

## Baird Funds

## Baird MidCap Fund

As of June 30, 2010

**Investment Objective**

The investment objective of the Baird MidCap Fund is to provide long-term growth of capital.

**Investment Strategy**

To achieve its investment objective, the MidCap Fund invests, under normal circumstances, at least 80% of its net assets in the equity securities of mid-capitalization companies, principally common stocks, preferred stocks and securities convertible into common stocks of U.S. issuers, including foreign issuers that are directly traded in the United States and American Depositary Receipts ("ADRs"). When analyzing equity securities to be purchased by the MidCap Fund, the Advisor emphasizes a company's growth prospects. The Advisor considers growth companies to be those that can consistently earn returns on equity and capital above their cost of capital and have above average projected earnings growth rates.

**Investment Management Team**

The following individuals comprise the Investment Management Team at the Advisor that manages the Fund's investments. **Charles F. Severson, CFA**, Senior Portfolio Manager; **Ken Hemauer, CFA**, Portfolio Manager.

**Fund Performance – Baird MidCap Fund**

Baird MidCap Fund	Average Annual Total Returns as of 06/30/2010					
	YTD as of 06/30/2010	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 12/29/00
Institutional Class	1.8%	26.7%	-3.6%	2.6%	na	2.1%
Investor Class	1.7%	26.3%	-3.9%	2.4%	na	1.8%
Russell MidCap® Growth Index	-3.3%	21.3%	-7.5%	1.4%	na	0.1%

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares when redeemed may be worth more or less than their original cost. The Fund's current performance may be lower or higher than the performance quoted. To obtain performance data current to the most recent month end, please visit [www.bairdfunds.com](http://www.bairdfunds.com). The performance of Baird MidCap Fund is measured against the Russell MidCap® Growth Index. This is an unmanaged common stock index that is generally representative of the U.S. stock market. An investment cannot be made directly in an index. Minimum investment for Institutional Class Shares is \$25,000 and minimum investment for Investor Class Shares is \$1,000 (IRA's) and \$2,500 (all other accounts).

**Portfolio Highlights – As of 06/30/2010**

NASDAQ Symbol	Top 10 Holdings	Fund	Equity Sector Weights	Fund	Russell MidCap® Growth
Institutional Class	BMDIX O Reilly Automotive (ORLY)	3.0%	Consumer Discretionary	20.7%	21.6%
Investor Class	BMDSX Church & Dwight (CHD)	2.6%	Consumer Staples	4.0%	4.4%
<b>NAV</b>	Alliance Data Systems (ADS)	2.4%	Energy	4.4%	6.0%
Institutional Class	8.04 Stericycle Inc. (SRCL)	2.4%	Financial Services	9.5%	8.8%
Investor Class	7.82 99 Cents Only Stores (NDN)	2.4%	Health Care	13.2%	13.7%
<b>Fund Expense Ratio</b>	Plexus Corp (PLXS)	2.4%	Materials & Processing	7.4%	7.6%
Institutional Class (Gross)	1.11% Thoratec Corp (THOR)	2.3%	Producer Durables	17.4%	16.9%
Institutional Class (Net <sup>2</sup> )	0.85% Nuvasive Inc. (NUVA)	2.3%	Technology	20.3%	19.9%
Investor Class (Gross)	1.36% Scripps Networks (SNI)	2.2%	Utilities	0.0%	1.1%
Investor Class (Net <sup>2</sup> )	1.10% Ansys Inc. (ANSS)	2.2%	Cash <sup>1</sup>	3.3%	0.0%
<b>Other Highlights</b>	<sup>1</sup> Cash may include money market and other comparable short-term investments.				
Net Assets	\$27,573,346	<sup>2</sup> The Net Expense Ratio is the Gross Expense Ratio minus any reimbursement from The Advisor. Investor class expense ratios include 0.25% 12b-1 fee. Top 10 holdings and Sector Weightings are subject to change. Sector weights based on equity sector values. The Advisor has contractually agreed to limit the Baird MidCap Fund's Total Annual Operating Expenses to 1.10% of average net assets for the Investor Class Shares and 0.85% of average net assets for Institutional Class Shares of the Fund, at least through April 30, 2011.			
Number of Holdings	56				
Turnover (Last 12 Mos.)	62.0%				

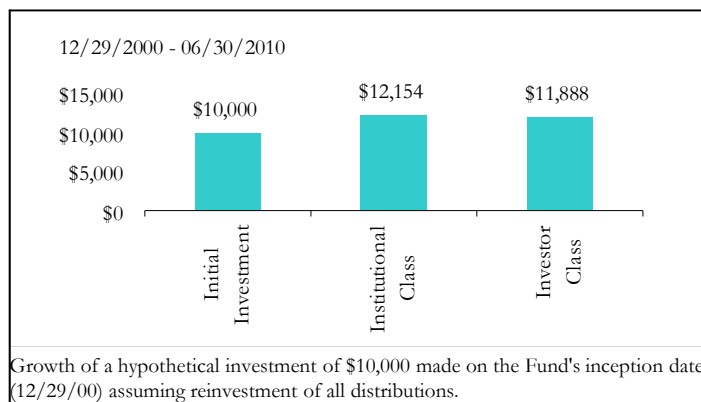
Regulatory Notice: Industry regulations require you to print this entire document and to provide your client with all pages.

## Portfolio Characteristics

	Fund	Russell MidCap® Growth
Avg. Wtd. Mkt Cap (billions)	\$4.1	\$6.1
Median Mkt Cap (billions)	\$3.1	\$3.5
Return on Equity (5yr Avg.)	18.3%	19.1%
EPS Hist. Growth (5-yr rate)	14.0%	9.6%
Rev. Hist. Growth (5-yr rate)	15.0%	11.0%
Dividend Growth (5-yr rate)	12.0%	13.2%
LT Debt as % of Capital	21.0%	30.0%
P/E Ratio (Trailing 4 Qtrs)	20.3x	19.9x

The characteristics are calculated by security on a dollar weighted average basis for the Fund and on the index values for the Russell MidCap® Growth Index. Please see below for a complete description of the characteristics.

## Growth of \$10,000



**Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. This and other information is found in the prospectus. Please read the prospectus carefully before you invest or send money. A prospectus may be obtained by visiting: [www.bairdfunds.com](http://www.bairdfunds.com) or by calling 1-866-442-2473.**

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. 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. Returns shown include the reinvestment of all dividends and capital gains.

Baird Funds are offered through Robert W. Baird & Co. Incorporated, a registered broker/dealer, member NYSE and SIPC. Robert W. Baird & Co. Incorporated also serves as investment advisor for the Fund and receives compensation for these services as disclosed in the current prospectus.

## Definitions for the Characteristics of the Fund &amp; Benchmark

## Russell Midcap® Growth Index

Measures the performance of Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000® index. A mi-cap index.

## Weighted Average Market Cap

Weighted Average Market Cap is the average of the market capitalizations of the companies in the portfolio, weighted by the size of each company's position within the portfolio. Market capitalization is calculated by using the price of the stock as of the most recent month end multiplied by the number of shares outstanding as shown in the financial statements of the issuer's most recent filing.

## Median Market Cap

Median Market Cap provides a measure of the market capitalization value of the companies in a portfolio. Market capitalization is calculated by using the price of the stock as of the most recent month end multiplied by the number of shares outstanding as shown in the financial statements of the issuer's most recent filing. An equal number of companies in the portfolio have market capitalizations higher and lower than the median.

## Return on Equity (5-yr Avg)

Return on Equity (ROE) is the after tax profits earned for all the shareholders of a company, expressed as a percentage. The return on equity percentage is calculated by dividing the company's net income by the total shareholders equity. The 5-year average is calculated by taking the average of 5 full fiscal years of ROE. The weighted average for all companies is then calculated to find the Return on Equity (5-yr Avg) for the total portfolio.

## EPS Historical Growth (5-yr Rate)

Earnings Per Share (EPS) is defined as the amount a company earned divided by the number of shares outstanding. The EPS Historical Growth (5-yr Rate) is calculated by fitting a Least Square Regression line to EPS data for each company in the portfolio (expressed in terms of a 4-quarter rolling sum) from the past 5 years. The weighted average for all companies is then calculated to find the EPS Historical Growth (5-yr Rate) for the total portfolio.

## Revenue Growth (5-yr Rate)

Revenue is the amount of a company's sales during a given time period. The Revenue Growth (5-yr Rate) is calculated by fitting a Least Square Regression line to earnings data for each company in the portfolio (expressed in terms of a 4-quarter rolling sum) from the past 5 years. The weighted average for all companies is then calculated to find the revenue growth (5-yr rate) for the total portfolio.

## Dividend Growth (5-yr Rate)

A dividend is a payment made by a corporation to the shareholders. The Dividend Growth (5-yr Rate) is calculated by fitting a Least Square Regression line to dividend data for each company in the portfolio (expressed in terms of a 4-quarter rolling sum) from the past 5 years. The weighted average for all companies is then calculated to find the total dividend growth (5-yr rate) for the total portfolio.

## LT Debt as % of Capital

Long-Term Debt as a Percentage of Capital is expressed in terms of a ratio that is calculated by dividing a company's long-term debt by the sum of the long-term debt + shareholders equity. The weighted average for all companies is then calculated to find the Long-Term Debt as a Percentage of Capital for the total portfolio.

## P/E Ratio (Trailing 4 qtrs)

The P/E Ratio (Trailing 4qtrs) is defined as the company's stock price divided by the earnings per share for the most recent four quarters. The weighted average for all companies is then calculated to find the P/E Ratio (Trailing 4 qtrs) for the total portfolio. The figure is interpreted as "The price of the stock is trading at 20x, or 'times' the earnings of the company."