (which, in our estimation, increases OLED's materials revenue addressable market by 67%) and the market adoption of OLED displays in tablets and notebooks, beginning in 2024. Like many technology stocks, while 2023 revenue and EPS were relatively in line with beginning of the year expectations, valuation levels expanded meaningfully. We continue to anticipate above-trend revenue and EPS growth over the next several years.

Some of the Fund's biggest detractors from performance for the year were Infinera, Valmont Industries, and ZoomInfo. Infinera has been a tough stock to own for several years. Always mindful of potential value traps, we maintain the view that the company's optical products are best-in-class, management is strong, and optionality exists. Nevertheless, we acknowledge that our thesis has been derailed several times since initiating a position in the company, including significant supply chain issues in 2021-2022 and uneven customer spending in 2023. We continue to exercise patience, as we believe reacceleration in Infinera's core markets is likely and the benefits of the company's technological advancements and operational improvements should put the stock on better footing this year.

Industrial manufacturer Valmont Industries weakened after a period of strong multi-year gains. With leverage to the farm economy through its leadership position in manufacturing irrigation equipment, trends softened in 2023 as corn prices fell from peak levels. The company has become much more than a farm equipment company and holds a leadership position in utility transmission and distribution infrastructure, a key part of America's ongoing electric grid upgrade. The Fund continues to hold the stock and we are biased to add to the Fund's position on further weakness.

ZoomInfo declined as the company's outlook for an extended period of decelerating revenue growth compressed the multiple investors were willing to pay for the stock. The company has many positive attributes, such as a leadership position in its core market for contact databases, double digit secular growth, and very high operating margins. Still, investor enthusiasm tends to wane when a company moves the period for positive inflection out further into the future, even if for macroeconomic reasons. We anticipate key metrics and overall growth to improve in the latter part of 2024, and we remain optimistic about shareholder returns this year.

There is no getting around the fact that the Fed's actions – and words – move markets more than ever. Many of us on our team grew up as analysts during a time when the mantra "don't fight the Fed" became prominent, but investors rarely lost sight of corporate fundamentals and business models. To say the game has changed over the past few decades would be an understatement. A near singular focus on Fed policy, along with the rising prominence of systematic and quantitative investment strategies and an explosion of various speculation tools, including zero-day options, all make our style of longer-term investing tougher than it used to be.

Even so, we believe that opportunity is often borne out of the uncertainty, momentum, speculation, and volatility in the marketplace. Many of our holdings illustrate this point, including Mister Car Wash (consumer discretionary), Chefs' Warehouse (consumer staples), and Merit Medical Systems (healthcare). We added to the Fund's Mister Car Wash position at prices below our estimate of the firm's replacement cost. Chefs' Warehouse fell roughly 50% mid-year for no apparent reason – and then almost doubled after posting a single reassuring third quarter. Similarly, Merit Medical Systems fell 25% during the same mid-year slump, only to recoup a chunk of the loss by year end – in neither the fall nor the subsequent rise was there any major stock-moving news. Stock price movements such as these have become more commonplace, making it more important than ever to have exceedingly high conviction in our underlying investments.

We anticipate a higher degree of difficulty in managing money to persist. We admit that we do not fully comprehend the Fed's intent to loosen monetary policy so soon, especially given that core inflation is still running above the central bank's own target, and unemployment under 4% can best be described as "full." That said, lessons learned from the past force us to respect this pivot and how it could positively impact investors' risk appetite, equity valuations and, of course, stock prices. We also note that gains could have legs if swollen money market assets are redeployed into equities as interest rates retrench.

Lest one think the setup is sufficiently easy, other considerations must be weighed. For example, while the Fed may have called the top on this cycle's Fed Funds rate, the timing of rate cuts may or may not sync with investor expectations.

Already, futures markets appear to have taken the Fed's 75-basis point dot-plot for 2024 and re-imagined it into twice that much (with a near imminent start). Additionally, it seems apparent that the effects of prior tightening have weighed on corporate fundamentals, leading to slowing growth and a growing number of earnings disappointments. Significant and ongoing geopolitical tensions along with the November elections could also drive uncertainty and volatility throughout 2024.

Having said this, we are more constructive than not. Timing aside, more accommodative monetary conditions seem likely. Additionally, at some point, small cap stocks should re-emerge and at least partially close the wide performance gap with larger cap stocks. And, most importantly, we believe the Fund's portfolio remains well-positioned to deliver positive outperformance even while not losing sight of ever-present risks in the environment.

We have seen many plot twists in our time managing portfolios, and we suspect 2024 will not disappoint on that front. We may not hold the crystal ball that others claim to possess, but we feel fortunate to have a time-tested investment process, decades of collective experience, emotional fortitude to find opportunity from volatility, and the humility to manage the risks that we cannot so readily see.

Respectfully,

Joe Milano, CFA  
Portfolio Manager and CIO, Greenhouse Funds

# Baird Equity Opportunity Fund

December 31, 2023 (Unaudited)

## Portfolio Characteristics

A December 31, 2023 summary of the Fund's top 10 holdings and equity sector analysis compared to the Russell 2000® Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

Blackbaud, Inc.	8.2%
Cadre Holdings, Inc.	5.8%
Sportradar Holding AG	5.2%
Global Payments, Inc.	5.0%
Chefs' Warehouse, Inc.	5.0%
NeoGenomics, Inc.	4.8%
Fluor Corp.	4.8%
Universal Display Corp.	4.7%
Madison Square Garden Sports Corp.	4.4%
Equifax, Inc.	4.2%

<b>Net Assets:</b>	\$60,243,802
<b>Portfolio Turnover Rate:</b>	67%
<b>Number of Equity Holdings:</b>	31

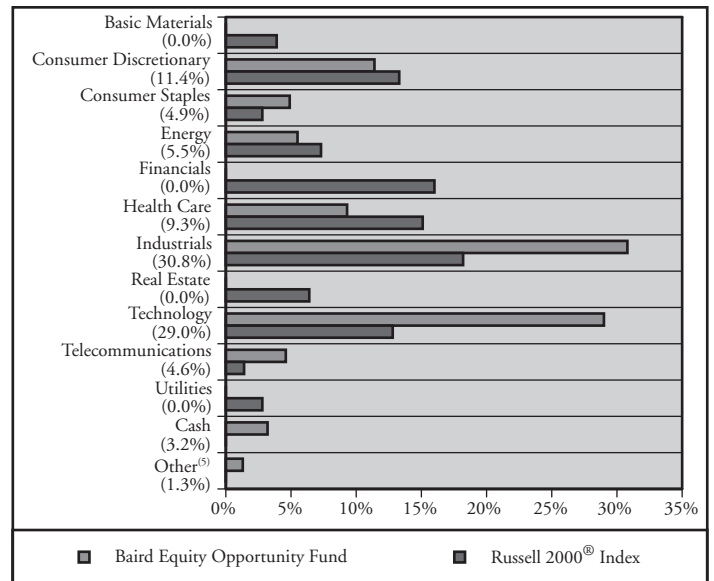
### Annualized Portfolio Expense Ratio<sup>(3)</sup>:

<b>Gross</b>	
Institutional Class:	1.73%
Investor Class:	1.98% <sup>(4)</sup>

### Net

Institutional Class:	1.25%
Investor Class:	1.50% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>



<sup>(1)</sup> The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2023.

<sup>(2)</sup> Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2023, and may not add up to 100% due to rounding.

<sup>(3)</sup> Reflects expense ratios as stated in the Fund's current prospectus dated May 1, 2023. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 1.25% of average daily net assets for the Institutional Class shares and 1.50% of average daily net assets for the Investor Class shares, at least through April 30, 2025.

<sup>(4)</sup> Includes 0.25% 12b-1 fee.

<sup>(5)</sup> Consists of a Russell 2000® Index ETF position with a 1.3% weight as of December 31, 2023.

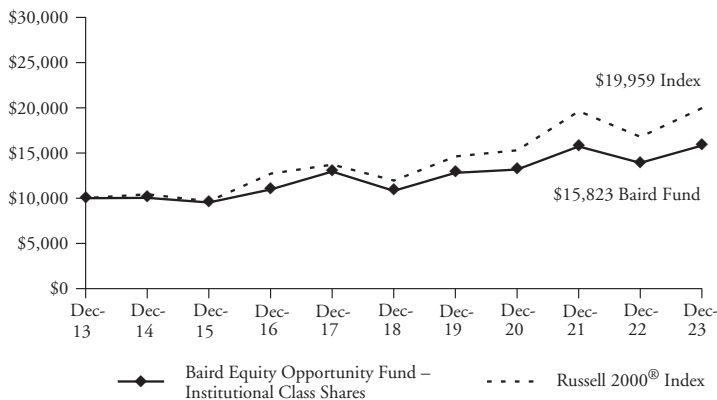


# Baird Equity Opportunity Fund

December 31, 2023 (Unaudited)

## Institutional Class

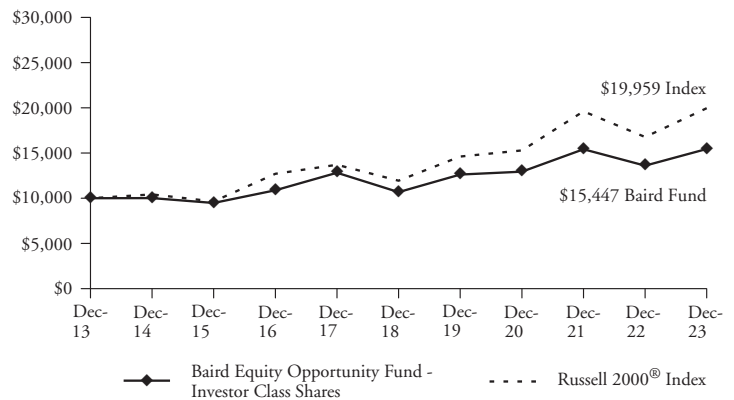
### Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 12/31/13, assuming reinvestment of all distributions.

## Investor Class

### Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 12/31/13, assuming reinvestment of all distributions.

## Total Returns

	Average Annual			
	One Year	Five Years	Ten Years	Since Inception <sup>(1)</sup>
Institutional Class Shares	13.75%	7.90%	4.70%	7.36%
Investor Class Shares	13.56%	7.67%	4.44%	7.10%
Russell 2000® Index <sup>(2)</sup>	16.93%	9.97%	7.16%	9.59%

For the Periods Ended December 31, 2023

<sup>(1)</sup> For the period from May 1, 2012 (inception date) through December 31, 2023.

<sup>(2)</sup> The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

The line graphs and the returns table shown above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

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). The Fund may invest up to 15% of its total assets in equity securities of foreign companies. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation. The Fund invests a substantial portion of its assets in the stocks of smaller-capitalization companies. Smaller-capitalization companies often are more volatile and face greater risks than larger, more established companies. U.S. and international markets have experienced significant periods of volatility due to a number of economic, political and other global macro factors. The war between Ukraine and Russia is approaching its 2nd anniversary and the October 7th attack by Hamas and Israel's response only added to global tensions. US/China relations remain strained, impacted by sluggish Chinese economic growth and numerous issues affecting trade relations. Domestically, inflation remains an area of focus since getting to the Fed's 2% target may prove to be more challenging than the market expects. In addition, 2024 is an election year and the current level of political discord is high. Finally, while the coronavirus (COVID-19) appears to have entered an endemic stage, significant outbreaks present a continued risk to the global economy. These and other events may cause market disruptions and could have an adverse effect on the value of the Fund's investments.

The gross and net expense ratio for each Class, as reflected in the Fund's current prospectus, are set forth under "Portfolio Characteristics".

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 Greenhouse'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 Greenhouse's judgment of the sectors' relative attractiveness and its individual securities selection.

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.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-442-2473 or visit [www.bairdfunds.com](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.

# Baird Equity Opportunity Fund

Schedule of Investments, December 31, 2023

## Long-Term Investments

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>		<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Common Stocks</b>				<b>Software</b>			
<b>Aerospace &amp; Defense</b>				Blackbaud, Inc. <sup>(1)</sup>	56,732	\$ 4,918,665	8.2%
Cadre Holdings, Inc.	106,906	\$ 3,516,138	5.8%	Clear Secure, Inc.	105,225	2,172,896	3.6%
<b>Building Products</b>				ON24, Inc.	18,264	143,920	0.2%
Hayward Holdings, Inc. <sup>(1)</sup>	93,984	1,278,182	2.1%	RingCentral, Inc. <sup>(1)</sup>	59,861	2,032,281	3.4%
<b>Communications Equipment</b>						9,267,762	15.4%
Infinera Corp. <sup>(1)</sup>	370,549	1,760,108	2.9%	<b>Total Common Stocks</b>		57,835,841	95.9%
<b>Construction &amp; Engineering</b>				<b>(Cost \$51,122,442)</b>			
Fluor Corp. <sup>(1)</sup>	73,996	2,898,423	4.8%		<i>Notional</i>	<i>Number of</i>	
Valmont Industries, Inc.	6,150	1,436,087	2.4%		<i>Amount</i>	<i>Contracts</i> <sup>(5)</sup>	
		4,334,510	7.2%	<b>Purchased Option Contracts</b>			
<b>Consumer Staples Distribution &amp; Retail</b>				<b>Call Option Contracts</b>			
Chefs' Warehouse, Inc. <sup>(1)</sup>	101,316	2,981,730	5.0%	ADT, Inc.,			
<b>Diversified Consumer Services</b>				(Exercise Price: \$7.00,			
Mister Car Wash, Inc. <sup>(1)</sup>	258,990	2,237,674	3.7%	Expiration: 01/19/2024)	\$702,460	1,030	20,600 0.0%
<b>Diversified Telecommunication Services</b>				ADT, Inc.,			
Globalstar, Inc. <sup>(1)</sup>	511,607	992,517	1.6%	(Exercise Price: \$8.00,			
<b>Electrical Equipment</b>				Expiration: 01/19/2024)	332,816	488	1,464 0.0%
nVent Electric PLC	15,409	910,518	1.5%	Avantor, Inc.,			
<b>Energy Equipment &amp; Services</b>				(Exercise Price: \$22.50,			
Oceaneering International, Inc. <sup>(1)</sup>	70,236	1,494,622	2.5%	Expiration: 01/19/2024) <sup>(6)</sup>	799,050	350	31,500 0.1%
Patterson-UTI Energy, Inc.	167,520	1,809,216	3.0%	Globalstar, Inc.,			
		3,303,838	5.5%	(Exercise Price: \$1.50,			
<b>Entertainment</b>				Expiration: 01/19/2024)	182,166	939	42,255 0.1%
Madison Square Garden Sports Corp. <sup>(1)</sup>	14,482	2,633,262	4.4%	Globalstar, Inc.,			
<b>Financial Services</b>				(Exercise Price: \$2.00,			
AvidXchange Holdings, Inc. <sup>(1)</sup>	108,649	1,346,161	2.2%	Expiration: 01/19/2024)	191,478	987	7,896 0.0%
Global Payments, Inc.	23,534	2,988,818	5.0%	<b>Total Purchased</b>			
Toast, Inc. <sup>(1)</sup>	50,998	931,224	1.5%	<b>Option Contracts</b>			
		5,266,203	8.7%	<b>(Cost \$135,115)</b>			103,715 0.2%
<b>Health Care Equipment &amp; Supplies</b>						<i>Shares</i>	
Merit Medical Systems, Inc. <sup>(1)</sup>	29,646	2,251,910	3.7%	<b>Exchange Traded Fund</b>			
<b>Health Care Providers &amp; Services</b>				iShares Russell 2000 ETF	3,900	782,769	1.3%
NeoGenomics, Inc. <sup>(1)(4)</sup>	179,599	2,905,912	4.8%	<b>Total Exchange Traded Fund</b>			
<b>Health Care Technology</b>				<b>(Cost \$735,302)</b>		782,769	1.3%
Phreesia, Inc. <sup>(1)</sup>	19,512	451,703	0.7%	<b>Total Long-Term Investments</b>		58,722,325	97.4%
<b>Hotels, Restaurants, &amp; Leisure</b>				<b>(Cost \$51,992,859)</b>			
Sportradar Holding AG <sup>(1)(2)</sup>	282,052	3,116,675	5.2%	<b>Short-Term Investment</b>			
<b>Interactive Media &amp; Services</b>				<b>Money Market Mutual Fund</b>			
ZoomInfo Technologies, Inc. <sup>(1)</sup>	72,892	1,347,773	2.2%	First American Government Obligations			
<b>Leisure Products</b>				Fund, Class U, 5.31% <sup>(3)</sup>	1,907,263	1,907,263	3.2%
Clarus Corp.	181,434	1,250,987	2.1%	<b>Total Short-Term Investment</b>			
Vista Outdoor, Inc. <sup>(1)</sup>	33,812	999,821	1.7%	<b>(Cost \$1,907,263)</b>		1,907,263	3.2%
		2,250,808	3.8%	<b>Total Investments</b>		60,629,588	100.6%
<b>Machinery</b>				<b>(Cost \$53,900,122)</b>		(385,786)	(0.6)%
Ingersoll Rand, Inc.	4,465	345,323	0.6%	<b>Liabilities in Excess of Other Assets</b>			
<b>Professional Services</b>				<b>TOTAL NET ASSETS</b>		\$60,243,802	100.0%
Equifax, Inc.	10,244	2,533,239	4.2%				
Fiverr International Ltd. <sup>(1)</sup>	49,533	1,348,288	2.2%				
		3,881,527	6.4%				
<b>Semiconductors &amp; Semiconductor Equipment</b>							
Universal Display Corp.	14,649	2,801,768	4.7%				

### Notes to Schedule of Investments

(1) Non-Income Producing.

(2) Foreign Security.

(3) Seven-Day Yield.

(4) All or a portion of this security was held as collateral for options written. At December 31, 2023, the value of this collateral was \$2,588,800.

(5) Each contract is equivalent to 100 shares of common stock.

(6) Held in connection with written option contracts. See Schedule of Written Option Contracts for further information.

Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.

The accompanying notes are an integral part of these financial statements.

# Baird Equity Opportunity Fund

## Schedule of Written Option Contracts, December 31, 2023

<u>Written Option Contracts</u>	<u>Notional Amount</u>	<u>Number of Contracts<sup>(a)</sup></u>	<u>Value</u>
<b>Put Option Contracts</b>			
Avantor, Inc., (Exercise Price: \$20.00, Expiration: 01/19/2024)	\$799,050	(350)	\$(14,875)
<b>Total Written Option Contracts (Premiums Received \$31,677)</b>			<u>\$(14,875)</u>

(a) Each contract is equivalent to 100 shares of common stock.

## Summary of Fair Value Exposure at December 31, 2023

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$57,835,841	\$ —	\$ —	\$57,835,841
<b>Total Equity</b>	57,835,841	—	—	57,835,841
<b>Purchased Option Contracts</b>				
Call Option Contracts	72,215	31,500	—	103,715
<b>Total Purchased Option Contracts</b>	72,215	31,500	—	103,715
<b>Exchange Traded Fund</b>				
Exchange Traded Fund	782,769	—	—	782,769
<b>Total Exchange Traded Fund</b>	782,769	—	—	782,769
<b>Short-Term Investment</b>				
Money Market Mutual Fund	1,907,263	—	—	1,907,263
<b>Total Short-Term Investment</b>	1,907,263	—	—	1,907,263
<b>Total Investments*</b>	<u>\$60,598,088</u>	<u>\$31,500</u>	<u>\$ —</u>	<u>\$60,629,588</u>
<b>Written Option Contracts</b>				
Put Option Contracts	\$ —	\$(14,875)	\$ —	\$ (14,875)
<b>Total Written Option Contracts</b>	<u>\$ —</u>	<u>\$(14,875)</u>	<u>\$ —</u>	<u>\$ (14,875)</u>

\* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. There were no transfers into or out of Level 3 during the year, as compared to the security classifications from the prior year’s annual report. See the Fund’s Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*

# Baird Chautauqua International Growth Fund

December 31, 2023 (Unaudited)

## Portfolio Highlights and Commentary

In 2023, the Baird Chautauqua International Growth Fund Institutional Class returned 12.41%, underperforming its benchmark index, the MSCI ACWI ex USA Index, which returned 15.62%.

The Fund typically holds a limited number of companies (25 to 35) and invests primarily in equity securities of non-U.S. companies with medium to large market capitalizations. Stock selection was a detractor to relative performance for the Fund, as compared to its benchmark. However, portfolio allocation was a positive contributor to relative performance, helped by an overweight positioning in the top-performing information technology sector and lack of exposure to the consumer staples and communications services sectors. Investments in the information technology sector were among the most additive to the Fund's performance, and standouts included Constellation Software, Atlassian, Temenos, and ASML. Certain investments in the consumer discretionary and health care sectors were major relative detractors from performance, especially Sea Limited, Genmab, and WuXi Biologics. Separately, SolarEdge was also a detractor.

The first quarter of 2023 provided a solid start to the year. There was a strong rotation back into growth stocks, which was supported by the deceleration in inflation rates. This caused many to believe that central banks could slow the pressure of rate hikes. Additionally, Europe avoided a potential energy crisis due to a mild winter, and the re-opening in China following the lifting of COVID restrictions commenced. The biggest shock of the quarter came in March as Silicon Valley Bank collapsed, followed by Signature Bank just days later. The biggest U.S. banks scrambled to stop the panic from taking down more lenders. Elsewhere, Credit Suisse came to the brink of failure, which culminated in a hurried takeover by UBS. The Fed, U.S. Treasury, and Federal Deposit Insurance Corporation (FDIC) unveiled a sweeping intervention so that depositors at the failed U.S. banks would be made whole. The tumult in the banking sector marked another turning point in the quarter.

The global economy remained in a fragile state in the second quarter. Headline inflation was above targets set by central banks in almost all major economies, and core inflation was sticky and elevated. As inflation pressures persisted, economic growth was weighed down by the lagged and ongoing effects of monetary tightening. Growth style stocks underperformed value style stocks in both international developed and emerging markets. However, this was not the case in the U.S. market, where growth style stocks significantly outperformed value style stocks. The positive market performance in the U.S. was concentrated in a small number of mostly mega-cap tech stocks, and it is for this reason that the U.S. market also significantly outperformed international markets in the quarter.

Equity markets started off strong in the third quarter, reaching year-to-date highs in July. However, an amalgamation of factors, with perhaps the most important being the growing market acceptance that interest rates will remain high in the longer term, led equity markets lower in August and September. International developed, U.S., and emerging equity markets all finished negative in the quarter, and in that order from worst to best performing. Additionally, growth style stocks significantly underperformed value style stocks in international developed and emerging markets, but the same effect was less pronounced in the U.S. market.

During the fourth quarter, the risk appetite of equity markets rebounded substantially, as financial conditions improved. This rally in equity markets to close out the year was extremely broad, buoying U.S. and international stocks of both growth and value types. The main driver was the market's reassessment of U.S. monetary policy, which forecast a higher probability of interest rate cuts in 2024, and as early as the first half of the year, following recent U.S. inflation data that came in much softer than predicted.

On the economic front, despite signs of resilience in 2023, the lagged and ongoing effects of elevated real interest rates may keep global activity weak, thereby moderating inflationary forces further. Additionally, the divergence across economies is anticipated to persist, and weakness in manufacturing and trade is beginning to spread into services. In other words, the global economy is beginning to normalize following the substantial dislocations in the pandemic and post-pandemic periods.

In this inflationary environment, we have made ongoing adjustments to emphasize holdings that we believe are well-suited to transmit pricing power or in our view have more attractive valuations. These attributes should help protect against two of the most pernicious effects of inflation for equity investors, namely the compression of profit margins and valuation multiples.

For better or worse, the performance of managed portfolios may lag benchmarks on a short-term basis. But this is why we invest with a long-term time horizon, and do not overreact to what we view as shorter term economic perturbations. Furthermore, our investment philosophy emphasizes businesses that benefit from secular trends and possess strong competitive advantages and market positions. We purposefully select portfolio companies that earn attractive profit margins, carry strong balance sheets, and generate cash on a consistent basis. We believe these attributes hold tack even if the macroeconomic backdrop is soft or deteriorating. We deploy this strategy in concentrated and conviction-weighted portfolios that we believe have the ability to outgrow market growth rates over full investment cycle.

## Outlook

We believe global growth is set to remain modest, driven by the impacts of tight monetary policies and soft business and consumer confidence. Additionally, we believe weakness in the manufacturing and trade sectors is beginning to spread into services. We expect a growing divergence across economies will persist in the near term, with growth in the emerging economies generally holding up better than in the developed economies, and growth in Europe being relatively subdued compared to that in North America and the major emerging Asian economies.

According to the Organization for Economic Cooperation and Development (OECD), global GDP growth of 2.9% in 2023 will be followed by a mild slowdown to 2.7% in 2024. Asia is projected to continue to account for the bulk of global growth in 2024, which would continue to be below the pre-pandemic global growth rate. GDP growth in the U.S. is projected at 2.4% in 2023 before slowing to 1.5% in 2024. In the euro zone, GDP growth is projected at 0.6% in 2023 before rising to 0.9% in 2024. China is projected to grow at 5.2% in 2023 before slowing to 4.7% in 2024, on the back of ongoing stresses in the real estate sector, weak manufacturing activity, and continued high household savings rates.

Inflation has declined steadily from the peak in mid-2022. Headline inflation has fallen in almost all economies. Core inflation has also fallen but remains high. Global demand is easing, supply disruptions are fading, and commodity prices are moderating, while monetary policies remain restrictive. We expect inflation to continue easing gradually, given moderating cost pressures and the effects of prior rate hikes continuing to work their way through economies. In the absence of further large shocks to energy and food prices, we project inflation to be at or near target for most major central banks by 2025, or even by 2024 in some cases.

Policy interest rates appear to be at or close to peak for most economies. Eventually, gradually easing inflation should pave the way for interest rate cuts as the jobs of central banks will have been completed. But monetary policies will likely remain restrictive until there are signs that underlying inflation pressures have durably abated. The implication is that even if central banks start cutting interest rates, they will keep them high enough to maintain downward pressure on prices.

We believe there are at least two key reasons to be cautious about the rate of disinflation, including pressures that have kept core interest rates high and an inflationary shock stemming from geopolitical tensions. The decline in global core inflation has been smaller than that of headline inflation over the past year. Core inflation must continue to decline to convince central banks that inflationary pressures have been brought firmly under control. This will likely require further moderation in demand, particularly for services. Geopolitical tensions have also historically been an inflationary force. The latest conflict in the Middle East, on the heels of the invasion of Ukraine, could be another driver of inflation by destabilizing energy markets. However, the impact has been minimal so far.

# Baird Chautauqua International Growth Fund

December 31, 2023 (Unaudited)

There is optimism in the U.S., as it is looking more likely that its economy will achieve the coveted soft landing, which was once thought of as highly improbable. Inflation is continuing to ease, the Fed is likely done raising rates, and economic growth and the labor market have outperformed estimates. The Fed sent equity markets rallying after it revealed forecasts for at least three rate cuts in 2024 and four rate cuts in 2025. The futures market is even more convinced of lower rates. It appears to be anticipating six rate cuts in 2024, with the first to occur in March. In Europe, the picture is somewhat different. Both the European Central Bank (ECB) and Bank of England (BOE) did not act in accordance with market predictions for interest rate cuts, drawing attention to persistence in price and wage pressures such as services inflation and wage growth. Monetary policy will likely remain sufficiently restrictive until it can be assured that inflation returns to the target level.

Among the large emerging economies, China stands apart as having its own cyclical and structural stresses. High debt and the ailing property sector provide significant challenges, and consumer spending has been slow to recover after the reopening. The government has opted for a broad but piecemeal approach to stimulus, characterized by modest cuts to interest rates, extended tax breaks for companies, and lowered mortgage costs for consumers. Recently, the government has signaled that more help is coming by way of new fiscal stimulus and supportive central bank policies, but it has also indicated that stimulus will continue to be measured rather than aggressive. Economic growth in China is anticipated to slow in 2024 to 4.7%. In contrast, GDP growth in the other major Asian emerging economies is projected to remain relatively steady in 2023 and 2024; it is projected to be around 6% for India and 5% for Indonesia.

Over the last two-plus years, we have reduced the Fund's Greater China weightings on a net basis, inclusive of holdings in Mainland China, Hong Kong, and Taiwan. In the Fund's portfolio, roughly 17% of assets are invested in Greater China holdings, which is modestly overweight relative to the benchmark. We believe our Chinese holdings are at valuation levels, in the context of their long-term growth outlooks and competitive positioning, that more than compensate us for the risks. Our Chinese holdings are exposed to secular growth areas of the domestic economy (private consumption and healthcare) that align with government priorities, have strong balance sheets and resilient cash flows, and are not reliant on restricted Western technology inputs for future growth.

Our investment philosophy emphasizes businesses that should benefit from secular trends and possess strong competitive advantages and market positions. Over longer investment horizons, some of the most exciting growth areas can be relatively agnostic to the global picture or the specific situations impacting certain regions. These include our many investments in and adjacent to cloud computing, software-as-a-service, digitalization, artificial intelligence, semiconductor advancement, e-commerce and payments, industrial automation, electric vehicles, and novel biologic and biosimilar therapies. Other exciting growth areas pertain to rapidly expanding consumer classes, broadly in emerging economies and especially in Asia, which are propelling the uptake of various consumer goods and financial products.

Lastly, valuation matters. It is a core deliberation in our investment process, alongside growth rates and returns on capital. Over the past year, we made a series of adjustments to reduce weightings in holdings with extended valuations and to increase weightings in holdings with comparatively attractive valuations or that we believe were well-suited to transmit pricing power in the inflationary environment.

Portfolio Managers:

Jesse A. Flores, CFA  
Haicheng Li, CFA  
Nathaniel R. Velarde

# Baird Chautauqua International Growth Fund

December 31, 2023 (Unaudited)

## Portfolio Characteristics

A December 31, 2023 summary of the Fund's top 10 holdings and equity sector analysis compared to the MSCI ACWI ex USA Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

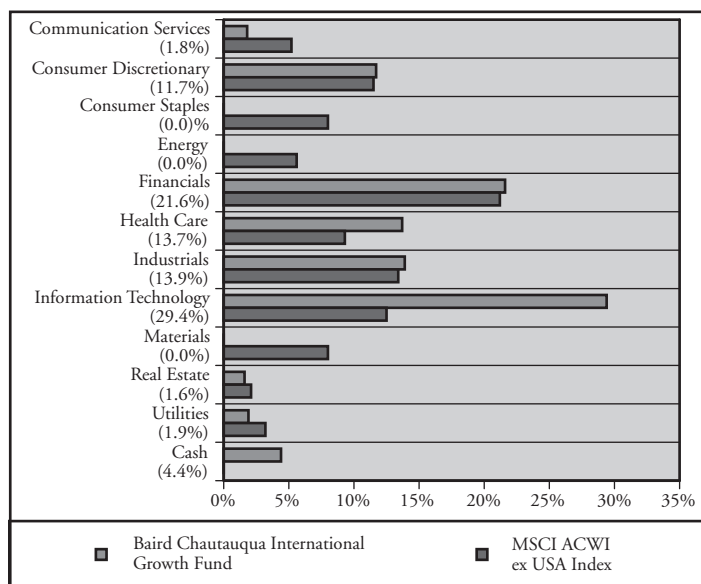
Tata Consultancy Services Ltd.	4.7%
Novo Nordisk A/S	4.7%
Constellation Software, Inc.	4.6%
ASML Holding NV	4.6%
Waste Connections, Inc.	4.6%
Bank Rakyat Indonesia Persero Tbk PT	4.5%
Taiwan Semiconductor Manufacturing Co. Ltd.	4.3%
HDFC Bank Ltd.	4.3%
Adyen NV	3.9%
Fairfax Financial Holdings Ltd.	3.7%

<b>Net Assets:</b>	\$824,006,735
<b>Portfolio Turnover Rate:</b>	12%
<b>Number of Equity Holdings:</b>	32

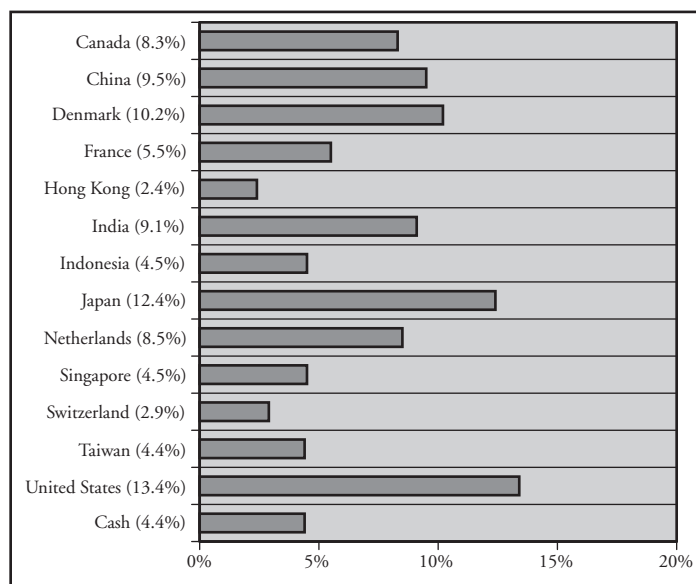
### Annualized Portfolio Expense Ratio<sup>(3)</sup>:

Gross	
Institutional Class:	0.87%
Investor Class:	1.12% <sup>(4)</sup>
Net	
Institutional Class:	0.80%
Investor Class:	1.05% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>



### Country Allocation<sup>(2)</sup>



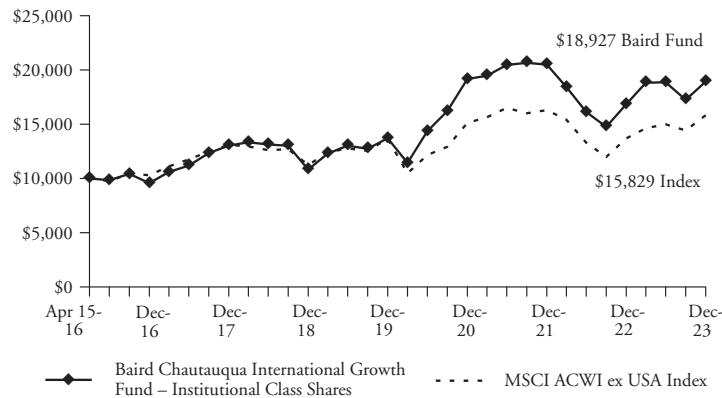
- (1) The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2023.
- (2) Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2023, and may not add up to 100% due to rounding.
- (3) Reflects expense ratios as stated in the Fund's current prospectus dated May 1, 2023. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.80% of average daily net assets for the Institutional Class shares and 1.05% of average daily net assets for the Investor Class shares, at least through April 30, 2025.
- (4) Includes 0.25% 12b-1 fee.

# Baird Chautauqua International Growth Fund<sup>(1)</sup>

December 31, 2023 (Unaudited)

## Institutional Class

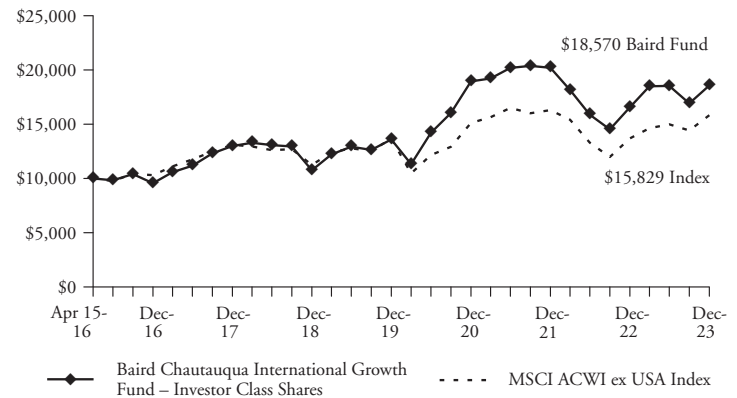
### Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 04/15/16, assuming reinvestment of all distributions.

## Investor Class

### Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 04/15/16, assuming reinvestment of all distributions.

## Total Returns

	Average Annual			
	One Year	Three Years	Five Years	Since Inception <sup>(2)</sup>
Institutional Class Shares	12.41%	-0.43%	11.84%	8.62%
Investor Class Shares	12.15%	-0.67%	11.55%	8.36%
MSCI ACWI ex USA Index <sup>(3)</sup>	15.62%	1.55%	7.08%	6.14%

For the Periods Ended December 31, 2023

<sup>(1)</sup> Effective April 30, 2023, the Fund changed its name from the Chautauqua International Growth Fund to the Baird Chautauqua International Growth Fund.

<sup>(2)</sup> For the period from April 15, 2016 (inception date) through December 31, 2023.

<sup>(3)</sup> The MSCI ACWI ex USA Index is a market-capitalization-weighted index maintained by MSCI, Inc. and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S. based companies. The MSCI ACWI ex USA Index includes both developed and emerging markets. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

The line graphs and the returns table shown above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The gross and net expense ratio for each Class, as reflected in the Fund's current prospectus, are set forth under "Portfolio Characteristics".

The Fund focuses primarily on non-U.S. stocks with medium to large market capitalizations and therefore the performance of the Fund may be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. Under normal market conditions, the Fund will invest at least 65% of its total assets at the time of purchase in non-U.S. companies. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation. U.S. and international markets have experienced significant periods of volatility due to a number of economic, political and other global macro factors. The war between Ukraine and Russia is approaching its 2nd anniversary and the October 7th attack by Hamas and Israel's response only added to global tensions. US/China relations remain strained, impacted by sluggish Chinese economic growth and numerous issues affecting trade relations. Domestically, inflation remains an area of focus since getting to the Fed's 2% target may prove to be more challenging than the market expects. In addition, 2024 is an election year and the current level of political discord is high. Finally, while the coronavirus (COVID-19) appears to have entered an endemic stage, significant outbreaks present a continued risk to the global economy. These and other events may cause market disruptions and could have an adverse effect on the value of the Fund's investments.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-442-2473 or visit [www.bairdfunds.com](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.

# Baird Chautauqua International Growth Fund

Schedule of Investments, December 31, 2023

## Long-Term Investments

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>		<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Common Stocks</b>				<b>Semiconductors &amp; Semiconductor Equipment</b>			
<b>Aerospace &amp; Defense</b>				<b>ASML Holding NV (Netherlands)</b>	49,716	\$ 37,631,035	4.6%
Safran SA (France) <sup>(2)</sup>	172,428	\$ 30,400,789	3.7%	SolarEdge Technologies, Inc. (United States) <sup>(1)</sup>	112,363	10,517,177	1.3%
<b>Automobile Components</b>				Taiwan Semiconductor Manufacturing Co. Ltd. – ADR (Taiwan)	343,822	35,757,488	4.3%
Aptiv PLC (United States) <sup>(1)</sup>	186,485	16,731,434	2.0%			83,905,700	10.2%
<b>Automobiles</b>				<b>Software</b>			
Suzuki Motor Corp. (Japan) <sup>(2)</sup>	665,910	28,378,791	3.5%	Atlassian Corp. (United States) <sup>(1)</sup>	121,245	28,839,336	3.5%
<b>Banks</b>				Constellation Software, Inc. (Canada)	15,247	37,802,732	4.6%
Bank Rakyat Indonesia Persero Tbk PT (Indonesia) <sup>(2)</sup>	99,669,480	37,043,944	4.5%	Temenos Group AG (Switzerland) <sup>(2)</sup>	251,452	23,432,365	2.8%
DBS Group Holdings Ltd. (Singapore) <sup>(2)</sup>	858,904	21,720,679	2.6%			90,074,433	10.9%
HDFC Bank Ltd. – ADR (India)	522,439	35,060,881	4.3%	<b>Textiles, Apparel, &amp; Luxury Goods</b>			
		93,825,504	11.4%	Kering SA (France) <sup>(2)</sup>	32,032	14,186,898	1.7%
<b>Biotechnology</b>				<b>Total Common Stocks (Cost \$667,049,430)</b>			
BeiGene Ltd. – ADR (China) <sup>(1)</sup>	105,638	19,052,870	2.3%			781,648,934	94.9%
Genmab A/S (Denmark) <sup>(1)(2)</sup>	85,177	27,158,945	3.3%	<i>Contracts</i>			
		46,211,815	5.6%	<b>Warrants</b>			
<b>Broadline Retail</b>				<b>Software</b>			
Alibaba Group Holding Ltd. – ADR (China)	183,411	14,216,187	1.7%	Constellation Software, Inc. (Canada) <sup>(5)</sup>	14,550	— <sup>(4)</sup>	0.0%
Prosus NV (China) <sup>(2)</sup>	754,821	22,466,677	2.7%	<b>Total Warrants (Cost \$0)</b>		—	0.0%
		36,682,864	4.4%	<b>Total Long-Term Investments (Cost \$667,049,430)</b>			
<b>Capital Markets</b>						781,648,934	94.9%
Hong Kong Exchanges & Clearing Ltd. (Hong Kong) <sup>(2)</sup>	584,495	20,048,330	2.4%	<b>Short-Term Investment</b>			
<b>Commercial Services &amp; Supplies</b>					<i>Shares</i>		
Waste Connections, Inc. (United States)	251,767	37,581,260	4.6%	<b>Money Market Mutual Fund</b>			
<b>Electronic Equipment, Instruments, &amp; Components</b>				First American Government Obligations Fund, Class U, 5.31% <sup>(3)</sup>	35,610,014	35,610,014	4.3%
Keyence Corp. (Japan) <sup>(2)</sup>	62,916	27,642,552	3.4%	<b>Total Short-Term Investment (Cost \$35,610,014)</b>			
<b>Entertainment</b>						35,610,014	4.3%
Sea Ltd. – ADR (Singapore) <sup>(1)</sup>	369,200	14,952,600	1.8%	<b>Total Investments (Cost \$702,659,444)</b>			
<b>Financial Services</b>						817,258,948	99.2%
Adyen NV (Netherlands) <sup>(1)(2)</sup>	24,842	32,069,491	3.9%	<b>Other Assets in Excess of Liabilities</b>			
<b>Health Care Equipment &amp; Supplies</b>						6,747,787	0.8%
Coloplast A/S (Denmark) <sup>(2)</sup>	159,606	18,237,562	2.2%	<b>TOTAL NET ASSETS</b>			
<b>Independent Power &amp; Renewable Electricity Producers</b>						\$824,006,735	100.0%
Brookfield Renewable Corp. (United States)	549,364	15,816,190	1.9%	<b>Notes to Schedule of Investments</b>			
<b>Insurance</b>				<sup>(1)</sup> Non-Income Producing.			
Fairfax Financial Holdings Ltd. (Canada)	32,979	30,426,895	3.7%	<sup>(2)</sup> Level 2 Security – See Note 2a to the financial statements.			
<b>IT Services</b>				<sup>(3)</sup> Seven-Day Yield.			
Tata Consultancy Services Ltd. (India) <sup>(2)</sup>	855,916	38,981,752	4.7%	<sup>(4)</sup> Amount less than \$1.			
<b>Life Sciences Tools &amp; Services</b>				<sup>(5)</sup> Level 3 Security – See Note 2a to the financial statements.			
Wuxi Biologics Cayman, Inc. (China) <sup>(1)(2)</sup>	2,349,889	8,887,877	1.1%	ADR – American Depositary Receipt			
<b>Machinery</b>				<i>Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. (“MSCI”) and Standard &amp; Poor’s Financial Services LLC (“S&amp;P”). GICS® is a service mark of MSCI and S&amp;P and has been licensed for use by U.S. Bancorp Fund Services, LLC.</i>			
FANUC Corp. (Japan) <sup>(2)</sup>	624,881	18,339,712	2.2%				
<b>Pharmaceuticals</b>							
Novo Nordisk A/S – ADR (Denmark)	369,870	38,263,051	4.7%				
<b>Professional Services</b>							
Recruit Holdings Co. Ltd. (Japan) <sup>(2)</sup>	652,717	27,290,839	3.3%				
<b>Real Estate Management &amp; Development</b>							
KE Holdings, Inc. – ADR (China)	784,244	12,712,595	1.6%				

The accompanying notes are an integral part of these financial statements.



# Baird Chautauqua International Growth Fund

## Summary of Fair Value Exposure at December 31, 2023

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$385,361,731	\$396,287,203	\$ —	\$781,648,934
<b>Total Equity</b>	385,361,731	396,287,203	—	781,648,934
<b>Warrants</b>				
Warrants	—	—	— <sup>(1)</sup>	—
<b>Total Warrants</b>	—	—	—	—
<b>Short-Term Investment</b>				
Money Market Mutual Fund	35,610,014	—	—	35,610,014
<b>Total Short-Term Investment</b>	35,610,014	—	—	35,610,014
<b>Total Investments<sup>(2)</sup></b>	<u>\$420,971,745</u>	<u>\$396,287,203</u>	<u>\$ —</u>	<u>\$817,258,948</u>

(1) Amount less than \$1.

(2) Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. Warrants with a fair value of \$0 are priced at fair value by the Valuation Committee instead of the Fund’s pricing vendor and are valued using level 3 inputs. Management has evaluated these warrants and has determined that they are immaterial. There were no transfers into or out of Level 3 during the year, as compared to the security classifications from the prior year’s annual report. See the Fund’s Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*

# Baird Chautauqua Global Growth Fund

December 31, 2023 (Unaudited)

## Portfolio Highlights and Commentary

In 2023, the Baird Chautauqua Global Growth Fund Institutional Class returned 16.34%, underperforming its benchmark index, the MSCI ACWI Index, which returned 22.20%.

The Fund typically holds a limited number of companies (35 to 45) and invests primarily in equity securities of both U.S. and non-U.S. companies with medium to large market capitalizations. Stock selection was a detractor to relative performance for the Fund, as compared to its benchmark. However, portfolio allocation was a positive contributor to relative performance, helped by lack of exposure to the consumer staples, energy, and materials sectors and overweight positioning in the top-performing information technology sector. Investments in the information technology sector were among the most additive to the Fund's performance, and standouts included Nvidia, Constellation Software, and Atlassian. Certain investments in the consumer discretionary, financials, and health care sectors were major relative detractors from performance, especially Sea Limited, Genmab, Incyte, Hong Kong Exchanges and Clearing, and WuXi Biologics. Separately, SolarEdge was also a detractor.

The first quarter of 2023 provided a solid start to the year. There was a strong rotation back into growth stocks, which was supported by deceleration in inflation rates. This caused many to believe that central banks could slow the pressure of rate hikes. Additionally, Europe avoided a potential energy crisis due to a mild winter, and the reopening in China following the lifting of COVID restrictions commenced. The biggest shock of the quarter came in March as Silicon Valley Bank collapsed, followed by Signature Bank just days later. The biggest U.S. banks scrambled to stop the panic from taking down more lenders. Elsewhere, Credit Suisse came to the brink of failure, which culminated in a hurried takeover by UBS. The Fed, U.S. Treasury, and Federal Deposit Insurance Corporation (FDIC) unveiled a sweeping intervention so that depositors at the failed U.S. banks would be made whole. The tumult in the banking sector marked another turning point in the quarter.

The global economy remained in a fragile state in the second quarter. Headline inflation was above targets set by central banks in almost all major economies, and core inflation was sticky and elevated. As inflation pressures persisted, economic growth was weighed down by the lagged and ongoing effects of monetary tightening. Growth style stocks underperformed value style stocks in both international developed and emerging markets. However, this was not the case in the U.S. market, where growth style stocks significantly outperformed value style stocks. The positive market performance in the U.S. was concentrated in a small number of mostly mega-cap tech stocks, and it is for this reason that the U.S. market also significantly outperformed international markets in the quarter.

Equity markets started off strong in the third quarter, reaching year-to-date highs in July. However, an amalgamation of factors, with perhaps the most important being the growing market acceptance that interest rates will remain high in the longer term, led equity markets lower in August and September. International developed, U.S., and emerging equity markets all finished negative in the quarter, and in that order from worst to best performing. Additionally, growth style stocks significantly underperformed value style stocks in international developed and emerging markets, but the same effect was less pronounced in the U.S. market.

During the fourth quarter, the risk appetite of equity markets rebounded substantially, as financial conditions improved. This rally in equity markets to close out the year was extremely broad, buoying U.S. and international stocks of both growth and value types. The main driver was the market's reassessment of U.S. monetary policy, which forecast a higher probability of interest rate cuts in 2024, and as early as the first half of the year, following recent U.S. inflation data that came in much softer than predicted.

On the economic front, despite signs of resilience in 2023, the lagged and ongoing effects of elevated real interest rates may keep global activity weak, thereby moderating inflationary forces further. Additionally, the divergence across economies is anticipated to persist, and weakness in manufacturing and trade is beginning to spread into services. In other words, the global economy is beginning to normalize following the substantial dislocations in the pandemic and post-pandemic periods.

In this inflationary environment, we have made ongoing adjustments to emphasize holdings that we believe are well-suited to transmit pricing power or in our view have more attractive valuations. These attributes should help protect against two of the most pernicious effects of inflation for equity investors, namely the compression of profit margins and valuation multiples.

For better or worse, the performance of managed portfolios may lag benchmarks on a short-term basis. But this is why we invest with a long-term time horizon and do not overreact to what we view are shorter term economic perturbations. Furthermore, our investment philosophy emphasizes businesses that benefit from secular trends and possess strong competitive advantages and market positions. We purposefully select portfolio companies that earn attractive profit margins, carry strong balance sheets, and generate cash on a consistent basis. We believe these attributes hold tack even if the macroeconomic backdrop is soft or deteriorating. We deploy this strategy in concentrated and conviction-weighted portfolios that we believe have the ability to outgrow market growth rates over a full investment cycle.

## Outlook

We believe global growth is set to remain modest, driven by the impacts of tight monetary policies and soft business and consumer confidence. Additionally, we believe weakness in the manufacturing and trade sectors is beginning to spread into services. We expect a growing divergence across economies will persist in the near term, with growth in the emerging economies generally holding up better than in the developed economies, and growth in Europe being relatively subdued compared to that in North America and the major emerging Asian economies.

According to the Organization for Economic Cooperation and Development (OECD), global GDP growth of 2.9% in 2023 will be followed by a mild slowdown to 2.7% in 2024. Asia is projected to continue to account for the bulk of global growth in 2024, which would continue to be below the pre-pandemic global growth rate. GDP growth in the U.S. is projected at 2.4% in 2023 before slowing to 1.5% in 2024. In the euro zone, GDP growth is projected at 0.6% in 2023 before rising to 0.9% in 2024. China is projected to grow at 5.2% in 2023 before slowing to 4.7% in 2024, on the back of ongoing stresses in the real estate sector, weak manufacturing activity, and continued high household savings rates.

Inflation has declined steadily from the peak in mid-2022. Headline inflation has fallen in almost all economies. Core inflation has also fallen but remains high. Global demand is easing, supply disruptions are fading, and commodity prices are moderating, while monetary policies remain restrictive. We expect inflation to continue easing gradually, given moderating cost pressures and the effects of prior rate hikes continuing to work their way through economies. In the absence of further large shocks to energy and food prices, we project inflation to be at or near target for most major central banks by 2025, or even by 2024 in some cases.

Policy interest rates appear to be at or close to peak for most economies. Eventually, gradually easing inflation should pave the way for interest rate cuts as the jobs of central banks will have been completed. But monetary policies will likely remain restrictive until there are signs that underlying inflation pressures have durably abated. The implication is that even if central banks start cutting interest rates, they will keep them high enough to maintain downward pressure on prices.

We believe there are at least two key reasons to be cautious about the rate of disinflation, including pressures that have kept core interest rates high and an inflationary shock stemming from geopolitical tensions. The decline in global core inflation has been smaller than that of headline inflation over the past year. Core inflation must continue to decline to convince central banks that inflationary pressures have been brought firmly under control. This will likely require further moderation in demand, particularly for services. Geopolitical tensions have also historically been an inflationary force. The latest conflict in the Middle East, on the heels of the invasion of Ukraine, could be another driver of inflation by destabilizing energy markets. However, the impact has been minimal so far.

# Baird Chautauqua Global Growth Fund

December 31, 2023 (Unaudited)

There is optimism in the U.S., as it is looking more likely that its economy will achieve the coveted soft landing, which was once thought of as highly improbable. Inflation is continuing to ease, the Fed is likely done raising rates, and economic growth and the labor markets have outperformed estimates. The Fed sent equity markets rallying after it revealed forecasts for at least three rate cuts in 2024 and four rate cuts in 2025. The futures market is even more convinced of lower rates. It appears to be anticipating six rate cuts in 2024, with the first to occur in March. In Europe, the picture is somewhat different. Both the European Central Bank (ECB) and Bank of England (BOE) did not act in accordance with market predictions for interest rate cuts, drawing attention to persistence in price and wage pressures such as services inflation and wage growth. Monetary policy will likely remain sufficiently restrictive until it can be assured that inflation returns to the target level.

Among the large emerging economies, China stands apart as having its own cyclical and structural stresses. High debt and the ailing property sector provide significant challenges, and consumer spending has been slow to recover after the reopening. The government has opted for a broad but piecemeal approach to stimulus, characterized by modest cuts to interest rates, extended tax breaks for companies, and lowered mortgage costs for consumers. Recently, the government has signaled that more help is coming by way of new fiscal stimulus and supportive central bank policies, but it has also indicated that stimulus will continue to be measured rather than aggressive. Economic growth in China is anticipated to slow in 2024 to 4.7%. In contrast, GDP growth in the other major Asian emerging economies is projected to remain relatively steady in 2023 and 2024; it is projected to be around 6% for India and 5% for Indonesia.

Over the last two-plus years, we have reduced the Fund's Greater China weightings on a net basis, inclusive of holdings in Mainland China, Hong Kong, and Taiwan. In the Fund's portfolio, roughly 11% of assets are invested in Greater China holdings, which is overweight relative to the benchmark. We believe our Chinese holdings are at valuation levels, in the context of their long-term growth outlooks and competitive positioning, that more than compensate us for the risks. Our Chinese holdings are exposed to secular growth areas of the domestic economy (private consumption and healthcare) that align with government priorities, have strong balance sheets and resilient cash flows, and are not reliant on restricted Western technology inputs for future growth.

Our investment philosophy emphasizes businesses that should benefit from secular trends and possess strong competitive advantages and market positions. Over longer investment horizons, some of the most exciting growth areas can be relatively agnostic to the global picture or the specific situations impacting certain regions. These include our many investments in and adjacent to cloud computing, software-as-a-service, digitalization, artificial intelligence, semiconductor advancement, e-commerce and payments, industrial automation, electric vehicles, and novel biologic and biosimilar therapies. Other exciting growth areas pertain to rapidly expanding consumer classes, broadly in emerging economies and especially in Asia, which are propelling the uptake of various consumer goods and financial products.

Lastly, valuation matters. It is a core deliberation in our investment process, alongside growth rates and returns on capital. Over the past year, we made a series of adjustments to reduce weightings in holdings with extended valuations and to increase weightings in holdings with comparatively attractive valuations or that we believe were well-suited to transmit pricing power in the inflationary environment.

Portfolio Managers:

Jesse A. Flores, CFA  
Haicheng Li, CFA  
Nathaniel R. Velarde

# Baird Chautauqua Global Growth Fund

December 31, 2023 (Unaudited)

## Portfolio Characteristics

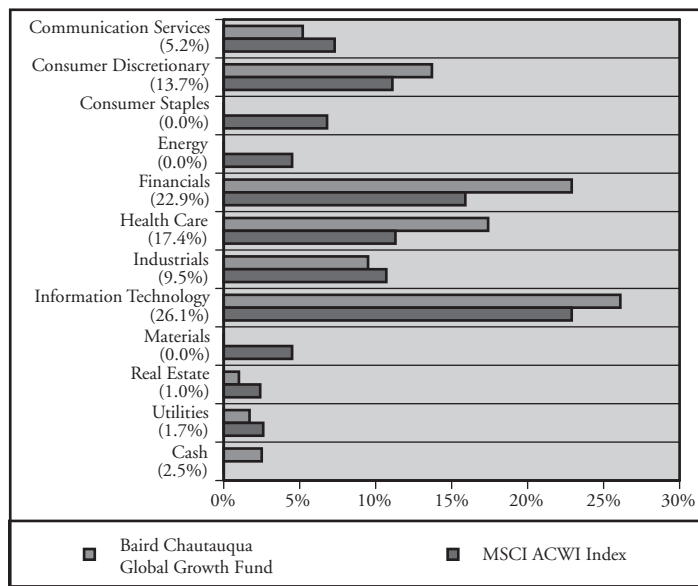
A December 31, 2023 summary of the Fund's top 10 holdings and equity sector analysis compared to the MSCI ACWI Index is shown below.

### Top 10 Holdings<sup>(1)</sup>

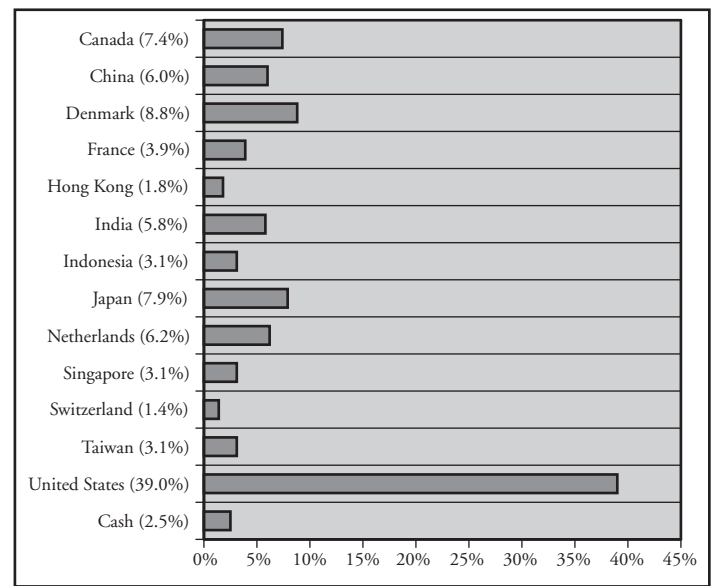
Novo Nordisk A/S	4.7%
MasterCard, Inc. – Class A	4.3%
Alphabet, Inc. – Class A	4.0%
Constellation Software, Inc.	3.9%
Fairfax Financial Holdings Ltd.	3.5%
Regeneron Pharmaceuticals, Inc.	3.3%
Nvidia Corp.	3.3%
ASML Holding NV	3.2%
Waste Connections, Inc.	3.2%
Bank Rakyat Indonesia Persero Tbk PT	3.1%

<b>Net Assets:</b>	\$319,502,906
<b>Portfolio Turnover Rate:</b>	14%
<b>Number of Equity Holdings:</b>	43
<b>Annualized Portfolio Expense Ratio<sup>(3)</sup>:</b>	
Gross	
Institutional Class:	0.92%
Investor Class:	1.17% <sup>(4)</sup>
<b>Net</b>	
Institutional Class:	0.80%
Investor Class:	1.05% <sup>(4)</sup>

### Equity Sector Analysis<sup>(2)</sup>



### Country Allocation<sup>(2)</sup>



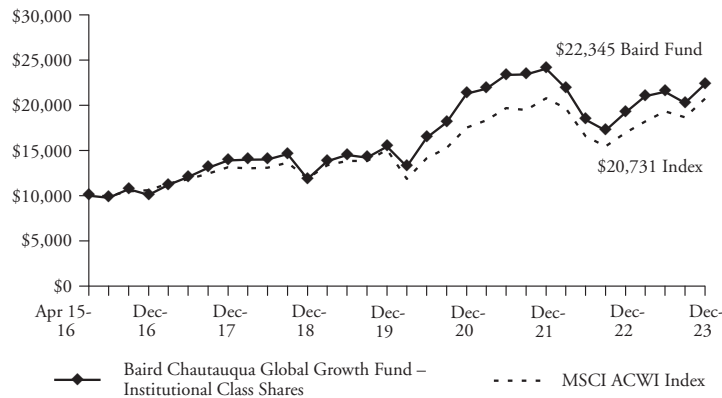
- (1) The Fund's portfolio composition is subject to change and there is no assurance that the Fund will continue to hold any particular security. Percentages shown relate to the Fund's total net assets as of December 31, 2023.
- (2) Percentages shown in parentheses relate to the Fund's total value of investments as of December 31, 2023, and may not add up to 100% due to rounding.
- (3) Reflects expense ratios as stated in the Fund's current prospectus dated May 1, 2023. The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.80% of average daily net assets for the Institutional Class shares and 1.05% of average daily net assets for the Investor Class shares, at least through April 30, 2025.
- (4) Includes 0.25% 12b-1 fee.

# Baird Chautauqua Global Growth Fund<sup>(1)</sup>

December 31, 2023 (Unaudited)

## Institutional Class

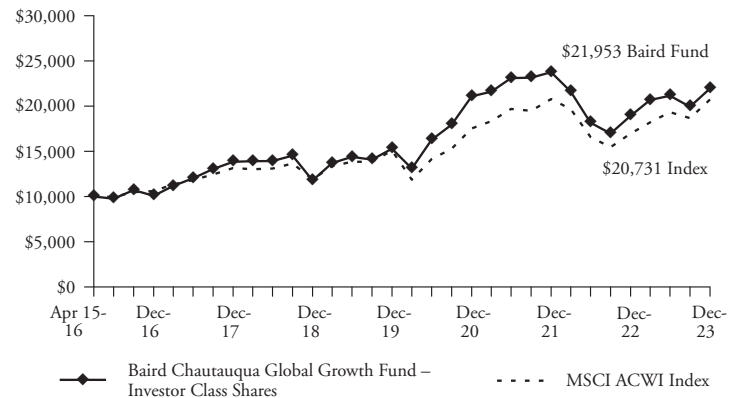
### Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 04/15/16, assuming reinvestment of all distributions.

## Investor Class

### Value of a \$10,000 Investment



Growth of a hypothetical investment of \$10,000 made on 04/15/16, assuming reinvestment of all distributions.

## Total Returns

For the Periods Ended December 31, 2023

	Average Annual			
	One Year	Three Years	Five Years	Since Inception <sup>(2)</sup>
Institutional Class Shares	16.34%	1.62%	13.51%	10.99%
Investor Class Shares	16.01%	1.35%	13.25%	10.73%
MSCI ACWI Index <sup>(3)</sup>	22.20%	5.75%	11.72%	9.91%

<sup>(1)</sup> Effective April 30, 2023, the Fund changed its name from the Chautauqua Global Growth Fund to the Baird Chautauqua Global Growth Fund.

<sup>(2)</sup> For the period from April 15, 2016 (inception date) through December 31, 2023.

<sup>(3)</sup> The MSCI ACWI Index is a market-capitalization-weighted index maintained by MSCI, Inc. and designed to provide a broad measure of stock performance throughout the world. The MSCI ACWI Index includes both developed and emerging markets. This index does not reflect any deduction for fees, expenses or taxes. A direct investment in the index is not possible.

The line graphs and the returns table shown above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns in the graphs and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The returns reflect the actual performance for each period and do not include the impact of trades executed on the last business day of the period that were recorded on the first business day of the next period.

The gross and net expense ratio for each Class, as reflected in the Fund's current prospectus, are set forth under "Portfolio Characteristics".

The Fund focuses on both U.S. and non-U.S. stocks with medium to large market capitalizations and therefore the performance of the Fund may be more volatile than the performance of funds that focus on types of stocks that have a broader investment style. Under normal market conditions, the Fund will invest at least 40% of its total assets at the time of purchase in non-U.S. companies. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulation. U.S. and international markets have experienced significant periods of volatility due to a number of economic, political and other global macro factors. The war between Ukraine and Russia is approaching its 2nd anniversary and the October 7th attack by Hamas and Israel's response only added to global tensions. US/China relations remain strained, impacted by sluggish Chinese economic growth and numerous issues affecting trade relations. Domestically, inflation remains an area of focus since getting to the Fed's 2% target may prove to be more challenging than the market expects. In addition, 2024 is an election year and the current level of political discord is high. Finally, while the coronavirus (COVID-19) appears to have entered an endemic stage, significant outbreaks present a continued risk to the global economy. These and other events may cause market disruptions and could have an adverse effect on the value of the Fund's investments.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For information about the performance of the Fund as of the most recent month-end, please call 1-866-442-2473 or visit [www.bairdfunds.com](http://www.bairdfunds.com). Mutual fund performance changes over time and current performance may be lower or higher than that stated.

# Baird Chautauqua Global Growth Fund

Schedule of Investments, December 31, 2023

## Long-Term Investments

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>		<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Common Stocks</b>				<b>Life Sciences Tools &amp; Services</b>			
<b>Aerospace &amp; Defense</b>				Illumina, Inc. (United States) <sup>(1)</sup>			
Safran SA (France) <sup>(2)</sup>	45,586	\$ 8,037,270	2.5%	Wuxi Biologics Cayman, Inc. (China) <sup>(1)(2)</sup>	21,657	\$ 3,015,520	0.9%
<b>Automobile Components</b>							
Aptiv PLC (United States) <sup>(1)</sup>	49,488	4,440,063	1.4%				
<b>Automobiles</b>							
Suzuki Motor Corp. (Japan) <sup>(2)</sup>	169,216	7,211,403	2.2%				
<b>Banks</b>				<b>Machinery</b>			
Bank Rakyat Indonesia				FANUC Corp. (Japan) <sup>(2)</sup>			
Persero Tbk PT (Indonesia) <sup>(2)</sup>	26,306,533	9,777,293	3.1%	159,427 4,679,043 1.5%			
DBS Group Holdings Ltd. (Singapore) <sup>(2)</sup>	230,728	5,834,842	1.8%	<b>Pharmaceuticals</b>			
HDFC Bank Ltd. – ADR (India)	140,149	9,405,399	2.9%	Novo Nordisk A/S – ADR (Denmark)			
		25,017,534	7.8%	144,039 14,900,835 4.7%			
<b>Biotechnology</b>				<b>Professional Services</b>			
BeiGene Ltd. – ADR (China) <sup>(1)</sup>	24,468	4,413,048	1.4%	Recruit Holdings Co. Ltd. (Japan) <sup>(2)</sup>			
Genmab A/S (Denmark) <sup>(1)(2)</sup>	26,253	8,370,849	2.6%	174,160 7,281,827 2.3%			
Incyte Corp. (United States) <sup>(1)</sup>	110,883	6,962,344	2.2%	<b>Real Estate Management &amp; Development</b>			
Regeneron Pharmaceuticals, Inc. (United States) <sup>(1)</sup>	11,996	10,535,967	3.3%	KE Holdings, Inc. – ADR (China)			
		30,282,208	9.5%	204,071 3,307,991 1.0%			
<b>Broadline Retail</b>				<b>Semiconductors &amp; Semiconductor Equipment</b>			
Alibaba Group Holding Ltd. – ADR (China)	38,395	2,975,996	0.9%	ASML Holding NV (Netherlands)			
Amazon.com, Inc. (United States) <sup>(1)</sup>	61,263	9,308,301	2.9%	13,712 10,378,887 3.2%			
Prosus NV (China) <sup>(2)</sup>	199,397	5,934,901	1.9%	Micron Technology, Inc. (United States)			
		18,219,198	5.7%	77,491 6,613,082 2.1%			
<b>Capital Markets</b>				Nvidia Corp. (United States)			
Charles Schwab Corp. (United States)	119,014	8,188,164	2.6%	21,059 10,428,838 3.3%			
Hong Kong Exchanges & Clearing Ltd. (Hong Kong) <sup>(2)</sup>	168,316	5,773,282	1.8%	SolarEdge Technologies, Inc. (United States) <sup>(1)</sup>			
		13,961,446	4.4%	30,029 2,810,714 0.9%			
<b>Commercial Services &amp; Supplies</b>				Taiwan Semiconductor Manufacturing Co. Ltd. – ADR (Taiwan)			
Waste Connections, Inc. (United States)	68,588	10,238,131	3.2%	93,902 9,765,808 3.1%			
<b>Electronic Equipment, Instruments, &amp; Components</b>				Universal Display Corp. (United States)			
Keyence Corp. (Japan) <sup>(2)</sup>	13,488	5,926,040	1.8%	21,193 4,053,373 1.3%			
<b>Entertainment</b>				44,050,702 13.9%			
Sea Ltd. – ADR (Singapore) <sup>(1)</sup>	101,993	4,130,717	1.3%	<b>Software</b>			
<b>Financial Services</b>				Atlassian Corp. (United States) <sup>(1)</sup>			
Adyen NV (Netherlands) <sup>(1)(2)</sup>	7,253	9,363,176	2.9%	29,804 7,089,179 2.2%			
MasterCard, Inc. – Class A (United States)	31,954	13,628,701	4.3%	Constellation Software, Inc. (Canada)			
		22,991,877	7.2%	5,052 12,525,704 3.9%			
<b>Health Care Equipment &amp; Supplies</b>				Temenos Group AG (Switzerland) <sup>(2)</sup>			
Coloplast A/S (Denmark) <sup>(2)</sup>	41,272	4,715,992	1.5%	48,749 4,542,833 1.4%			
<b>Independent Power &amp; Renewable Electricity Producers</b>				24,157,716 7.5%			
Brookfield Renewable Corp. (United States)	194,062	5,587,045	1.7%	<b>Specialty Retail</b>			
<b>Insurance</b>				TJX Companies, Inc. (United States)			
Fairfax Financial Holdings Ltd. (Canada)	12,108	11,171,013	3.5%	98,587 9,248,446 2.9%			
<b>Interactive Media &amp; Services</b>				<b>Textiles, Apparel, &amp; Luxury Goods</b>			
Alphabet, Inc. – Class A (United States) <sup>(1)</sup>	90,501	12,642,085	4.0%	Kering SA (France) <sup>(2)</sup>			
<b>IT Services</b>				10,262 4,545,016 1.4%			
Tata Consultancy Services Ltd. (India) <sup>(2)</sup>	203,401	9,263,675	2.9%	<b>Total Common Stocks (Cost \$266,503,620)</b>			
				311,602,646 97.5%			
				<i>Contracts</i>			
				<b>Warrants</b>			
				<b>Software</b>			
				Constellation Software, Inc. (Canada) <sup>(5)</sup>			
				5,137 — <sup>(4)</sup> 0.0%			
				<b>Total Warrants (Cost \$0)</b>			
				— 0.0%			
				<b>Total Long-Term Investments (Cost \$266,503,620)</b>			
				311,602,646 97.5%			

The accompanying notes are an integral part of these financial statements.

# Baird Chautauqua Global Growth Fund

Schedule of Investments, December 31, 2023

## Short-Term Investment

	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
<b>Money Market Mutual Fund</b>			
First American Government Obligations Fund, Class U, 5.31% <sup>(3)</sup>	7,557,156	\$ 7,557,156	2.4%
<b>Total Short-Term Investment</b> (Cost \$7,557,156)		7,557,156	2.4%
<b>Total Investments</b> (Cost \$274,060,776)		319,159,802	99.9%
<b>Other Assets in Excess of Liabilities</b>		343,104	0.1%
<b>TOTAL NET ASSETS</b>		\$319,502,906	100.0%

### Notes to Schedule of Investments

- (1) Non-Income Producing.  
(2) Level 2 Security – See Note 2a to the financial statements.  
(3) Seven-Day Yield.  
(4) Amount less than \$1.  
(5) Level 3 Security – See Note 2a to the financial statements.

ADR – American Depositary Receipt

*Industry classifications shown in the Schedule of Investments are based off of the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. (“MSCI”) and Standard & Poor’s Financial Services LLC (“S&P”). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

## Summary of Fair Value Exposure at December 31, 2023

The Fund has adopted authoritative fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion on changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized into three broad levels and described below:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.  
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.  
Level 3 – Unobservable inputs for the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Common Stocks	\$207,765,351	\$103,837,295	\$ —	\$311,602,646
<b>Total Equity</b>	207,765,351	103,837,295	—	311,602,646
<b>Warrants</b>				
Warrants	—	—	— <sup>(1)</sup>	—
<b>Total Warrants</b>	—	—	—	—
<b>Short-Term Investment</b>				
Money Market Mutual Fund	7,557,156	—	—	7,557,156
<b>Total Short-Term Investment</b>	7,557,156	—	—	7,557,156
<b>Total Investments<sup>(2)</sup></b>	<u>\$215,322,507</u>	<u>\$103,837,295</u>	<u>\$ —</u>	<u>\$319,159,802</u>

(1) Amount less than \$1.

(2) Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of assigned levels within the fair value hierarchy. Warrants with a fair value of \$0 are priced at fair value by the Valuation Committee instead of the Fund’s pricing vendor and are valued using level 3 inputs. Management has evaluated these warrants and has determined that they are immaterial. There were no transfers into or out of Level 3 during the year, as compared to the security classifications from the prior year’s annual report. See the Fund’s Valuation Policy in Note 2a to the financial statements.

*The accompanying notes are an integral part of these financial statements.*

# Additional Information on Fund Expenses

December 31, 2023 (Unaudited)

## Expense Example

As a shareholder of the Funds, you incur ongoing costs, such as management fees; distribution and/or service (12b-1) fees; and other fund expenses. The Funds do not charge any sales loads, redemption fees or other transaction fees; however, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services, the Funds' transfer agent. If you request that a redemption be made by wire transfer, currently the Funds' transfer agent charges a \$15.00 fee.

This Example is intended to help you understand your ongoing costs (in dollars) of investing in each Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (7/1/23 – 12/31/23).

## Actual Expenses

The third and fourth columns of the following table provide information about account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the fourth column entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

## Hypothetical Example for Comparison Purposes

The fifth and sixth columns of the following table provide information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Funds' actual returns. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other mutual funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other mutual funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the sixth column of the table (entitled "Expenses Paid During Period") is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different mutual funds.

## Actual vs. Hypothetical Returns

	Fund's Annualized Expense Ratio <sup>(1)</sup>	Beginning Account Value 7/1/23	Actual		Hypothetical (5% return before expenses)	
			Ending Account Value 12/31/23	Expenses Paid During Period <sup>(1)</sup> (7/1/23 – 12/31/23)	Ending Account Value 12/31/23	Expenses Paid During Period <sup>(1)</sup> (7/1/23 – 12/31/23)
<b>Baird Mid Cap Growth Fund</b>						
Institutional Class	0.81%	\$1,000.00	\$1,031.00	\$4.15	\$1,021.12	\$4.13
Investor Class	1.06%	\$1,000.00	\$1,030.00	\$5.42	\$1,019.86	\$5.40
<b>Baird Small/Mid Cap Growth Fund</b>						
Institutional Class	0.85%	\$1,000.00	\$ 982.20	\$4.25	\$1,020.92	\$4.33
Investor Class	1.10%	\$1,000.00	\$ 980.70	\$5.49	\$1,019.66	\$5.60
<b>Baird Equity Opportunity Fund</b>						
Institutional Class	1.25%	\$1,000.00	\$1,035.00	\$6.41	\$1,018.90	\$6.36
Investor Class	1.50%	\$1,000.00	\$1,033.60	\$7.69	\$1,017.64	\$7.63
<b>Baird Chautauqua International Growth Fund</b>						
Institutional Class	0.80%	\$1,000.00	\$1,003.20	\$4.04	\$1,021.17	\$4.08
Investor Class	1.05%	\$1,000.00	\$1,002.20	\$5.30	\$1,019.91	\$5.35
<b>Baird Chautauqua Global Growth Fund</b>						
Institutional Class	0.80%	\$1,000.00	\$1,039.80	\$4.11	\$1,021.17	\$4.08
Investor Class	1.05%	\$1,000.00	\$1,038.30	\$5.39	\$1,019.91	\$5.35

<sup>(1)</sup> Expenses are equal to the Fund's annualized net expense ratio multiplied by the average account value over the period, 184 days and divided by 365 to reflect the one-half year period.



# Statements of Assets and Liabilities

December 31, 2023

	Baird Mid Cap Growth Fund	Baird Small/Mid Cap Growth Fund	Baird Equity Opportunity Fund
<b>ASSETS:</b>			
Investments, at value (cost \$1,811,384,665, \$154,087,909, and \$53,900,122, respectively)	\$2,529,601,046	\$179,529,252	\$60,629,588
Dividends receivable	551,119	12,495	3,690
Interest receivable	283,142	38,856	8,291
Receivable for investments sold	—	1,718,058	—
Receivable for Fund shares sold	4,008,742	28,474	145,919
Uninvested cash	48,599	71	6,285
Prepaid expenses and other assets	42,469	39,363	13,623
Total assets	<u>2,534,535,117</u>	<u>181,366,569</u>	<u>60,807,396</u>
<b>LIABILITIES:</b>			
Written option contracts, at value (premiums received \$0, \$0, and \$31,677, respectively)	—	—	14,875
Payable for investments purchased	—	4,523,364	459,521
Payable for Fund shares redeemed	3,166,587	6,709	—
Payable to Advisor, net (Note 5)	1,561,991	98,491	38,528
Payable to Directors	18,097	18,097	18,097
Accrued fund accounting and administration fees	28,595	7,131	6,276
Accrued shareholder servicing fees	163,432	5,603	6,320
Accrued professional fees	15,150	15,150	16,150
Accrued custody fees	4,649	960	1,480
Accrued Rule 12b-1 fees (Note 7)	89,574	810	464
Accrued expenses and other liabilities	73,409	5,875	1,883
Total liabilities	<u>5,121,484</u>	<u>4,682,190</u>	<u>563,594</u>
<b>NET ASSETS</b>	<u>\$2,529,413,633</u>	<u>\$176,684,379</u>	<u>\$60,243,802</u>
<b>NET ASSETS CONSIST OF:</b>			
Paid-in capital	\$1,819,556,076	\$182,009,710	\$56,603,614
Total distributable earnings (accumulated deficit)	709,857,557	(5,325,331)	3,640,188
<b>NET ASSETS</b>	<u>\$2,529,413,633</u>	<u>\$176,684,379</u>	<u>\$60,243,802</u>
<b>INSTITUTIONAL CLASS SHARES</b>			
Net Assets	\$2,351,391,336	\$175,858,377	\$60,241,230
Shares outstanding (\$0.01 par value, unlimited shares authorized)	95,228,088	10,993,556	4,519,384
Net asset value, offering and redemption price per share	<u>\$ 24.69</u>	<u>\$ 16.00</u>	<u>\$ 13.33</u>
<b>INVESTOR CLASS SHARES</b>			
Net Assets	\$ 178,022,297	\$ 826,002	\$ 2,572
Shares outstanding (\$0.01 par value, unlimited shares authorized)	7,935,226	52,460	194
Net asset value, offering and redemption price per share	<u>\$ 22.43</u>	<u>\$ 15.75</u>	<u>\$ 13.23</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Assets and Liabilities

December 31, 2023

	Baird Chautauqua International Growth Fund	Baird Chautauqua Global Growth Fund
<b>ASSETS:</b>		
Investments, at value (cost \$702,659,444 and \$274,060,776, respectively)	\$817,258,948	\$319,159,802
Foreign currency, at value (cost \$612,837 and \$398,569, respectively)	613,688	400,318
Dividends receivable	816,235	243,146
Interest receivable	131,527	31,628
Receivable for Fund shares sold	6,780,974	181,571
Uninvested cash	152,360	62,923
Prepaid expenses and other assets	29,329	11,382
Total assets	<u>825,783,061</u>	<u>320,090,770</u>
<b>LIABILITIES:</b>		
Payable for Fund shares redeemed	218,969	63,223
Payable to Advisor, net (Note 5)	423,745	173,505
Payable to Directors	18,097	18,097
Accrued fund accounting and administration fees	12,916	9,245
Accrued shareholder servicing fees	36,357	11,369
Accrued professional fees	17,250	17,250
Accrued custody fees	18,643	8,170
Accrued Rule 12b-1 fees (Note 7)	8,708	898
Deferred tax	970,256	272,572
Accrued expenses and other liabilities	51,385	13,535
Total liabilities	<u>1,776,326</u>	<u>587,864</u>
<b>NET ASSETS</b>	<u>\$824,006,735</u>	<u>\$319,502,906</u>
<b>NET ASSETS CONSIST OF:</b>		
Paid-in capital	\$730,431,665	\$279,046,720
Total distributable earnings	<u>93,575,070</u>	<u>40,456,186</u>
<b>NET ASSETS</b>	<u>\$824,006,735</u>	<u>\$319,502,906</u>
<b>INSTITUTIONAL CLASS SHARES</b>		
Net Assets	\$808,350,304	\$318,464,989
Shares outstanding (\$0.01 par value, unlimited shares authorized)	47,439,555	15,409,869
Net asset value, offering and redemption price per share	<u>\$ 17.04</u>	<u>\$ 20.67</u>
<b>INVESTOR CLASS SHARES</b>		
Net Assets	\$ 15,656,431	\$ 1,037,917
Shares outstanding (\$0.01 par value, unlimited shares authorized)	925,585	50,768
Net asset value, offering and redemption price per share	<u>\$ 16.92</u>	<u>\$ 20.44</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Operations

Year Ended December 31, 2023

	Baird Mid Cap Growth Fund	Baird Small/Mid Cap Growth Fund	Baird Equity Opportunity Fund
<b>INVESTMENT INCOME:</b>			
Dividends (net of issuance fees and/or foreign taxes withheld of \$0, \$440, and \$6,868, respectively)	\$ 13,857,910	\$ 694,887	\$ 674,438
Interest	3,526,356	348,758	84,568
Total investment income	17,384,266	1,043,645	759,006
<b>EXPENSES:</b>			
Investment advisory fees (Note 5)	16,813,519	1,238,404	747,755
Shareholder servicing fees	917,258	30,580	24,375
Directors fees	97,008	97,008	97,008
Fund accounting and administration fees	154,167	45,387	40,006
Federal and state registration	134,434	55,940	47,883
Professional fees	39,718	40,336	44,052
Reports to shareholders	87,194	7,086	5,830
Custody fees	23,170	3,272	8,205
Interest expense (Note 6)	—	47	81
Miscellaneous expenses	2,394	666	339
Rule 12b-1 fees – Investor Class Shares (Note 7)	424,154	2,217	7
Total expenses	18,693,016	1,520,943	1,015,541
Fee waiver by Advisor (Note 5)	—	(115,155)	(267,698)
Net expenses	18,693,016	1,405,788	747,843
<b>NET INVESTMENT INCOME (LOSS)</b>	<b>(1,308,750)</b>	<b>(362,143)</b>	<b>11,163</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:</b>			
Net realized gain (loss) on:			
Investments	102,098,984	(10,960,374)	(2,487,818)
Written option contracts	—	—	330,784
Net change in unrealized appreciation/depreciation on:			
Investments	290,593,196	27,715,416	9,498,983
Written option contracts	—	—	(66,961)
Net realized and unrealized gain on investments	392,692,180	16,755,042	7,274,988
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$391,383,430</b>	<b>\$ 16,392,899</b>	<b>\$ 7,286,151</b>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Operations

Year Ended December 31, 2023

	Baird Chautauqua International Growth Fund	Baird Chautauqua Global Growth Fund
<b>INVESTMENT INCOME:</b>		
Dividends (net of issuance fees and/or foreign taxes withheld of \$1,219,130 and \$417,128, respectively)	\$ 8,589,432	\$ 3,400,147
Non-cash dividends <sup>(1)</sup>	609,429	205,299
Interest	996,138	361,313
Total investment income	<u>10,194,999</u>	<u>3,966,759</u>
<b>EXPENSES:</b>		
Investment advisory fees (Note 5)	4,834,135	2,219,692
Shareholder servicing fees	222,864	58,563
Directors fees	97,008	97,008
Federal and state registration	91,814	72,059
Custody fees	99,814	40,126
Fund accounting and administration fees	76,085	57,130
Professional fees	41,269	41,269
Reports to shareholders	36,165	9,449
Interest expense (Note 6)	2,786	—
Miscellaneous expenses	14,911	15,768
Rule 12b-1 fees – Investor Class Shares (Note 7)	40,102	2,544
Total expenses	<u>5,556,953</u>	<u>2,613,608</u>
Fee waiver by Advisor (Note 5)	(357,653)	(243,392)
Net expenses	<u>5,199,300</u>	<u>2,370,216</u>
<b>NET INVESTMENT INCOME</b>	<u>4,995,699</u>	<u>1,596,543</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSLATION:</b>		
Net realized gain (loss) on:		
Investments (net of foreign taxes paid of \$21,191 and \$3,106, respectively)	2,913,723	(405,586)
Foreign currency transactions	(210,521)	(51,757)
Net change in unrealized appreciation/depreciation on:		
Investments	62,254,085	42,768,190
Foreign currency translation	16,391	5,754
Net realized and unrealized gain on investments and foreign currency translation	<u>64,973,678</u>	<u>42,316,601</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>\$69,969,377</u>	<u>\$43,913,144</u>

<sup>(1)</sup> Non-cash dividends are recorded at the fair value of the securities received.

*The accompanying notes are an integral part of these financial statements.*

# Statements of Changes in Net Assets

	Baird Mid Cap Growth Fund		Baird Small/Mid Cap Growth Fund	
	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2022
<b>OPERATIONS:</b>				
Net investment loss	\$ (1,308,750)	\$ (6,399,901)	\$ (362,143)	\$ (522,310)
Net realized gain (loss) on investments	102,098,984	(45,618,233)	(10,960,374)	(19,684,321)
Net change in unrealized appreciation/depreciation on investments	290,593,196	(676,294,509)	27,715,416	(28,001,622)
Net increase (decrease) in net assets resulting from operations	391,383,430	(728,312,643)	16,392,899	(48,208,253)
<b>CAPITAL SHARE TRANSACTIONS:</b>				
Proceeds from shares sold	722,927,473	630,389,326	29,411,729	46,431,461
Shares issued to holders in reinvestment of distributions	49,173,891	26,758,497	—	993,301
Cost of shares redeemed	(494,791,697)	(549,380,616)	(16,983,990)	(15,543,812)
Net increase in net assets resulting from capital share transactions	277,309,667	107,767,207	12,427,739	31,880,950
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>				
Distributions to shareholders:				
Institutional Class	(51,408,482)	(28,370,957)	—	(994,847)
Investor Class	(4,277,963)	(2,701,934)	—	(5,385)
Total distributions to shareholders	(55,686,445)	(31,072,891)	—	(1,000,232)
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>	613,006,652	(651,618,327)	28,820,638	(17,327,535)
<b>NET ASSETS:</b>				
Beginning of year	1,916,406,981	2,568,025,308	147,863,741	165,191,276
End of year	<u>\$2,529,413,633</u>	<u>\$1,916,406,981</u>	<u>\$176,684,379</u>	<u>\$147,863,741</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Changes in Net Assets

	Baird Equity Opportunity Fund	
	Year Ended December 31, 2023	Year Ended December 31, 2022
<b>OPERATIONS:</b>		
Net investment income (loss)	\$ 11,163	\$ (314,797)
Net realized gain (loss) on investments and written option contracts	(2,157,034)	628,660
Net change in unrealized appreciation/depreciation on investments and written option contracts	9,432,022	(7,300,490)
Net increase (decrease) in net assets resulting from operations	7,286,151	(6,986,627)
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from shares sold	6,853,485	12,850,612
Shares issued to holders in reinvestment of distributions	6,261	14,261,145
Cost of shares redeemed	(11,710,271)	(8,777,787)
Net increase (decrease) in net assets resulting from capital share transactions	(4,850,525)	18,333,970
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Distributions to shareholders:		
Institutional Class	(6,327)	(14,495,880)
Investor Class	—	(570)
Total distributions to shareholders	(6,327)	(14,496,450)
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>	2,429,299	(3,149,107)
<b>NET ASSETS:</b>		
Beginning of year	57,814,503	60,963,610
End of year	<u>\$ 60,243,802</u>	<u>\$ 57,814,503</u>

*The accompanying notes are an integral part of these financial statements.*

# Statements of Changes in Net Assets

	Baird Chautauqua International Growth Fund		Baird Chautauqua Global Growth Fund	
	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2022
<b>OPERATIONS:</b>				
Net investment income	\$ 4,995,699	\$ 1,716,204	\$ 1,596,543	\$ 548,276
Net realized gain (loss) on investments and foreign currency transactions	2,703,202	(22,963,179)	(457,343)	(3,016,153)
Net change in unrealized appreciation/depreciation on investments and foreign currency translation	62,270,476	(71,271,860)	42,773,944	(62,326,005)
Net increase (decrease) in net assets resulting from operations	<u>69,969,377</u>	<u>(92,518,835)</u>	<u>43,913,144</u>	<u>(64,793,882)</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>				
Proceeds from shares sold	401,673,235	284,419,533	32,304,361	56,027,768
Shares issued to holders in reinvestment of distributions	1,494,819	3,796,060	1,236,689	326,779
Cost of shares redeemed	(140,522,720)	(167,135,571)	(22,510,079)	(41,676,691)
Net increase in net assets resulting from capital share transactions	<u>262,645,334</u>	<u>121,080,022</u>	<u>11,030,971</u>	<u>14,677,856</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>				
Distributions to shareholders:				
Institutional Class	(1,649,060)	(4,214,970)	(1,307,617)	(343,463)
Investor Class	(24,611)	(110,964)	(1,777)	(1,217)
Total distributions to shareholders	<u>(1,673,671)</u>	<u>(4,325,934)</u>	<u>(1,309,394)</u>	<u>(344,680)</u>
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>	<b>330,941,040</b>	<b>24,235,253</b>	<b>53,634,721</b>	<b>(50,460,706)</b>
<b>NET ASSETS:</b>				
Beginning of year	<u>493,065,695</u>	<u>468,830,442</u>	<u>265,868,185</u>	<u>316,328,891</u>
End of year	<u>\$ 824,006,735</u>	<u>\$ 493,065,695</u>	<u>\$319,502,906</u>	<u>\$265,868,185</u>

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird Mid Cap Growth Fund – Institutional Class

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$21.01	\$29.50	\$28.17	\$22.90	\$17.72
<b>Income from investment operations:</b>					
Net investment loss <sup>(1)</sup>	(0.01)	(0.07)	(0.15)	(0.08)	(0.02)
Net realized and unrealized gains (losses) on investments	4.24	(8.08)	6.30	7.99	6.44
Total from investment operations	4.23	(8.15)	6.15	7.91	6.42
<b>Less distributions:</b>					
Distributions from net realized gains	(0.55)	(0.34)	(4.82)	(2.64)	(1.24)
Total distributions	(0.55)	(0.34)	(4.82)	(2.64)	(1.24)
<b>Net asset value, end of year</b>	<b>\$24.69</b>	<b>\$21.01</b>	<b>\$29.50</b>	<b>\$28.17</b>	<b>\$22.90</b>
<b>Total return</b>	<b>20.17%</b>	<b>(27.64)%</b>	<b>22.51%</b>	<b>34.81%</b>	<b>36.31%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$2,351.4	\$1,762.8	\$2,334.3	\$2,065.5	\$1,825.8
Ratio of expenses to average net assets	0.81%	0.81%	0.80%	0.82%	0.82%
Ratio of net investment loss to average net assets	(0.04)%	(0.29)%	(0.49)%	(0.35)%	(0.07)%
Portfolio turnover rate <sup>(2)</sup>	42%	26%	31%	47%	43%

(1) Calculated using average shares outstanding during the year.

(2) 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.

## Baird Mid Cap Growth Fund – Investor Class

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$19.18	\$27.04	\$26.22	\$21.53	\$16.76
<b>Income from investment operations:</b>					
Net investment loss <sup>(1)</sup>	(0.06)	(0.11)	(0.21)	(0.14)	(0.07)
Net realized and unrealized gains (losses) on investments	3.86	(7.41)	5.85	7.47	6.08
Total from investment operations	3.80	(7.52)	5.64	7.33	6.01
<b>Less distributions:</b>					
Distributions from net realized gains	(0.55)	(0.34)	(4.82)	(2.64)	(1.24)
Total distributions	(0.55)	(0.34)	(4.82)	(2.64)	(1.24)
<b>Net asset value, end of year</b>	<b>\$22.43</b>	<b>\$19.18</b>	<b>\$27.04</b>	<b>\$26.22</b>	<b>\$21.53</b>
<b>Total return</b>	<b>19.86%</b>	<b>(27.82)%</b>	<b>22.25%</b>	<b>34.32%</b>	<b>35.94%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$178.0	\$153.6	\$233.7	\$200.3	\$148.3
Ratio of expenses to average net assets	1.06%	1.06%	1.05%	1.07%	1.07%
Ratio of net investment loss to average net assets	(0.29)%	(0.54)%	(0.74)%	(0.60)%	(0.32)%
Portfolio turnover rate <sup>(2)</sup>	42%	26%	31%	47%	43%

(1) Calculated using average shares outstanding during the year.

(2) 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.

*The accompanying notes are an integral part of these financial statements.*



# Financial Highlights

## Baird Small/Mid Cap Growth Fund – Institutional Class

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$14.43	\$19.94	\$17.39	\$12.26	\$8.95
<b>Income from investment operations:</b>					
Net investment loss <sup>(1)</sup>	(0.03)	(0.05)	(0.12)	(0.06)	(0.03)
Net realized and unrealized gains (losses) on investments	1.60	(5.36)	3.29	5.52	3.34
Total from investment operations	1.57	(5.41)	3.17	5.46	3.31
<b>Less distributions:</b>					
Distributions from net realized gains	—	(0.10)	(0.62)	(0.33)	—
Total distributions	—	(0.10)	(0.62)	(0.33)	—
<b>Net asset value, end of year</b>	<b>\$16.00</b>	<b>\$14.43</b>	<b>\$19.94</b>	<b>\$17.39</b>	<b>\$12.26</b>
<b>Total return</b>	<b>10.88%</b>	<b>(27.14)%</b>	<b>18.42%</b>	<b>44.57%</b>	<b>36.98%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$175.9	\$147.1	\$164.3	\$51.2	\$18.3
Ratio of expenses to average net assets	0.85%	0.85%	0.85%	0.85%	0.85%
Ratio of expenses to average net assets (before waivers)	0.92%	0.98%	1.00%	1.43%	2.10%
Ratio of net investment loss to average net assets	(0.22)%	(0.33)%	(0.63)%	(0.41)%	(0.25)%
Ratio of net investment loss to average net assets (before waivers)	(0.29)%	(0.45)%	(0.78)%	(0.99)%	(1.50)%
Portfolio turnover rate <sup>(2)</sup>	48%	39%	50%	65%	60%

(1) Calculated using average shares outstanding during the year.

(2) 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.

## Baird Small/Mid Cap Growth Fund – Investor Class

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$14.24	\$19.72	\$17.25	\$12.21	\$8.94
<b>Income from investment operations:</b>					
Net investment loss <sup>(1)</sup>	(0.07)	(0.09)	(0.17)	(0.09)	(0.06)
Net realized and unrealized gains (losses) on investments	1.58	(5.29)	3.26	5.46	3.33
Total from investment operations	1.51	(5.38)	3.09	5.37	3.27
<b>Less distributions:</b>					
Distributions from net realized gains	—	(0.10)	(0.62)	(0.33)	—
Total distributions	—	(0.10)	(0.62)	(0.33)	—
<b>Net asset value, end of year</b>	<b>\$15.75</b>	<b>\$14.24</b>	<b>\$19.72</b>	<b>\$17.25</b>	<b>\$12.21</b>
<b>Total return</b>	<b>10.60%</b>	<b>(27.29)%</b>	<b>18.10%</b>	<b>43.89%</b>	<b>36.69%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (thousands)	\$826.0	\$779.4	\$863.7	\$661.0	\$287.3
Ratio of expenses to average net assets	1.10%	1.10%	1.10%	1.10%	1.10%
Ratio of expenses to average net assets (before waivers)	1.17%	1.23%	1.25%	1.68%	2.35%
Ratio of net investment loss to average net assets	(0.47)%	(0.58)%	(0.88)%	(0.66)%	(0.50)%
Ratio of net investment loss to average net assets (before waivers)	(0.54)%	(0.70)%	(1.03)%	(1.24)%	(1.75)%
Portfolio turnover rate <sup>(2)</sup>	48%	39%	50%	65%	60%

(1) Calculated using average shares outstanding during the year.

(2) 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.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird Equity Opportunity Fund – Institutional Class

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$11.72	\$17.68	\$15.56	\$15.96	\$13.58
<b>Income from investment operations:</b>					
Net investment income (loss) <sup>(1)</sup>	0.00 <sup>(2)</sup>	(0.09)	0.14	0.03	0.13
Net realized and unrealized gains (losses) on investments and written option contracts	1.61	(1.95)	2.82	0.43 <sup>(3)</sup>	2.36
Total from investment operations	1.61	(2.04)	2.96	0.46	2.49
<b>Less distributions:</b>					
Distributions from net investment income	(0.00) <sup>(2)</sup>	—	(0.17)	(0.03)	(0.11)
Distributions from net realized gains	—	(3.92)	(0.67)	(0.83)	—
Total distributions	(0.00)	(3.92)	(0.84)	(0.86)	(0.11)
<b>Net asset value, end of year</b>	<b>\$13.33</b>	<b>\$11.72</b>	<b>\$17.68</b>	<b>\$15.56</b>	<b>\$15.96</b>
<b>Total return</b>	<b>13.75%</b>	<b>(11.56)%</b>	<b>19.40%</b>	<b>2.85%</b>	<b>18.40%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$60.2	\$57.8	\$61.0	\$30.4	\$33.0
Ratio of expenses to average net assets	1.25%	1.25%	0.98% <sup>(4)</sup>	0.95%	0.95%
Ratio of expenses to average net assets (before waivers)	1.70%	1.73%	1.53%	1.64%	1.44%
Ratio of net investment income (loss) to average net assets	0.02%	(0.55)%	0.82%	0.21%	0.87%
Ratio of net investment income (loss) to average net assets (before waivers)	(0.43)%	(1.02)%	0.27%	(0.48)%	0.38%
Portfolio turnover rate <sup>(6)</sup>	67%	72%	67% <sup>(5)</sup>	61%	55%

(1) Calculated using average shares outstanding during the year.

(2) Amount is less than \$0.005.

(3) Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the Statement of Operations.

(4) Blended rate. Pursuant to the Expense Cap/Reimbursement Agreement effective December 12, 2021, the expense cap increased to 1.25%. Prior to December 12, 2021, the expense cap was 0.95%.

(5) The cost of purchases and the proceeds from sales of securities that were incurred by the Fund subsequent to Greenhouse's appointment as subadvisor to the Baird Equity Opportunity Fund that related to the alignment of the Fund's portfolio with Greenhouse's investment style are excluded from the portfolio turnover rate calculation. If such amounts has not been excluded, the portfolio turnover rate would have been 189% for the year ended December 31, 2021.

(6) 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.

## Baird Equity Opportunity Fund – Investor Class

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$11.65	\$17.65	\$15.52	\$15.97	\$13.58
<b>Income from investment operations:</b>					
Net investment income (loss) <sup>(1)</sup>	(0.03)	(0.13)	0.10	(0.01)	0.09
Net realized and unrealized gains (losses) on investments and written option contracts	1.61	(1.95)	2.83	0.42 <sup>(2)</sup>	2.37
Total from investment operations	1.58	(2.08)	2.93	0.41	2.46
<b>Less distributions:</b>					
Distributions from net investment income	—	—	(0.13)	(0.03)	(0.07)
Distributions from net realized gains	—	(3.92)	(0.67)	(0.83)	—
Total distributions	—	(3.92)	(0.80)	(0.86)	(0.07)
<b>Net asset value, end of year</b>	<b>\$13.23</b>	<b>\$11.65</b>	<b>\$17.65</b>	<b>\$15.52</b>	<b>\$15.97</b>
<b>Total return</b>	<b>13.56%</b>	<b>(11.77)%</b>	<b>19.16%</b>	<b>2.54%</b>	<b>18.19%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (thousands)	\$2.6	\$2.3	\$2.6	\$295.7	\$883.8
Ratio of expenses to average net assets	1.50%	1.50%	1.23% <sup>(3)</sup>	1.20%	1.20%
Ratio of expenses to average net assets (before waivers)	1.95%	1.98%	1.78%	1.89%	1.69%
Ratio of net investment income (loss) to average net assets	(0.23)%	(0.80)%	0.57%	(0.04)%	0.62%
Ratio of net investment income (loss) to average net assets (before waivers)	(0.68)%	(1.27)%	0.02%	(0.73)%	0.13%
Portfolio turnover rate <sup>(5)</sup>	67%	72%	67% <sup>(4)</sup>	61%	55%

(1) Calculated using average shares outstanding during the year.

(2) Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the Statement of Operations.

(3) Blended rate. Pursuant to the Expense Cap/Reimbursement Agreement effective December 12, 2021, the expense cap increased to 1.50%. Prior to December 12, 2021, the expense cap was 1.20%.

(4) The cost of purchases and proceeds from sales of securities that were incurred by the Fund subsequent to Greenhouse's appointment as subadvisor to the Baird Equity Opportunity Fund that related to the alignment of the Fund's portfolio with Greenhouse's investment style are excluded from the portfolio turnover rate calculation. If such amounts had not been excluded, the portfolio turnover rate would have been 189% for the year ended December 31, 2021.

(5) 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.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird Chautauqua International Growth Fund – Institutional Class

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$15.19	\$18.65	\$17.51	\$12.62	\$10.17
<b>Income from investment operations:</b>					
Net investment income <sup>(1)</sup>	0.13	0.06	0.04	0.01	0.30
Net realized and unrealized gains (losses) on investments and foreign currency translation	1.76	(3.38)	1.19	5.00	2.42
Total from investment operations	1.89	(3.32)	1.23	5.01	2.72
<b>Less distributions:</b>					
Distributions from net investment income	(0.04)	(0.03)	(0.09)	(0.12)	(0.27)
Distributions from net realized gains	—	(0.11)	—	—	—
Total distributions	(0.04)	(0.14)	(0.09)	(0.12)	(0.27)
Paid in capital from redemption fees <sup>(2)</sup>	—	—	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>
<b>Net asset value, end of year</b>	<b>\$17.04</b>	<b>\$15.19</b>	<b>\$18.65</b>	<b>\$17.51</b>	<b>\$12.62</b>
<b>Total return</b>	<b>12.41%</b>	<b>(17.84)%</b>	<b>6.90%</b>	<b>39.84%</b>	<b>26.72%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$808.4	\$479.1	\$468.2	\$321.8	\$172.7
Ratio of expenses to average net assets	0.80%	0.80%	0.80%	0.80%	0.80%
Ratio of expenses to average net assets (before waivers)	0.86%	0.87%	0.86%	0.90%	0.96%
Ratio of net investment income to average net assets	0.78%	0.37%	0.20%	0.07%	2.56%
Ratio of net investment income (loss) to average net assets (before waivers)	0.73%	0.31%	0.14%	(0.03)%	2.40%
Portfolio turnover rate <sup>(4)</sup>	12%	23%	14%	31%	31%

(1) Calculated using average shares outstanding during the year.

(2) Effective December 1, 2021, the Fund eliminated the 2.00% redemption fee charged on amounts redeemed for shares held 90 days or less.

(3) Amount is less than \$0.005.

(4) 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.

## Baird Chautauqua International Growth Fund – Investor Class

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$15.11	\$18.58	\$17.48	\$12.60	\$10.15
<b>Income from investment operations:</b>					
Net investment income (loss) <sup>(1)</sup>	0.09	0.02	(0.01)	(0.02)	0.27
Net realized and unrealized gains (losses) on investments and foreign currency translation	1.75	(3.37)	1.20	4.95 <sup>(2)</sup>	2.41
Total from investment operations	1.84	(3.35)	1.19	4.93	2.68
<b>Less distributions:</b>					
Distributions from net investment income	(0.03)	(0.01)	(0.09)	(0.05)	(0.23)
Distributions from net realized gains	—	(0.11)	—	—	—
Total distributions	(0.03)	(0.12)	(0.09)	(0.05)	(0.23)
Paid in capital from redemption fees <sup>(3)</sup>	—	—	0.00 <sup>(4)</sup>	0.00 <sup>(4)</sup>	0.00 <sup>(4)</sup>
<b>Net asset value, end of year</b>	<b>\$16.92</b>	<b>\$15.11</b>	<b>\$18.58</b>	<b>\$17.48</b>	<b>\$12.60</b>
<b>Total return</b>	<b>12.15%</b>	<b>(18.03)%</b>	<b>6.62%</b>	<b>39.37%</b>	<b>26.42%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (thousands)	\$15,656.4	\$13,993.5	\$608.0	\$697.4	\$1,494.8
Ratio of expenses to average net assets	1.05%	1.05%	1.05%	1.05%	1.05%
Ratio of expenses to average net assets (before waivers)	1.11%	1.12%	1.11%	1.15%	1.21%
Ratio of net investment income (loss) to average net assets	0.53%	0.12%	(0.05)%	(0.18)%	2.31%
Ratio of net investment income (loss) to average net assets (before waivers)	0.48%	0.06%	(0.11)%	(0.28)%	2.15%
Portfolio turnover rate <sup>(5)</sup>	12%	23%	14%	31%	31%

(1) Calculated using average shares outstanding during the year.

(2) Due to timing of capital share transactions, the per share amount of net realized and unrealized gain (loss) on investments varies from the amounts shown in the Statement of Operations.

(3) Effective December 1, 2021, the Fund eliminated the 2.00% redemption fee charged on amounts redeemed for shares held 90 days or less.

(4) Amount is less than \$0.005.

(5) 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.

*The accompanying notes are an integral part of these financial statements.*

# Financial Highlights

## Baird Chautauqua Global Growth Fund – Institutional Class

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$17.84	\$22.36	\$19.85	\$14.47	\$11.29
<b>Income from investment operations:</b>					
Net investment income (loss) <sup>(1)</sup>	0.11	0.04	0.00 <sup>(2)</sup>	(0.03)	0.22
Net realized and unrealized gains (losses) on investments and foreign currency translation	2.81	(4.54)	2.59	5.49	3.18
Total from investment operations	2.92	(4.50)	2.59	5.46	3.40
<b>Less distributions:</b>					
Distributions from net investment income	(0.09)	—	(0.08)	(0.09)	(0.16)
Distributions from net realized gains	—	(0.02)	—	—	(0.06)
Total distributions	(0.09)	(0.02)	(0.08)	(0.09)	(0.22)
Paid in capital from redemption fees <sup>(3)</sup>	—	—	0.00 <sup>(2)</sup>	0.01	0.00 <sup>(2)</sup>
<b>Net asset value, end of year</b>	<b>\$20.67</b>	<b>\$17.84</b>	<b>\$22.36</b>	<b>\$19.85</b>	<b>\$14.47</b>
<b>Total return</b>	<b>16.34%</b>	<b>(20.11)%</b>	<b>12.93%</b>	<b>37.97%</b>	<b>30.14%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (millions)	\$318.5	\$264.9	\$314.7	\$137.3	\$55.8
Ratio of expenses to average net assets	0.80%	0.80%	0.80%	0.80%	0.80%
Ratio of expenses to average net assets (before waivers)	0.88%	0.92%	0.92%	1.04%	1.23%
Ratio of net investment income (loss) to average net assets	0.54%	0.20%	0.01%	(0.17)%	1.64%
Ratio of net investment income (loss) to average net assets (before waivers)	0.46%	0.09%	(0.11)%	(0.41)%	1.21%
Portfolio turnover rate <sup>(4)</sup>	14%	12%	13%	24%	26%

(1) Calculated using average shares outstanding during the year.

(2) Amount is less than \$0.005.

(3) Effective December 1, 2021, the Fund eliminated the 2.00% redemption fee charged on amounts redeemed for shares held 90 days or less.

(4) 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.

## Baird Chautauqua Global Growth Fund – Investor Class

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Per Share Data:</b>					
Net asset value, beginning of year	\$17.65	\$22.18	\$19.74	\$14.36	\$11.22
<b>Income from investment operations:</b>					
Net investment income (loss) <sup>(1)</sup>	0.06	(0.01)	(0.05)	(0.06)	0.19
Net realized and unrealized gains (losses) on investments and foreign currency translation	2.77	(4.50)	2.57	5.44	3.15
Total from investment operations	2.83	(4.51)	2.52	5.38	3.34
<b>Less distributions:</b>					
Distributions from net investment income	(0.04)	—	(0.08)	(0.05)	(0.14)
Distributions from net realized gains	—	(0.02)	—	—	(0.06)
Total distributions	(0.04)	(0.02)	(0.08)	(0.05)	(0.20)
Paid in capital from redemption fees <sup>(3)</sup>	—	—	0.00 <sup>(2)</sup>	0.05	0.00 <sup>(2)</sup>
<b>Net asset value, end of year</b>	<b>\$20.44</b>	<b>\$17.65</b>	<b>\$22.18</b>	<b>\$19.74</b>	<b>\$14.36</b>
<b>Total return</b>	<b>16.01%</b>	<b>(20.32)%</b>	<b>12.64%</b>	<b>37.94%</b>	<b>29.73%</b>
<b>Supplemental data and ratios:</b>					
Net assets, end of year (thousands)	\$1,037.9	\$931.8	\$1,590.1	\$1,676.7	\$1,606.9
Ratio of expenses to average net assets	1.05%	1.05%	1.05%	1.05%	1.05%
Ratio of expenses to average net assets (before waivers)	1.13%	1.17%	1.17%	1.29%	1.48%
Ratio of net investment income (loss) to average net assets	0.29%	(0.05)%	(0.24)%	(0.42)%	1.39%
Ratio of net investment income (loss) to average net assets (before waivers)	0.21%	(0.16)%	(0.36)%	(0.66)%	0.96%
Portfolio turnover rate <sup>(4)</sup>	14%	12%	13%	24%	26%

(1) Calculated using average shares outstanding during the year.

(2) Amount is less than \$0.005.

(3) Effective December 1, 2021, the Fund eliminated the 2.00% redemption fee charged on amounts redeemed for shares held 90 days or less.

(4) 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.

*The accompanying notes are an integral part of these financial statements.*

# Notes to the Financial Statements

December 31, 2023

## 1. Organization

Baird Funds, Inc. (the “Company”) was incorporated on June 9, 2000, as a Wisconsin corporation and is registered as an open-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). The accompanying financial statements include the Baird Mid Cap Growth Fund, the Baird Small/Mid Cap Growth Fund, the Baird Equity Opportunity Fund, the Baird Chautauqua International Growth Fund and the Baird Chautauqua Global Growth Fund (each a “Fund” and collectively the “Funds”), five of the fifteen active funds in the series comprising the Company. Pursuant to the 1940 Act, the Funds are “diversified” series of the Company except for the Baird Equity Opportunity Fund, which is a non-diversified fund. The investment advisor to the Funds is Robert W. Baird & Co. Incorporated (“Baird” or the “Advisor”). The investment subadvisor to the Baird Equity Opportunity Fund is Greenhouse Funds LLLP (“Greenhouse” or the “Subadvisor”).

The following table presents the class-specific inception dates for each of the Funds:

Fund	Inception Date	
	Institutional Class	Investor Class
Baird Mid Cap Growth Fund	December 29, 2000	December 29, 2000
Baird Small/Mid Cap Growth Fund	October 31, 2018	October 31, 2018
Baird Equity Opportunity Fund	May 1, 2012	May 1, 2012
Baird Chautauqua International Growth Fund <sup>(1)</sup>	April 15, 2016	April 15, 2016
Baird Chautauqua Global Growth Fund <sup>(2)</sup>	April 15, 2016	April 15, 2016

<sup>(1)</sup> Effective April 30, 2023, the Fund changed its name from the Chautauqua International Growth Fund to the Baird Chautauqua International Growth Fund.

<sup>(2)</sup> Effective April 30, 2023, the Fund changed its name from the Chautauqua Global Growth Fund to the Baird Chautauqua Global Growth Fund.

Institutional Class shares are not subject to a distribution and service (12b-1) fee, while Investor Class shares are subject to a distribution and service (12b-1) fee up to 0.25%. See Note 7.

The Baird Mid Cap Growth Fund seeks to provide long-term growth of capital through investments in equity securities of mid-capitalization companies.

The Baird Small/Mid Cap Growth Fund seeks to provide long-term growth of capital through investments in equity securities of small- and mid-capitalization companies.

The Baird Equity Opportunity Fund seeks to provide long-term capital appreciation through investments in equity securities of small- and medium-capitalization companies.

The Baird Chautauqua International Growth Fund seeks to provide long-term capital appreciation. The Fund invests primarily in equity securities of non-U.S. companies with medium to large market capitalizations.

The Baird Chautauqua Global Growth Fund seeks to provide long-term capital appreciation. The Fund invests primarily in equity securities of both U.S. and non-U.S. companies with medium to large market capitalizations.

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the 1940 Act. As of December 31, 2023, the Advisor, in its capacity as sponsor of the Baird Profit Sharing & Savings Plan and the Baird Non-Qualified Compensation Plan, and the Baird Foundation, an entity related to the Advisor, on a combined basis, owned a controlling ownership in the Baird Equity Opportunity Fund.

## 2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Funds are investment companies and therefore follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946, *Financial Services – Investment Companies*.

- a) **Investment Valuation** – Section 2(a)(41) of the 1940 Act, together with the rules and interpretations of the U.S. Securities and Exchange Commission (the “SEC”), require the Funds, in computing net asset value (“NAV”), to value their portfolio securities using market quotations when they are “readily available.” When market quotations are not readily available (e.g., because there is no regular market quotation for such securities), the securities are valued at fair value using methods determined by the Advisor as the valuation designee of the Board of Directors of the Company (the “Board”) in accordance with policies and procedures adopted pursuant to Rule 2a-5 of the 1940 Act. Per GAAP, the “fair value” of a security means the price that would be received to sell a security in an orderly transaction between market participants at the measurement date.

The Funds determine the fair value of their investments and compute their NAV per share as of the close of regular trading of the New York Stock Exchange (generally, 4:00 p.m. ET).

Consistent with Section 2(a)(41) of the 1940 Act, the Funds price their securities as follows: common stocks that are listed on a securities exchange (other than NASDAQ) are valued at the last quoted sales price. Securities traded on NASDAQ are valued at the NASDAQ Official Closing Price. Price information on listed stocks is taken from the exchange where the security is primarily traded. Securities that were not traded on the valuation date, as well as stocks that are not listed on an exchange, including NASDAQ, are valued at the average of the current bid and ask price. Debt securities are valued at their evaluated bid prices as provided by an independent pricing service based on various market inputs such as benchmark yields, market transactions and dealer quotations. Investments in mutual funds, including money market funds, are valued at their stated NAV. Other assets and securities for which market quotations are not readily available are valued at fair value as determined in good faith by the Advisor in accordance with the Fund’s fair value procedures. In accordance with such procedures, the Advisor may, under certain circumstances, use alternative valuation methodologies, such as broker quotes. If prices are unavailable or deemed to be unreliable, fair value will be determined by the Advisor. The Advisor, as valuation designee, has further designated its valuation committee to be responsible for fair value determinations. In determining fair value, the valuation committee takes into account factors deemed relevant by the valuation committee and available information. Consequently, the price of the security used by a 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. As a result, different mutual funds could reasonably arrive at a different fair value for the same security. 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. The prices determined for any individual security on any given day may vary significantly from the amount that can be obtained in an actual sale of that security, and a Fund’s NAV may fluctuate significantly from day to day or from period to period.

Put and call options will be valued at the last sale price or, in the absence of such a price, at the mean between bid and asked prices. See Note 2(d) for additional information regarding financial derivative instruments.

# Notes to the Financial Statements

December 31, 2023

## 2. Significant Accounting Policies (cont.)

The Baird Chautauqua International Growth, Baird Chautauqua Global Growth, and Baird Equity Opportunity Funds have retained an independent fair value pricing service to assist in valuing foreign securities traded on a foreign exchange in order to adjust for possible changes in value that may occur between the close of the foreign exchange and the time at which the Funds calculate their NAVs. The fair value pricing service uses statistical data based on historical performance of securities and markets, and other data in developing factors used to estimate fair value for that day. Occasionally, significant events that affect these values and exchange rates may occur after the close of the exchange on which such securities are traded. If such events materially affect the value of a Fund's securities, these securities may be valued at their fair value pursuant to the Funds' fair value procedures.

- b) **Foreign Securities** – The Baird Mid Cap Growth Fund, Baird Small/Mid Cap Growth Fund, and Baird Equity Opportunity Fund may invest in common stocks, ADRs or other depository shares or receipts, or ordinary shares of publicly-traded foreign issuers, and ADRs that are traded on a major U.S. exchange. The Baird Chautauqua International Growth Fund and Baird Chautauqua Global Growth Fund may invest in common stocks, preferred stocks, depository shares and receipts, rights, warrants and ETFs of non-U.S. companies. Investing in securities of foreign companies and foreign governments involves special risks and considerations not typically associated with investing in U.S. companies and the U.S. government. These risks include foreign currency fluctuations and adverse political and economic developments. Moreover, securities of many foreign companies and foreign governments and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies and the U.S. government.
- c) **Foreign Currency Translation** – Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at date of valuation. Purchases and sales of portfolio securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. When a Fund purchases or sells a foreign security, it will customarily enter into a foreign exchange contract to minimize foreign exchange risk from the trade date to the settlement date of such transaction. The Funds do not isolate the portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held nor currency gains or losses realized between the trade and settlement dates on securities transactions. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Net realized gain (loss) on foreign currency transactions include those gains and losses arising from the sale of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign currency transactions, the differences between the amounts of dividends, and foreign withholding taxes recorded on a Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized appreciation (depreciation) on investments includes changes in the value of investments resulting from exchange rates.
- d) **Financial Derivatives Instruments** – Financial derivatives instruments, such as option contracts, derive their value from the performance of an underlying asset or index. The Baird Equity Opportunity Fund (the "Fund") may purchase and sell (write) put options and call options on securities or indices in standardized contracts listed on securities exchanges. The Fund may also purchase and sell (write) over-the-counter ("OTC") put options and call options. The Fund qualifies as a "limited derivatives user" under Rule 18f-4 of the 1940 Act.

A call option gives the purchaser of the option the right to buy, and a writer the obligation to sell, the underlying security or index at the stated exercise price at any time prior to the expiration of the option, regardless of the market price of the security. The premium paid to the writer is in consideration for undertaking the obligations under the option contract. A put option gives the purchaser the right to sell the underlying security or index at the stated exercise price at any time prior to the expiration date of the option, regardless of the market price of the security or index. In contrast to an option on a particular security, an option on an index provides the holder with the right to make or receive a cash settlement upon exercise of the option. The amount of this settlement will be equal to the difference between the closing price of the index at the time of exercise and the exercise price of the option expressed in dollars, times a specified multiple.

### *Writing Put and Call Options*

As the writer of a put option, the Fund has a risk of loss should the underlying reference instrument decline in value. If the value of the underlying reference instrument declines below the exercise price of the put option and the put option is exercised, the Fund, as the writer of the put option, will be required to buy the instrument at the exercise price, which will exceed the market value of the underlying reference instrument at that time. The Fund will incur a loss to the extent that the current market value of the underlying reference instrument is less than the exercise price of the put option. However, the loss will be offset in part by the premium received from the buyer of the put. If a put option written by the Fund expires unexercised, the Fund will realize a gain in the amount of the premium received.

By writing a call option on a security, the Fund foregoes the opportunity to profit from an increase in the market price of the underlying security above the exercise price except insofar as the premium represents such a profit, and it is not able to sell the underlying security until the option expires or is exercised or the Fund effects a closing purchase transaction by purchasing an option of the same series. Except to the extent that a written call option on an index is covered by an option on the same index purchased by the Fund, movements in the index may result in a loss to the Fund; however, such losses may be mitigated by changes in the value of securities held by the Fund during the period the option was outstanding.

If a call option on a security is exercised, the Fund may deliver the underlying security held by the Fund or purchase the underlying security in the open market. In either event, the proceeds of the sale will be increased by the net premium originally received, and the Fund will realize a gain or loss.

At December 31, 2023, the Baird Equity Opportunity Fund pledged securities with a fair value of \$2,588,800 as collateral for option contracts. See the Fund's Schedule of Investments for the securities pledged as collateral.

- e) **Income Tax Status** – The Funds intend to continue to qualify as regulated investment companies as provided in Subchapter M of the Internal Revenue Code and to distribute substantially all of their taxable income to their shareholders in a manner which results in no tax expense to the Funds. Therefore, no federal income or excise tax provision is recorded.

There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the year ended December 31, 2023, or for any other tax years which are open for exam. As of December 31, 2023, open tax years include the tax years ended December 31, 2020 through 2023. The Funds are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next 12 months. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as interest expense and other expense, respectively, in the Statement of Operations. During the period, the Funds did not incur any interest or penalties.

- f) **Allocation of Income and Expenses** – Each Fund is charged for those expenses directly attributable to it. Expenses directly attributable to a class of shares, such as Rule 12b-1 distribution fees, are charged to that class of shares. Income, expenses and realized and unrealized gains and losses are allocated to the classes based on their respective net assets. Expenses that are not directly attributable to a Fund are allocated among the Funds in the series in proportion to their respective assets or are divided equally amongst the Funds.

- g) **Shareholder Transactions and Distributions** – Shareholder transactions are recorded on trade date. Dividends from net investment income, if any, are declared and paid annually. Distributions of net realized capital gains, if any, are declared and paid at least annually. All distributions to shareholders are recorded on the ex-dividend date. The book basis character of distributions may differ from their ultimate characterization for Federal income tax purposes. GAAP requires that permanent financial reporting and tax differences be reclassified in the capital accounts.

# Notes to the Financial Statements

December 31, 2023

## 2. Significant Accounting Policies (cont.)

- h) **Use of Estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.
- i) **Securities Transactions and Investment Income** – The Funds determine the gain or loss realized from investment transactions using the identified cost basis. For financial reporting purposes, investment transactions are recorded on the trade date. When a capital gain tax is determined to apply, the Funds may record an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date. Dividend income is recognized on the ex-dividend date net of withholding taxes, if any, and interest income is recognized on an accrual basis. Withholding taxes on foreign dividends have been accounted for in accordance with the Funds' interpretation of applicable tax laws of the countries in which they invest. Distributions received from underlying investments in real estate investment trusts ("REITs") may be classified as dividends, capital gains or return of capital.
- j) **Guarantees and Indemnifications** – In the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds' maximum exposure under these arrangements is unknown and would involve future claims against the Funds that have not yet occurred. Based on experience, the Funds would expect the risk of loss to be low.
- k) **New Regulatory and Accounting Pronouncements** – In October 2022, the Securities and Exchange Commission (the "SEC") adopted a final rule relating to Tailored Shareholder Reports for Mutual Funds and Exchange-Traded Funds; Fee Information in Investment Company Advertisements. The rule and form amendments will, among other things, require the Funds to transmit concise and visually engaging shareholder reports that highlight key information. The amendments will require that the Funds tag information in a structured data format and that certain more in-depth information be made available online and available for delivery free of charge to investors on request. The amendments became effective January 24, 2023. There is an 18-month transition period after the effective date of the amendment.

## 3. Capital Share Transactions

The following table summarizes the capital share transactions of each Fund for the past two fiscal years:

### Baird Mid Cap Growth Fund

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
<b>Institutional Class Shares</b>				
Shares sold	29,037,067	\$ 684,051,811	25,796,351	\$ 593,227,526
Shares issued to shareholders in reinvestment of distributions	1,856,978	44,994,578	1,129,988	24,102,645
Shares redeemed	(19,556,605)	(450,452,068)	(22,159,031)	(495,135,412)
Net increase	11,337,440	\$ 278,594,321	4,767,308	\$ 122,194,759
Shares Outstanding:				
Beginning of year	83,890,648		79,123,340	
End of year	95,228,088		83,890,648	
	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
<b>Investor Class Shares</b>				
Shares sold	1,839,593	\$ 38,875,662	1,757,374	\$ 37,161,800
Shares issued to shareholders in reinvestment of distributions	189,883	4,179,313	136,407	2,655,852
Shares redeemed	(2,104,022)	(44,339,629)	(2,528,284)	(54,245,204)
Net decrease	(74,546)	\$ (1,284,654)	(634,503)	\$ (14,427,552)
Shares Outstanding:				
Beginning of year	8,009,772		8,644,275	
End of year	7,935,226		8,009,772	
Total net increase		\$ 277,309,667		\$ 107,767,207

# Notes to the Financial Statements

December 31, 2023

## 3. Capital Share Transactions (cont.)

### Baird Small/Mid Cap Growth Fund

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
<b>Institutional Class Shares</b>				
Shares sold	1,890,067	\$ 29,260,638	2,879,793	\$ 46,228,086
Shares issued to shareholders in reinvestment of distributions	—	—	67,805	987,916
Shares redeemed	(1,089,756)	(16,795,892)	(996,638)	(15,500,122)
Net increase	800,311	\$ 12,464,746	1,950,960	\$ 31,715,880
Shares Outstanding:				
Beginning of year	10,193,245		8,242,285	
End of year	10,993,556		10,193,245	

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
<b>Investor Class Shares</b>				
Shares sold	9,764	\$ 151,091	13,483	\$ 203,375
Shares issued to shareholders in reinvestment of distributions	—	—	374	5,385
Shares redeemed	(12,042)	(188,098)	(2,908)	(43,690)
Net increase (decrease)	(2,278)	\$ (37,007)	10,949	\$ 165,070
Shares Outstanding:				
Beginning of year	54,738		43,789	
End of year	52,460		54,738	
Total net increase		\$ 12,427,739		\$ 31,880,950

### Baird Equity Opportunity Fund

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
<b>Institutional Class Shares</b>				
Shares sold	544,710	\$ 6,853,485	828,640	\$ 12,850,612
Shares issued to shareholders in reinvestment of distributions	465	6,261	1,217,811	14,260,575
Shares redeemed	(959,077)	(11,710,271)	(560,334)	(8,777,787)
Net increase (decrease)	(413,902)	\$ (4,850,525)	1,486,117	\$ 18,333,400
Shares Outstanding:				
Beginning of year	4,933,286		3,447,169	
End of year	4,519,384		4,933,286	

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
<b>Investor Class Shares</b>				
Shares sold	—	\$ —	—	\$ —
Shares issued to shareholders in reinvestment of distributions	—	—	49	570
Shares redeemed	—	—	—	—
Net increase	—	\$ —	49	\$ 570
Shares Outstanding:				
Beginning of year	194		145	
End of year	194		194	
Total net increase (decrease)		\$ (4,850,525)		\$ 18,333,970



# Notes to the Financial Statements

December 31, 2023

## 3. Capital Share Transactions (cont.)

### Baird Chautauqua International Growth Fund

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
<b>Institutional Class Shares</b>				
Shares sold	24,161,666	\$ 398,499,097	17,375,159	\$ 270,605,607
Shares issued to shareholders in reinvestment of distributions	86,180	1,470,224	239,100	3,685,237
Shares redeemed	(8,352,531)	(137,364,324)	(11,175,681)	(166,780,762)
Net increase	15,895,315	\$ 262,604,997	6,438,578	\$ 107,510,082
Shares Outstanding:				
Beginning of year	31,544,240		25,105,662	
End of year	47,439,555		31,544,240	

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
<b>Investor Class Shares</b>				
Shares sold	192,145	\$ 3,174,138	910,520	\$ 13,813,926
Shares issued to shareholders in reinvestment of distributions	1,453	24,595	7,208	110,823
Shares redeemed	(194,323)	(3,158,396)	(24,147)	(354,809)
Net increase (decrease)	(725)	\$ 40,337	893,581	\$ 13,569,940
Shares Outstanding:				
Beginning of year	926,310		32,729	
End of year	925,585		926,310	
Total net increase		\$ 262,645,334		\$ 121,080,022

### Baird Chautauqua Global Growth Fund

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
<b>Institutional Class Shares</b>				
Shares sold	1,649,691	\$ 32,128,385	2,949,098	\$ 55,678,922
Shares issued to shareholders in reinvestment of distributions	59,665	1,235,054	17,927	325,563
Shares redeemed	(1,146,580)	(22,297,065)	(2,197,613)	(40,872,035)
Net increase	562,776	\$ 11,066,374	769,412	\$ 15,132,450
Shares Outstanding:				
Beginning of year	14,847,093		14,077,681	
End of year	15,409,869		14,847,093	

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
<b>Investor Class Shares</b>				
Shares sold	9,165	\$ 175,976	19,559	\$ 348,846
Shares issued to shareholders in reinvestment of distributions	80	1,635	68	1,216
Shares redeemed	(11,257)	(213,014)	(38,552)	(804,656)
Net decrease	(2,012)	\$ (35,403)	(18,925)	\$ (454,594)
Shares Outstanding:				
Beginning of year	52,780		71,705	
End of year	50,768		52,780	
Total net increase		\$ 11,030,971		\$ 14,677,856

## 4. Investment Transactions and Income Tax Information

During the year ended December 31, 2023, purchases and sales of investment securities (excluding short-term investments) were as follows:

	Baird Mid Cap Growth Fund	Baird Small/Mid Cap Growth Fund	Baird Equity Opportunity Fund	Baird Chautauqua International Growth Fund	Baird Chautauqua Global Growth Fund
Purchases:	\$1,107,891,277	\$91,098,815	\$38,803,727	\$310,152,085	\$47,674,327
Sales:	913,518,825	76,607,502	44,982,276	73,865,044	39,447,680

The Funds did not purchase or sell U.S. Government securities during the year ended December 31, 2023.

# Notes to the Financial Statements

December 31, 2023

## 4. Investment Transactions and Income Tax Information (cont.)

As of December 31, 2023, the components of accumulated earnings (accumulated losses) for income tax purposes were as follows:

	Baird Mid Cap Growth Fund	Baird Small/Mid Cap Growth Fund	Baird Equity Opportunity Fund	Baird Chautauqua International Growth Fund	Baird Chautauqua Global Growth Fund
<b>Cost of investments</b>	\$1,818,033,415	\$154,937,582	\$55,149,998	\$723,247,955	\$277,029,508
Gross unrealized appreciation	764,350,468	30,796,740	10,290,008	182,387,335	82,551,836
Gross unrealized depreciation	(52,782,837)	(6,205,070)	(4,810,418)	(89,346,598)	(40,694,114)
<b>Net unrealized appreciation</b>	711,567,631	24,591,670	5,479,590	93,040,737	41,857,722
Undistributed ordinary income	—	—	4,836	4,474,758	646,627
Distributable earnings	—	—	4,836	4,474,758	646,627
Other accumulated losses	(1,710,074)	(29,917,001)	(1,844,238)	(3,940,425)	(2,048,163)
<b>Total distributable earnings (accumulated deficit)</b>	<u>\$ 709,857,557</u>	<u>\$ (5,325,331)</u>	<u>\$ 3,640,188</u>	<u>\$ 93,575,070</u>	<u>\$ 40,456,186</u>

The difference between book-basis and tax-basis unrealized appreciation is attributable primarily to the tax deferral of losses on wash sales and mark-to-market on passive foreign investment companies.

Additionally, GAAP requires that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications are primarily due to differing treatments for equalization accounting for tax purposes and net operating losses. These reclassifications have no effect on net assets or NAV per share.

For the year ended December 31, 2023, the following table shows the reclassifications made:

Fund	Total Distributable Earnings	Paid In Capital
Baird Mid Cap Growth Fund	\$(3,869,570)	\$3,869,570
Baird Small/Mid Cap Growth Fund	362,143	(362,143)
Baird Chautauqua International Growth Fund	1	(1)

### Distributions to Shareholders

Each Fund generally pays dividends from net investment income and distributes net realized capital gains, if any, at least annually. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. Certain Funds also utilize earnings and profits distributed to shareholders on redemptions of shares as part of the dividends paid deduction.

The tax components of distributions paid during the years shown below are as follows:

Fund	Year Ended December 31, 2023		
	Ordinary Income	Long-Term Capital Gains	Total
Baird Mid Cap Growth Fund	\$ —	\$55,686,445	\$55,686,445
Baird Equity Opportunity Fund	6,327	—	6,327
Baird Chautauqua International Growth Fund	1,673,671	—	1,673,671
Baird Chautauqua Global Growth Fund	1,309,394	—	1,309,394
Fund	Year Ended December 31, 2022		
	Ordinary Income	Long-Term Capital Gains	Total
Baird Mid Cap Growth Fund	\$5,430,320	\$25,642,571	\$31,072,891
Baird Small/Mid Cap Growth Fund	—	1,000,232	1,000,232
Baird Equity Opportunity Fund	449,445	14,047,005	14,496,450
Baird Chautauqua International Growth Fund	2,548,180	1,777,754	4,325,934
Baird Chautauqua Global Growth Fund	344,680	—	344,680

The Funds in the table above designated as long-term capital gain dividend, pursuant to Internal Revenue Code Section 852(b)(3), the amount necessary to reduce the earnings and profits of the Funds related to net capital gain to zero for the tax year ended December 31, 2023.

At December 31, 2023, the following Fund deferred, on a tax basis, post-October losses and specified losses of:

Fund	Loss Deferral
Baird Mid Cap Growth Fund	\$1,710,074

At December 31, 2023, accumulated capital loss carryovers without expiration were:

Fund	Capital Loss Carryover		Year of Expiration	
	Short-term	Long-term	Short-term	Long-term
Baird Small/Mid Cap Growth Fund	\$14,397,685	\$15,519,316	Indefinitely	Indefinitely
Baird Equity Opportunity Fund	1,549,548	311,492	Indefinitely	Indefinitely
Baird Chautauqua International Growth Fund	3,024,809	932,913	Indefinitely	Indefinitely
Baird Chautauqua Global Growth Fund	641,323	1,413,051	Indefinitely	Indefinitely

During the year ended December 31, 2023, the Baird Chautauqua International Growth Fund utilized \$2,955,716 of long-term capital loss carryover. During the year ended December 31, 2023, the Baird Mid Cap Growth Fund and the Baird Chautauqua International Growth Fund utilized \$45,587,598 and \$2,661,512 of short-term capital loss carryover, respectively.

# Notes to the Financial Statements

December 31, 2023

## 5. Investment Advisory and Other Agreements

The Funds have entered into Investment Advisory Agreements with Baird for the provision of investment advisory services. In addition, Baird has entered into a Subadvisory Agreement with Greenhouse related to the Baird Equity Opportunity Fund. Pursuant to the Investment Advisory Agreements, the Advisor is entitled to receive a fee, calculated daily and payable monthly, at the annual rates as follows:

<u>Fund</u>	<u>Investment Advisory Fees</u>
Baird Mid Cap Growth Fund	0.75%
Baird Small/Mid Cap Growth Fund	0.75%
Baird Equity Opportunity Fund	1.25%
Baird Chautauqua International Growth Fund	0.75%
Baird Chautauqua Global Growth Fund	0.75%

Under the Subadvisory Agreement, Baird is obligated to pay Greenhouse its subadvisory fee out of the advisory fee paid to Baird by the Baird Equity Opportunity Fund.

The Advisor has contractually agreed to waive its investment advisory fee and/or reimburse the Funds' operating expenses, to the extent necessary to ensure that total operating expenses, including the fees and expenses incurred by the Funds in connection with the Funds' investments in other investment companies (to the extent, in the aggregate, such fees and expenses on an annual basis exceed 0.0049% of the Fund's average daily net assets) and interest expense, but excluding taxes, brokerage commissions and extraordinary expenses, do not exceed the following annual percentages of the average daily net assets attributable to the Funds' Institutional Class and Investor Class shares:

<u>Fund</u>	<u>Institutional Class</u>	<u>Investor Class</u>
Baird Mid Cap Growth Fund	0.85%	1.10%
Baird Small/Mid Cap Growth Fund	0.85%	1.10%
Baird Equity Opportunity Fund	1.25%	1.50%
Baird Chautauqua International Growth Fund	0.80%	1.05%
Baird Chautauqua Global Growth Fund	0.80%	1.05%

The Expense Cap/Reimbursement Agreements are in effect through at least April 30, 2025 for all Funds.

To the extent that the Advisor reimburses or absorbs fees and expenses, it may seek payment of such amounts for three years after the date in which expenses were reimbursed or absorbed for the Baird Mid Cap Growth Fund, the Baird Small/Mid Cap Growth Fund, the Baird Chautauqua International Growth Fund and the Baird Chautauqua Global Growth Fund. A Fund will make no such payment, however, if its total annual operating expenses exceed the expense limits in effect at the time the expenses were reimbursed or at the time these payments are proposed.

	<u>Fiscal Year Ended December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Recoverable amounts reimbursed during:			
Subject to recovery on or before:	<u>2026</u>	<u>2025</u>	<u>2024</u>
<u>Fund:</u>			
Baird Small/Mid Cap Growth Fund	\$115,155	\$189,890	\$161,354
Baird Chautauqua International Growth Fund	357,653	315,901	265,579
Baird Chautauqua Global Growth Fund	243,392	317,746	295,197

The Advisor is not entitled to recoup any fees waived and/or expenses reimbursed by the Baird Equity Opportunity Fund under the Expense Cap/Reimbursement Agreement or under prior agreements. For the year ended December 31, 2023, the Advisor waived the following amount pursuant to the Expense Cap/Reimbursement Agreement between the Advisor and the Company on behalf of the Baird Equity Opportunity Fund:

<u>Fund</u>	<u>Waived Amount</u>
Baird Equity Opportunity Fund	\$267,698

U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services, serves as transfer agent, administrator, and accounting services agent for the Funds. U.S. Bank, N.A. ("U.S. Bank") serves as custodian for the Funds.

Robert W. Baird & Co. Incorporated (the "Distributor") is the sole distributor of the Funds pursuant to a distribution agreement.

No commissions were earned by the Distributor for services rendered as a registered broker-dealer in securities transactions for the year ended December 31, 2023 for the Funds.

Certain officers and employees of the Advisor are also officers of the Funds.

## 6. Line of Credit

The Company maintains an uncommitted line of credit ("LOC") with U.S. Bank to provide the fifteen Funds comprising the Company a temporary liquidity source to meet unanticipated redemptions or other permissible borrowing needs. The LOC is unsecured at all times and is subject to certain restrictions and covenants. Under the terms of the LOC, borrowings for each Fund are limited to one third of the total eligible net assets (including the amount borrowed) of the respective Fund, or \$850,000,000 of total borrowings for the Funds comprising the Company, whichever is less. U.S. Bank charges annualized interest at the greater of 1.00% and the Prime Rate minus 2.00%. As of December 31, 2023, the Prime Rate was 8.50%. The LOC matures on May 20, 2024, unless renewed. The Company has authorized U.S. Bank to charge any of the accounts of the borrowing Fund subject to the agreement for any missed payments.

During the year ended December 31, 2023, the Funds borrowed on three occasions from the LOC as follows:

<u>Fund</u>	<u>Amount Borrowed</u>	<u>Interest Charges Accrued</u>	<u>Borrowing Rate</u>
Baird Equity Opportunity Fund	\$ 149,000	\$ 81	5.50%
Baird Small/Mid Cap Growth Fund	282,000	47	6.00%
Baird Chautauqua International Growth Fund	4,221,000	2,786	6.50%

No other borrowings occurred during the year ended December 31, 2023, nor were any other borrowings outstanding under the LOC as of December 31, 2023.

# Notes to the Financial Statements

December 31, 2023

## 7. Distribution and Shareholder Service Plan

The Funds have adopted a distribution and shareholder service plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act. The Plan allows the Funds to compensate the Distributor for the costs incurred in distributing the Funds’ Investor Class shares, including amounts paid to brokers or dealers, at an annual rate of 0.25% of the average daily net assets of the Funds’ Investor Class shares.

For the year ended December 31, 2023, the Funds’ Investor Class shares incurred fees pursuant to the Plan as follows:

Fund	
Baird Mid Cap Growth Fund	\$424,154
Baird Small/Mid Cap Growth Fund	2,217
Baird Equity Opportunity Fund	7
Baird Chautauqua International Growth Fund	40,102
Baird Chautauqua Global Growth Fund	2,544

## 8. Other Derivatives Information

As a principal investment strategy, the Baird Equity Opportunity Fund may purchase and write options to hedge its portfolio and enhance returns. Options are subject to various risks including market risk, liquidity risk, volatility risk, counterparty risk, legal risk, and operations risk.

Management has adopted authoritative standards regarding disclosure about derivatives and hedging activities and how they affect a Fund’s Statement of Assets and Liabilities and Statement of Operations. Since the derivatives may be held for speculative trading purposes, the derivative instruments are not designated as hedging instruments. Accordingly, all realized gains and losses, as well as any change in net unrealized gains or losses on open contracts from the preceding period, are recognized as part of realized and unrealized gain (loss) in the Statement of Operations. These contracts are not subject to a master netting agreement.

The following table presents the fair value of derivative instruments for the Baird Equity Opportunity Fund as of December 31, 2023 as presented on the Fund’s Statement of Assets and Liabilities:

Derivatives Not Accounted for as Hedging Instruments	Statement of Assets and Liabilities Location	Fair Value	
		Assets	Liabilities
<b>Baird Equity Opportunity Fund</b>			
Option Contracts			
Purchased option contracts	Investments, at value	\$103,715	\$ —
Written option contracts	Written option contracts, at value	—	14,875
Total Option Contracts		<u>\$103,715</u>	<u>\$14,875</u>

The following table presents the results of the derivatives trading and information related to volume for the year ended December 31, 2023. The below captions of “Net Realized” and “Net Change in Unrealized” correspond to the captions in the Fund’s Statement of Operations.

	Gain (Loss) from Trading	
	Net Realized	Net Change in Unrealized Appreciation/ Depreciation
<b>Baird Equity Opportunity Fund</b>		
Option Contracts		
Purchased option contracts <sup>(a)</sup>		
Equity	\$(126,723)	\$ (34,303)
Written option contracts		
Equity	330,784	(66,961)
Total Option Contracts	<u>\$ 204,061</u>	<u>\$(101,264)</u>

<sup>(a)</sup> Purchased options are included in the net realized gain (loss) on investments and net change in unrealized appreciation/depreciation on investments.

The average monthly notional amount is shown as an indicator of volume. The average monthly notional amounts during the year ended December 31, 2023 were:

Baird Equity Opportunity Fund	Average Notional	
	Purchased	Written
Option contracts		
Equity	\$3,489,581	\$1,803,626

Please refer to the Fund’s prospectus for a full listing of risks associated with these investments.

## 9. Subsequent Events

In preparing these financial statements, management has evaluated events after December 31, 2023. There were no subsequent events since December 31, 2023, through the date the financial statements were issued that would warrant adjustment to or additional disclosure in these financial statements.

# Report of Independent Registered Public Accounting Firm

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To the Shareholders and Board of Directors of Baird Funds, Inc.

## Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedule of written option contracts of Baird Equity Opportunity Fund and the schedules of investments of Baird Mid Cap Growth Fund, Baird Small/Mid Cap Growth Fund, Baird Equity Opportunity Fund, Baird Chautauqua International Growth Fund, and Baird Chautauqua Global Growth Fund (the "Funds"), each a series of Baird Funds, Inc., as of December 31, 2023, the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the related notes, and the financial highlights for each of the five years in the period then ended (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of December 31, 2023, the results of their operations for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

## Basis for Opinion

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2023, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Funds' auditor since 2017.

*Cohen & Company, Ltd.*

COHEN & COMPANY, LTD.  
Milwaukee, Wisconsin  
February 26, 2024

# Directors & Officers

As of December 31, 2023 (Unaudited)

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## Independent Directors

### John W. Feldt

Independent Director, Audit Committee Chair

Term of Office: Indefinite

Length of Time Served: Since September 2000

Age: 81

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Retired.

Number of Active Portfolios in Complex Overseen by Director: 15

Other Directorships Held by Director: Director of Thompson Plumb Funds, Inc., a mutual fund complex (3 portfolios) (1987-2018).

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### Darren R. Jackson

Independent Director

Term of Office: Indefinite

Length of Time Served: Since November 2018

Age: 59

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Retired.

Number of Active Portfolios in Complex Overseen by Director: 15

Other Directorships Held by Director: Director of Wolfsped, Inc., a semiconductor company, since 2016; Director of Fastenal Company, a tool and supply distributor (2012-2020).

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### David J. Lubar

Independent Director

Term of Office: Indefinite

Length of Time Served: Since November 2021

Age: 69

c/o Lubar & Co.

833 E. Michigan Street,

Suite 1500

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: President and CEO, Lubar & Co., Incorporated, a private investment firm, since 1983.

Number of Portfolios in Complex Overseen by Director: 15

Other Directorships Held by Director: Director of Hallador Energy Company, since 2018.

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### Cory L. Nettles

Independent Director

Term of Office: Indefinite

Length of Time Served: Since January 2008

Age: 53

c/o Generation Growth Capital, Inc.

111 East Kilbourn Avenue, Suite 2800

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Managing Director, Generation Growth Capital, Inc., a private equity fund, since March 2007.

Number of Active Portfolios in Complex Overseen by Director: 15

Other Directorships Held by Director: Director of Weyco Group, Inc., a men's footwear distributor, since 2007; Director of Associated Banc-Corp, since 2013.

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### Marlyn J. Spear, CFA

Independent Director, Chair of Board

Term of Office: Indefinite

Length of Time Served: Since January 2008

Age: 70

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Retired.

Number of Active Portfolios in Complex Overseen by Director: 15

Other Directorships Held by Director: Management Trustee of AFL-CIO Housing Investment Trust, a mutual fund complex (1 portfolio) (1995-2018).

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### Frederick P. Stratton, Jr.

Independent Director, Nominating Committee Chair

Term of Office: Indefinite

Length of Time Served: Since May 2004

Age: 84

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Retired; Chairman Emeritus, Briggs & Stratton Corporation, a manufacturing company (2003-2020).

Number of Active Portfolios in Complex Overseen by Director: 15

Other Directorships Held by Director: Director of Weyco Group, Inc., a men's footwear distributor, since 1976.

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# Directors & Officers

As of December 31, 2023 (Unaudited)

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## Officers

### Mary Ellen Stanek

President

Term of Office: Re-elected by Board annually

Length of Time Served: Since September 2000

Age: 67

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Co-Chief Investment Officer, Baird Advisors, a department of the Advisor, since October 2021; Chief Investment Officer, Baird Advisors (March 2000-October 2021); Managing Director, the Advisor, since March 2000.

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### Charles B. Groeschell

Vice President

Term of Office: Re-elected by Board annually

Length of Time Served: Since January 2010

Age: 70

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Managing Director, the Advisor, and Senior Portfolio Manager, Baird Advisors, a department of the Advisor, since February 2000.

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### Angela M. Palmer

Chief Compliance Officer and

AML Compliance Officer

Term of Office: Re-elected by Board annually

Length of Time Served: Since March 2014

Age: 51

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Ave

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Chief Compliance Officer, the Advisor, since March 2014; Anti-Money Laundering Compliance Officer since May 2015; Managing Director, the Advisor, since January 2022; Director, the Advisor (July 2014-December 2021).

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### Dustin J. Hutter

Treasurer

Term of Office: Re-elected by Board annually

Length of Time Served: Since April 2021

Age: 47

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Senior Business Analyst, the Advisor, since September 2017; Managing Director, the Advisor, since January 2020; Director, the Advisor (July 2014-December 2019).

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### Charles M. Weber

Secretary

Term of Office: Re-elected by Board annually

Length of Time Served: Since September 2005

Age: 60

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Deputy General Counsel, the Advisor, since January 2022; Senior Associate General Counsel, the Advisor, January 2013 to December 2021; Managing Director, the Advisor, since January 2009.

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### Peter J. Hammond

Vice President

Term of Office: Re-elected by Board annually

Length of Time Served: Since August 2012

Age: 60

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Managing Director, the Advisor, since January 2016.

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### Mandy L. Hess

Assistant Treasurer

Term of Office: Re-elected by Board annually

Length of Time Served: Since April 2021

Age: 53

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Senior Vice President, the Advisor, since November 2019; Director of Finance and Assistant Treasurer, The Lynde and Harry Bradley Foundation, Inc. (a private grantmaking foundation) (December 2005-July 2019).

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### Andrew D. Ketter

Assistant Secretary

Term of Office: Re-elected by Board annually

Length of Time Served: Since February 2011

Age: 49

c/o Robert W. Baird & Co. Incorporated

777 East Wisconsin Avenue

Milwaukee, WI 53202

Principal Occupation(s) During the Past 5 Years: Managing Director, the Advisor, since January 2022; Associate General Counsel, the Advisor, since September 2010; Director, the Advisor (July 2014-December 2021).

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Additional information about the Funds' Directors is available in the Statement of Additional Information which may be obtained without charge, upon request, by calling 1-866-442-2473, or at [www.bairdfunds.com](http://www.bairdfunds.com).

# Baird Funds, Inc.

## Disclosure Regarding Approval of the Investment Advisory Agreements and Subadvisory Agreement for Baird Equity Funds (Unaudited)

The Board of Directors (the “Board”) of Baird Funds, Inc. (the “Company”), comprised of directors who are not “interested persons” of the Company within the meaning of the Investment Company Act of 1940 (the “Independent Directors”), met on August 9, 2023 and August 22, 2023 to consider the annual renewal of the investment advisory agreements between Robert W. Baird & Co. Incorporated (“Baird” or the “Advisor”) and the Company on behalf of the Baird Mid Cap Growth Fund, the Baird Small/Mid Cap Growth Fund, the Baird Chautauqua International Growth Fund and the Baird Chautauqua Global Growth Fund (the “Equity Funds” or the “Funds”).

The Board, which is comprised solely of Independent Directors, approved the continuation of the investment advisory agreements for the Equity Funds through a process that concluded at the August 22, 2023 meeting. At the August 22, 2023 meeting, the Board also considered the continuation of the subadvisory agreement between the Company and Greenhouse Funds LLLP (“Greenhouse”), the subadvisor to the Baird Equity Opportunity Fund (the “Equity Opportunity Fund”). In connection with the consideration of the investment advisory and subadvisory agreements, the Board reviewed and discussed various information that had been provided prior to the meeting, including a copy of the investment advisory and subadvisory agreements and the Funds’ fee schedules, the expense cap agreements for the Funds, a memorandum provided by the Funds’ legal counsel summarizing the guidelines relevant to the Board’s consideration of the investment advisory and subadvisory agreements, a memorandum and other information provided in response to a request from the Board by the Advisor, a copy of the Advisor’s Form ADV Part 1A and the Form ADV brochures and brochure supplements for the Advisor and Greenhouse, organizational charts for the Advisor and Greenhouse, financial information for the Advisor, its parent company and Greenhouse, a profitability analysis, comparative information about the Funds’ performance for the applicable periods ended June 30, 2023, comparative information about management fees and expense ratios, composite performance information for similar accounts managed by the Advisor and Greenhouse, trading and brokerage commission information and information related to payments to financial intermediaries.

The Board reviewed the Advisor’s 15(c) response with representatives of the Advisor and separately with legal counsel to the Independent Directors at the August 9, 2023 special meeting. The Board also took into account knowledge gained over time through its experience with the Advisor and Greenhouse as well as information reviewed periodically throughout the year, including information about performance, asset flows and expenses; discussions with management about personnel, succession planning and services provided to the Funds and their shareholders; discussions with the Company’s Chief Compliance Officer about compliance matters and discussions with the Funds’ portfolio managers.

In considering the investment advisory and subadvisory agreements and reaching its conclusions, the Board reviewed and analyzed various factors that it determined were relevant, including the factors below. In deciding to approve the renewal of the investment advisory agreements for each Fund and the subadvisory agreement for the Equity Opportunity Fund, the Board did not identify any single factor as determinative but considered all factors together.

### Nature, Extent and Quality of Services Provided to the Funds

The Board considered the nature, extent and quality of the services provided by the Advisor to the Funds. The Board noted the Advisor’s positive reputation, the Advisor’s long-term history of managing the Funds and the continuity and experience of the portfolio management teams employed to manage the investments of the Funds, noting that the Advisor provides supervision of Greenhouse’s portfolio management in the case of the Equity Opportunity Fund. The Board considered the depth and quality of the Advisor’s personnel who provide services to the Funds, including investment management, shareholder services, legal, compliance and accounting personnel. The Board also considered the Advisor’s continued investment in resources that benefit the Funds, including investments in personnel, technology, and research. With respect to the Equity Opportunity Fund, the Board noted that the Advisor is responsible for overseeing Greenhouse as subadvisor to the Fund and also provides administrative, compliance and support services to the Fund.

The Board considered the Advisor’s disciplined investment decision-making processes used for the applicable Funds. The Board noted that, for all Funds other than the Equity Opportunity Fund, Baird makes investment decisions, selects broker-dealers for the execution of portfolio transactions, votes proxies and provides other customary investment management services. The Board also considered other services that the Advisor provides the Funds in its capacity as their investment advisor, such as providing key personnel to serve as officers of the Funds, ensuring adherence to the Funds’ investment policies and restrictions, compliance services, shareholder servicing, administering the Funds’ liquidity risk management program, administering the Funds’ cybersecurity program and business continuity plan, serving as valuation designee of the Board for purposes of the Funds’ fair value procedures, providing support services to the Board and the committees of the Board and overseeing the Funds’ other service providers. The Board considered the strength of the Advisor’s legal and compliance department and the qualifications of the Funds’ Chief Compliance Officer. The Board noted the effective operation of the Advisor’s risk management, valuation and liquidity risk management processes. With respect to the Equity Opportunity Fund, the Board considered Greenhouse’s investment decision-making process used for the Fund, the experience and credentials of the Fund’s portfolio manager, and the investment management, trading, compliance, proxy voting and other services provided by Greenhouse.

The Board concluded that the nature, extent and quality of the services provided by the Advisor to each Fund were appropriate and that each Fund was likely to continue to benefit from the services provided by the Advisor under the applicable investment advisory agreement. The Board also concluded that the nature, extent and quality of the services provided by Greenhouse to the Equity Opportunity Fund were appropriate and that the Fund was likely to continue to benefit from the services provided by Greenhouse under the subadvisory agreement.

### Investment Performance of the Advisor, Greenhouse and the Funds

In considering the investment performance of each Fund, the Board reviewed information as of June 30, 2023 regarding the performance of each class of the Fund for applicable one-year, three-year, five-year, ten-year and since-inception periods in comparison to its benchmark index and its peer group as determined by Lipper. The Board reviewed the composite investment performance of the Advisor and Greenhouse with respect to accounts managed by the Advisor and Greenhouse, respectively, that are managed in the same strategy as the applicable Funds but did not consider it to be a material factor in the 15(c) process.

The Board considered each Fund’s absolute performance, noting competitive results over most time periods. The Board noted that the performance of the Institutional Class of the Baird Mid Cap Growth Fund exceeded the benchmark index for the three-year, five-year, ten-year and since-inception periods and had outperformed the Lipper peer group average over all time periods. The Board considered that the Institutional Class of the Baird Small/Mid Cap Growth Fund had outperformed the benchmark and the Lipper peer group average over the three-year and since-inception time periods. The Board considered the Advisor’s commentary regarding each Fund’s relative underperformance compared to the benchmark for the one-year period.

The Board noted that the Institutional Class of the Baird Chautauqua International Growth Fund had outperformed the benchmark index and the Lipper peer group average for all time periods. The Board noted that the Institutional Class of the Baird Chautauqua Global Growth Fund had outperformed the benchmark index for the one-year, five-year and since-inception periods, had underperformed the index for the three-year period, had underperformed the Lipper peer group average for the one-year period and had outperformed the peer group average for the other time periods. The Board considered the Advisor’s commentary regarding the Baird Chautauqua Global Growth Fund’s relative underperformance compared to the benchmark for the three-year period.

The Board noted that the Equity Opportunity Fund has seen improved performance under Greenhouse’s management, ranking in the top Lipper quartile for the one-year period. The Board noted that the Institutional Class had outperformed the benchmark for the one-year and three-year periods and trailed the benchmark over longer time periods. The Board considered that the longer time periods include performance for when the Fund was managed by a different portfolio management team.



# Baird Funds, Inc.

## Disclosure Regarding Approval of the Investment Advisory Agreements and Subadvisory Agreement for Baird Equity Funds (Unaudited) (Continued)

The Board also considered the Advisor's quarterly portfolio commentaries and discussions regarding the Funds' performance and the investment strategies the Advisor (or Greenhouse, with respect to the Equity Opportunity Fund) employs for each Fund. The Board concluded that each Fund and its shareholders were likely to benefit from the continued management by the Advisor, and that the Equity Opportunity Fund and its shareholders were likely to benefit from the continued management by Greenhouse.

### Advisory Fees and Expenses

The Board reviewed the fee and expense information for each of the Funds, including a comparison of each Fund's advisory fee and total net expense ratio to (1) peer funds selected by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent data provider, in the same Morningstar category (the "Expense Universe") and (2) a smaller peer group of similar funds selected by Broadridge (the "Expense Group"). The Board noted that the contractual management fee at a common asset level is below the Expense Group median for the Baird Small/Mid Cap Growth Fund, Baird Chautauqua International Growth Fund and Baird Chautauqua Global Growth Fund and above the Expense Group median with respect to the Baird Mid Cap Growth Fund and the Equity Opportunity Fund. The Board noted that the net advisory fee for each Fund, except the Baird Mid Cap Growth Fund, is below the Expense Group median. The Board also considered the net expense ratio of the Institutional Class of each Fund, after fee waivers and expense reimbursements by the Advisor, relative to the Expense Group and the Expense Universe. With respect to the Equity Opportunity Fund, the Board considered the portion of the advisory fee retained by the Advisor and the level of the subadvisory fee in light of the services provided by each of the Advisor and Greenhouse.

The Board also considered management fees charged by the Advisor to other investment accounts managed in similar strategies, including separately managed accounts, subadvised funds, private partnerships and a collective investment trust, but did not consider these comparisons to be a material factor given the Advisor's greater level of responsibilities and additional services provided with respect to the Funds, as well as the more extensive regulatory requirements and risks associated with managing the Funds. The Board also considered the level of the subadvisory fee as compared to the fee payable by investors in Greenhouse's long-only private fund as well as Greenhouse's commentary regarding additional services it provides to the Fund.

The Board concluded that the advisory fee and total expense ratio of each Fund were reasonable in light of the nature and quality of services provided and fees paid by comparable funds. With respect to the Equity Opportunity Fund, the Board concluded that the subadvisory fee was appropriate.

### Costs and Profitability

The Board considered the fees realized, and the costs incurred, by the Advisor in providing investment management services to the Funds and a profitability analysis with respect to each Fund. The Board considered that the Advisor's profitability information does not reflect costs incurred for various internal support services and systems to the Funds such as IT, compliance, risk, human resources, legal and finance. With respect to the Equity Opportunity Fund, the Board considered information regarding the fee revenue retained by the Advisor, taking into account the Advisor's parent company's ownership interest in Greenhouse, and the fee revenue retained by Greenhouse.

The Board reviewed the financial condition of the Advisor and its parent company and determined it to be sound. The Board noted that certain Funds were not profitable to the Advisor. The Board concluded that the Advisor's current level of profitability for each Fund, where applicable, was reasonable.

### Economies of Scale and Fee Levels Reflecting Those Economies

The Board considered the extent to which economies of scale might be realized as each Fund grows and to the extent which each Fund's advisory fee reflects those economies of scale for the benefit of Fund investors.

The Board noted that the Funds' advisory fee structure does not contain any breakpoint reductions as the Funds grow in size but considered the expenses incurred and investment advisory fees waived by the Advisor in the past and the competitiveness of the Funds' fees and expenses. The Board also considered investments made by the Advisor in resources that benefit the Funds as well as hard dollar payments for research. The Directors concluded that the current fee structure of each Fund was reasonable and provides for a sharing of any economies of scale with the Fund's investors.

### Benefits Derived from the Relationship with the Funds

The Board considered other benefits to the Advisor from serving as advisor to the Funds (in addition to the advisory fee). Those benefits include Rule 12b-1 fees received by the Distributor and its representatives. The Board noted that the Advisor and Greenhouse derive ancillary benefits from their association with the Funds in the form of research products and services received from unaffiliated broker-dealers who execute portfolio trades for the Funds. With respect to the Equity Opportunity Fund, the Board noted that the Advisor indirectly shares in the subadvisory fee paid to Greenhouse due to its ownership interest in Greenhouse. The Board noted that the Advisor's asset management and other institutional businesses may experience indirect benefits from the Advisor's association with the Funds. The Board considered that Greenhouse may benefit from some reputational benefits by virtue of its management of the Equity Opportunity Fund. The Board concluded that the other benefits realized by the Advisor and Greenhouse from their relationship with the Funds were appropriate.

Based on its evaluation of the above factors, the Directors concluded that (1) the continuation of the investment advisory agreements was in the best interest of each Fund and its shareholders and (2) the continuation of the subadvisory agreement was in the best interest of the Equity Opportunity Fund and its shareholders.

## Additional Information (Unaudited)

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### Proxy Voting

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling toll free, 1-866-442-2473, by accessing the Funds' website at [www.bairdfunds.com](http://www.bairdfunds.com) or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

Each Fund's proxy voting record for the most recent 12-month period ended June 30 is available without charge, upon request, by calling toll free, 1-866-442-2473, by accessing the Funds' website at [www.bairdfunds.com](http://www.bairdfunds.com) or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

### Portfolio Holdings Disclosure

The Funds file a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Part F of Form N-PORT. The Funds' filings on Part F of Form N-PORT are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Funds' Form N-PORT reports may also be obtained by calling toll-free 1-866-442-2473 or by accessing the Funds' website at [www.bairdfunds.com](http://www.bairdfunds.com).

### Qualified Dividend Income/Dividends Received Deduction

For the fiscal year ended December 31, 2023, certain dividends paid by the Funds may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003.

The percentage of dividends declared from ordinary income designated as qualified dividend income was as follows:

Baird Equity Opportunity Fund	100.00%
Baird Chautauqua International Growth Fund	100.00%
Baird Chautauqua Global Growth Fund	100.00%

For corporate shareholders, the percent of ordinary income distributions qualifying for the corporate dividends received deduction for the fiscal year ended December 31, 2023 was as follows:

Baird Equity Opportunity Fund	100.00%
Baird Chautauqua Global Growth Fund	15.50%

For the fiscal year ended December 31, 2023, the percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871(k)(2)(C) for each Fund was 0.00%.

# Baird Funds, Inc. Privacy Policy

FACTS	WHAT DOES BAIRD FUNDS DO WITH YOUR PERSONAL INFORMATION?	
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.	
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number</li> <li>• Account balances, transaction history and assets</li> <li>• Checking account information and wire transfer instructions</li> </ul>	
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Baird Funds, Inc. chooses to share; and whether you can limit this sharing.	
Reasons we can share your personal information	Does Baird Funds, Inc. share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We do not share
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	No	We do not share
<b>For our affiliates to market to you</b>	No	We do not share
<b>For nonaffiliates to market to you</b>	No	We do not share
Questions?	Call (toll free) 1-866-442-2473, Email <a href="mailto:prospectus@bairdfunds.com">prospectus@bairdfunds.com</a> or go to <a href="http://www.bairdfunds.com">www.bairdfunds.com</a>	

# Baird Funds, Inc. Privacy Policy

<b>Who we are</b>	
<b>Who is providing this notice?</b>	Baird Funds, Inc.
<b>What we do</b>	
<b>How does Baird Funds, Inc. protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does Baird Funds, Inc. collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• open an account or give us your contact information</li> <li>• make a wire transfer or provide account information</li> <li>• make deposits or withdrawals from your account</li> </ul> <p>We also collect your personal information from other companies.</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
<b>Definitions</b>	
<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• <i>Robert W. Baird &amp; Co Incorporated (the investment adviser and distributor to the Baird Funds) and its affiliates may share information among each other.</i></li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• <i>Baird Funds, Inc. does not share with nonaffiliates so they can market to you.</i></li> </ul>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you. We do not have any joint marketing partners.</p> <ul style="list-style-type: none"> <li>• <i>Baird Funds, Inc. does not have any joint marketing partners.</i></li> </ul>

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Baird Funds, Inc.  
c/o U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701  
1-866-442-2473

#### **Board of Directors**

John W. Feldt  
Darren R. Jackson  
David J. Lubar  
Cory L. Nettles  
Marlyn J. Spear (Chair)  
Frederick P. Stratton, Jr.

#### **Investment Advisor and Distributor**

Robert W. Baird & Co. Incorporated  
777 East Wisconsin Avenue  
Milwaukee, WI 53202

#### **Administrator and Transfer Agent**

U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
615 East Michigan Street  
Milwaukee, WI 53202

#### **Custodian**

U.S. Bank, N.A.  
1555 N. RiverCenter Drive, Suite 302  
Milwaukee, WI 53212

#### **Legal Counsel**

Godfrey & Kahn, S.C.  
833 East Michigan Street, Suite 1800  
Milwaukee, WI 53202

#### **Independent Registered Public Accounting Firm**

Cohen & Company, Ltd.  
342 North Water Street, Suite 830  
Milwaukee, WI 53202