



Baird Funds

Semi-Annual Report

June 30, 2010

RiverFront Long-Term 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.

RiverFront Long-Term Growth Fund

A June 30, 2010 summary of the Fund's top 10 holdings and asset allocation is shown below.

Top 10 Holdings*

Vanguard Emerging Markets ETF	7.18%
Vanguard Dividend Appreciation Index Fund	6.16%
SPDR S&P Emerging SmallCap ETF	5.92%
Vanguard Europe Pacific ETF	4.92%
PowerShares DB US Dollar Index Bullish Fund	3.89%
iShares MSCI Singapore Index Fund	3.48%
iShares MSCI Canada Index Fund	2.76%
iShares S&P SmallCap 600 Index Fund	2.64%
iShares MSCI All Country Asia ex-Japan Index Fund	2.45%
Vanguard REIT ETF	1.90%

Net Assets: \$52,246,119

Portfolio Turnover Rate (not annualized): 52.4%

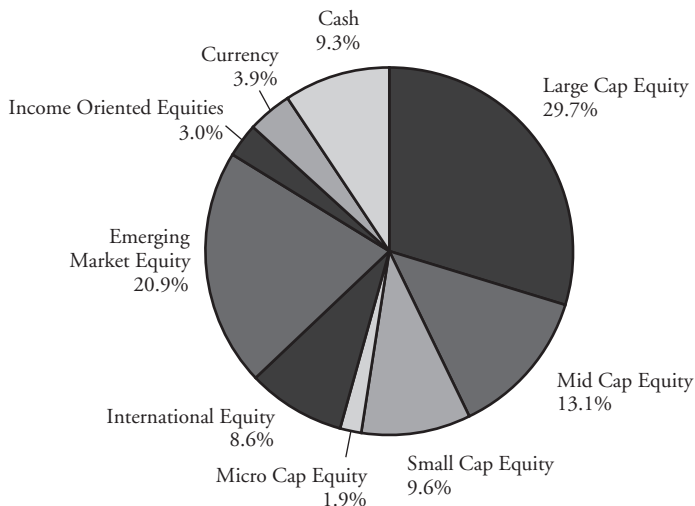
Number of Equity Holdings: 94

Annualized Portfolio Expense Ratio:***

INSTITUTIONAL CLASS: 0.90%

INVESTOR CLASS: 1.15%****

Asset Allocation**



* 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 June 30, 2010.

** Percentages shown in parentheses may not add up to 100% due to rounding.

*** The Advisor has contractually agreed to limit the Fund's total annual fund operating expenses to 0.90% of average daily net assets for the Institutional Class shares and 1.15% of average daily net assets for the Investor Class shares, at least through December 31, 2011.

**** Includes 0.25% 12b-1 fee.

RiverFront Long-Term Growth Fund

Total Returns

<i>For the Periods Ended June 30, 2010</i>	Six Months	One Year	Average Annual Since Inception⁽¹⁾
Institutional Class Shares	-6.96%	11.85%	14.22%
Investor Class Shares	-7.13%	11.50%	13.87%
S&P 500 [®] Index ⁽²⁾	-6.65%	14.43%	8.22%

(1) For the period from October 28, 2008 (commencement of operations) through June 30, 2010.

(2) The S&P 500[®] is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500[®] is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. Companies included in the index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. The S&P 500[®] is a market value weighted index – each stock's weight in the index is proportionate to its market value. A direct investment in an index is not possible.

The returns shown in the table above reflect reinvestment of dividends and/or capital gains distributions in additional shares. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

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 1-866-44BAIRD or visit www.bairdfunds.com. Mutual fund performance changes over time and current performance may be lower or higher than that stated.

RiverFront Long-Term Growth Fund

Schedule of Investments June 30, 2010 (Unaudited)

<i>Shares</i>	<i>Value</i>	<i>Shares</i>	<i>Value</i>
COMMON STOCKS – 36.3%		Computers & Peripherals – 2.0% (cont.)	
Aerospace & Defense – 2.8%		3,813 International Business Machines Corporation (IBM)	\$ 470,829
7,964 Esterline Technologies Corporation*	\$ 377,892		<u>1,065,949</u>
4,102 L-3 Communications Holdings, Inc.	290,586	Containers & Packaging – 0.9%	
5,266 Lockheed Martin Corporation	392,317	8,810 Ball Corporation	<u>465,432</u>
5,839 United Technologies Corporation	<u>379,009</u>	Diversified Financial Services – 0.9%	
	<u>1,439,804</u>	17,074 Bank of America Corporation	245,354
Capital Markets – 0.4%		13,303 NASDAQ OMX Group, Inc.*	<u>236,527</u>
2,976 Affiliated Managers Group, Inc.*	<u>180,852</u>		<u>481,881</u>
Chemicals – 1.6%		Electrical Equipment – 0.8%	
8,829 The Scotts Miracle-Gro Company – Class A	392,096	9,498 Cooper Industries PLC – Class A f	<u>417,912</u>
9,441 Sensient Technologies Corporation	244,805	Energy Equipment & Services – 1.1%	
3,833 Sigma-Aldrich Corporation	<u>190,998</u>	16,616 Diana Shipping, Inc.* f	187,096
	<u>827,899</u>	10,511 Hornbeck Offshore Services, Inc.*	153,461
Commercial Banks – 1.2%		12,266 Superior Energy Services, Inc.*	<u>229,006</u>
5,100 Cullen/Frost Bankers, Inc.	262,140		<u>569,563</u>
27,384 Valley National Bancorp	<u>372,970</u>	Food & Staples Retailing – 1.7%	
	<u>635,110</u>	8,270 CVS Caremark Corporation	242,477
Commercial Services & Supplies – 0.4%		5,866 NIKE, Inc. – Class B	396,248
4,616 Manpower Inc.	<u>199,319</u>	4,874 Wal-Mart Stores, Inc.	<u>234,293</u>
Communications Equipment – 1.0%			<u>873,018</u>
9,005 Cisco Systems, Inc.*	191,897	Food Products – 0.9%	
8,490 Harris Corporation	<u>353,609</u>	11,167 H.J. Heinz Company	<u>482,638</u>
	<u>545,506</u>	Health Care Providers & Services – 3.3%	
Computers & Peripherals – 2.0%		11,118 CareFusion Corporation*	252,379
2,366 Apple Inc.*	595,120	6,708 DaVita, Inc.*	418,848
		4,062 Express Scripts, Inc.*	190,995
		6,485 Henry Schein, Inc.*	356,026

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

RiverFront Long-Term Growth Fund

Schedule of Investments June 30, 2010 (Unaudited)

<i>Shares</i>	<i>Value</i>	<i>Shares</i>	<i>Value</i>
COMMON STOCKS – 36.3% (cont.)		Oil & Gas – 3.1%	
Health Care Providers & Services – 3.3% (cont.)		5,227	Chevron Corporation \$ 354,704
2,681	Johnson & Johnson \$ 158,340	3,647	Cimarex Energy Co. 261,052
15,320	PSS World Medical, Inc.* 324,018	8,292	Exxon Mobil Corporation 473,224
	1,700,606	11,486	Forest Oil Corporation* 314,257
Hotels, Restaurants & Leisure – 0.9%		14,035	Petrohawk Energy Corporation* 238,174
5,853	Darden Restaurants, Inc. 227,389		1,641,411
10,053	Penn National Gaming, Inc.* 232,224	Pharmaceuticals – 1.8%	
	459,613	9,113	Abbott Laboratories 426,306
Household Products – 0.8%		13,816	Bristol-Myers Squibb Company 344,571
6,284	The Clorox Company 390,614	8,230	PerkinElmer, Inc. 170,114
Insurance – 1.5%			940,991
16,679	HCC Insurance Holdings, Inc. 412,972	Real Estate Investment Trusts – 1.6%	
20,589	The Progressive Corporation* 385,426	11,598	American Campus Communities, Inc. 316,509
	798,398	10,748	Highwoods Properties, Inc. 298,364
IT Services – 0.7%		10,997	Weingarten Realty Investors 209,493
8,294	Fiserv, Inc.* 378,704		824,366
Leisure Equipment & Products – 0.6%		Semiconductors & Semiconductor Equipment – 0.9%	
8,131	Hasbro, Inc. 334,184	14,129	Intel Corporation 274,809
Machinery – 0.7%		12,540	Skyworks Solutions, Inc.* 210,547
8,551	Dover Corporation 357,346		485,356
Media – 1.2%		Software – 0.7%	
10,608	DIRECTV – Class A* 359,823	12,649	Amdocs Limited* f 339,626
9,534	Dreamworks Animation SKG, Inc.* 272,196	Specialty Retail – 0.6%	
	632,019	9,700	Best Buy Co., Inc. 328,442
Multiline Retail – 0.8%		Tobacco – 0.5%	
10,173	Dollar Tree, Inc.* 423,502	5,884	Philip Morris International Inc. 269,723
Office Electronics – 0.5%		Wireless Telecommunication Services – 0.4%	
10,864	Zebra Technologies Corporation – Class A* 275,620	46,064	Sprint Nextel Corporation* 195,311
			Total Common Stocks (Cost \$18,304,904) 18,960,715

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

RiverFront Long-Term Growth Fund

Schedule of Investments June 30, 2010 (Unaudited)

<i>Shares</i>	<i>Value</i>	<i>Shares</i>	<i>Value</i>
EXCHANGE-TRADED FUNDS – 53.0%		Large Cap – 9.6% (cont.)	
Currency – 3.9%		9,108	iShares U.S. Dow Jones Medical Equipment Index \$ 486,458
81,147	PowerShares DB US Dollar Index Bullish Fund* <u>\$ 2,033,544</u>	7,462	SPDR S&P Biotech ETF 386,308
Emerging Markets – 11.5%		73,050	Vanguard Dividend Appreciation Index Fund <u>3,216,391</u>
24,591	iShares MSCI All Country Asia ex-Japan Index Fund 1,280,454		<u>5,038,566</u>
5,309	iShares MSCI Chile Investable Market Index Fund 300,967	Micro Cap – 1.9%	
17,916	iShares MSCI Emerging Markets Index 668,625	56,618	First Trust Dow Jones Select MicroCap Index Fund <u>973,830</u>
98,796	Vanguard Emerging Markets ETF <u>3,753,260</u>	Mid Cap – 1.0%	
	<u>6,003,306</u>	22,828	SPDR KBW Bank ETF <u>522,533</u>
Energy – 0.3%		Real Estate – 1.9%	
4,899	SPDR S&P Oil & Gas Exploration & Production ETF <u>191,012</u>	21,378	Vanguard REIT ETF <u>993,863</u>
International Equity – 12.1%		Small Cap – 9.8%	
58,044	iShares MSCI Canada Index Fund 1,440,652	25,442	iShares S&P SmallCap 600 Index Fund 1,377,430
161,987	iShares MSCI Singapore Index Fund 1,820,734	18,691	PowerShares Dynamic Food & Beverage Portfolio 282,440
38,653	PowerShares International Dividend Achievers Portfolio 493,985	24,871	PowerShares Dynamic Leisure and Entertainment Portfolio 345,209
87,922	Vanguard Europe Pacific ETF <u>2,570,839</u>	68,057	SPDR S&P Emerging SmallCap ETF <u>3,093,190</u>
	<u>6,326,210</u>		<u>5,098,269</u>
Large Cap – 9.6%		Technology – 1.0%	
12,846	iShares Dow Jones U.S. Real Estate Index Fund 606,460	10,367	Vanguard Information Technology Index ETF <u>512,752</u>
7,970	iShares S&P North American Technology-Software Index Fund* 342,949		Total Exchange-Traded Funds (Cost \$27,985,861) <u>27,693,885</u>

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

RiverFront Long-Term Growth Fund

Schedule of Investments June 30, 2010 (Unaudited)

<i>Shares</i>		<i>Value</i>
SHORT-TERM INVESTMENTS – 9.3%		
Money Market Mutual Fund – 9.3%		
4,855,244	Fidelity Institutional Government Portfolio, 0.04% «	<u>\$ 4,855,244</u>
	Total Short-Term Investments (Cost \$4,855,244)	<u>4,855,244</u>
	Total Investments (Cost \$51,146,009) – 98.6%	51,509,844
	Other Assets in Excess of Liabilities – 1.4%	<u>736,275</u>
	TOTAL NET ASSETS – 100.0%	<u><u>\$52,246,119</u></u>

* Non–Income Producing
f Foreign Security
« 7-Day Yield

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

RiverFront Long-Term Growth Fund

Schedule of Investments June 30, 2010 (Unaudited)

Summary of Fair Value Exposure at June 30, 2010 (Unaudited)

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 inputs are summarized into three broad levels and described below:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, quoted prices in inactive markets, dealer indications, interest rates, yield curves, prepayment speeds, credit risk, default rates, inputs corroborated by observable market data, etc.)

Level 3 – Significant unobservable inputs (including the Fund's own assumptions about the assumptions that market participants would use in pricing the security)

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 total investments as of June 30, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity				
Common Stocks				
Aerospace & Defense	\$ 1,439,804	\$ —	\$ —	\$ 1,439,804
Capital Markets	180,852	—	—	180,852
Chemicals	827,899	—	—	827,899
Commercial Banks	635,110	—	—	635,110
Commercial Services & Supplies	199,319	—	—	199,319
Communications Equipment	545,506	—	—	545,506
Computers & Peripherals	1,065,949	—	—	1,065,949
Containers & Packaging	465,432	—	—	465,432
Diversified Financial Services	481,881	—	—	481,881
Electrical Equipment	417,912	—	—	417,912
Energy Equipment & Services	569,563	—	—	569,563
Food & Staples Retailing	873,018	—	—	873,018
Food Products	482,638	—	—	482,638
Health Care Providers & Services	1,700,606	—	—	1,700,606
Hotels, Restaurants & Leisure	459,613	—	—	459,613
Household Products	390,614	—	—	390,614

RiverFront Long-Term Growth Fund

Schedule of Investments June 30, 2010 (Unaudited)

	Level 1	Level 2	Level 3	Total
Insurance	798,398	—	—	798,398
IT Services	378,704	—	—	378,704
Leisure Equipment & Products	334,184	—	—	334,184
Machinery	357,346	—	—	357,346
Media	632,019	—	—	632,019
Multiline Retail	423,502	—	—	423,502
Office Electronics	275,620	—	—	275,620
Oil & Gas	1,641,411	—	—	1,641,411
Pharmaceuticals	940,991	—	—	940,991
Real Estate Investment Trusts	824,366	—	—	824,366
Semiconductors & Semiconductor Equipment	485,356	—	—	485,356
Software	339,626	—	—	339,626
Specialty Retail	328,442	—	—	328,442
Tobacco	269,723	—	—	269,723
Wireless Telecommunication Services	195,311	—	—	195,311
Total Common Stocks	18,960,715	—	—	18,960,715
Exchange-Traded Funds				
Currency	2,033,544	—	—	2,033,544
Emerging Markets	6,003,306	—	—	6,003,306
Energy	191,012	—	—	191,012
International Equity	6,326,210	—	—	6,326,210
Large Cap	5,038,566	—	—	5,038,566
Micro Cap	973,830	—	—	973,830
Mid Cap	522,533	—	—	522,533
Real Estate	993,863	—	—	993,863
Small Cap	5,098,269	—	—	5,098,269
Technology	512,752	—	—	512,752
Total Exchange-Traded Funds	27,693,885	—	—	27,693,885
Total Equity	46,654,600	—	—	46,654,600
Short-Term Investments				
Money Market Mutual Fund	4,855,244	—	—	4,855,244
Total Short-Term Investments	4,855,244	—	—	4,855,244
Total Investments	\$51,509,844	\$ —	\$ —	\$51,509,844

There were no significant transfers into or out of Level 1 and Level 2 fair value measurements during the reporting period, as compared to their classification from the most recent annual report

RiverFront Long-Term Growth Fund

Additional Information on Fund Expenses June 30, 2010 (Unaudited)

Example

As a shareholder of a mutual fund, you incur two types of costs: (1) transaction costs, which may include sales charges (loads) on purchase payments, reinvested dividends, or other distributions; redemption fees; and exchange fees; and (2) ongoing costs, such as management fees; distribution and/or service (12b-1) fees; and other fund expenses. Although the Fund does not charge any sales loads, redemption fees, or other transaction fees, 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, the Fund's transfer agent. If you request that a redemption be made by wire transfer, currently the Fund's transfer agent charges a \$15.00 fee.

This Example is intended to help you understand your ongoing costs (in dollars) of investing in the 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 (1/1/10 – 6/30/10).

Actual Expenses

The third and fourth columns of the following table provide information about account values based on actual returns 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 Fund's actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. 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 Fund 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 and do not reflect any transactional costs. 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. In addition, if these transactional costs were included, your costs could have been higher.

RiverFront Long-Term Growth Fund

Additional Information on Fund Expenses June 30, 2010 (Unaudited)

Actual vs. Hypothetical Returns

For the Six Months Ended June 30, 2010

			Actual		Hypothetical (5% return before expenses)	
	Fund's Annualized Expense Ratio ⁽¹⁾	Beginning Account Value 1/1/10	Ending Account Value 6/30/10	Expenses Paid During Period ⁽¹⁾	Ending Account Value 6/30/10	Expenses Paid During Period ⁽¹⁾
RiverFront Long-Term Growth Fund						
Institutional Class	0.90%	\$1,000.00	\$930.40	\$4.31	\$1,020.33	\$4.51
Investor Class	1.15%	\$1,000.00	\$928.70	\$5.50	\$1,019.09	\$5.76

⁽¹⁾ Expenses are equal to the Fund's annualized net expense ratio multiplied by the average account value over the period, multiplied by 181 days and divided by 365 to reflect the one-half year period.

RiverFront Long-Term Growth Fund

Statement of Assets and Liabilities June 30, 2010 (Unaudited)

ASSETS:

Investments, at value (cost \$51,146,009)	\$51,509,844
Uninvested Cash	3,029
Dividends receivable	26,209
Interest receivable	217
Receivable for investments sold	816,118
Receivable for fund shares sold	35,641
Other assets	23,404
Total assets	<u>52,414,462</u>

LIABILITIES:

Payable for fund shares purchased	113,562
Payable to Advisor and Distributor	17,146
Accrued expenses and other liabilities	37,635
Total liabilities	<u>168,343</u>

NET ASSETS

\$52,246,119

NET ASSETS CONSIST OF:

Capital stock	\$51,232,041
Accumulated undistributed net investment income	79,529
Accumulated net realized gain on investments sold	570,714
Net unrealized appreciation on investments	363,835

NET ASSETS

\$52,246,119

INSTITUTIONAL CLASS SHARES

Net Assets	32,854,739
Shares outstanding (\$0.01 par value, unlimited shares authorized)	2,671,103
Net asset value, offering and redemption price per share	<u>\$ 12.30</u>

INVESTOR CLASS SHARES

Net Assets	19,391,380
Shares outstanding (\$0.01 par value, unlimited shares authorized)	1,582,299
Net asset value, offering and redemption price per share	<u>\$ 12.26</u>

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

RiverFront Long-Term Growth Fund

Statement of Operations Six Months Ended June 30, 2010 (Unaudited)

INVESTMENT INCOME:

Dividends	\$ 276,911
Interest	774
Other income	<u>44,028</u>
Total investment income	<u>321,713</u>

EXPENSES:

Investment advisory fees	159,057
Administration fees	4,684
Shareholder servicing fees	11,433
Fund accounting fees	12,717
Professional fees	25,991
Federal and state registration	16,855
Directors fees	24,557
Custody fees	9,364
Reports to shareholders	6,965
Distribution fees - Investor Class Shares (Note 7)	21,952
Miscellaneous expenses	<u>276</u>
Total expenses	293,851
Expense reimbursement by Advisor (Note 5)	<u>(51,667)</u>
Total expenses	<u>242,184</u>

NET INVESTMENT INCOME

79,529

REALIZED AND UNREALIZED GAIN/LOSS ON INVESTMENTS:

Net realized gain on investments	585,728
Change in unrealized appreciation/depreciation on investments	<u>(4,806,993)</u>
Net realized and unrealized loss on investments	<u>(4,221,265)</u>

NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS

\$(4,141,736)

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

RiverFront Long-Term Growth Fund

Statements of Changes in Net Assets

	Six Months Ended June 30, 2010 (Unaudited)	Year Ended December 31, 2009
OPERATIONS:		
Net investment income	\$ 79,529	\$ 256,209
Net realized gain on investments	585,728	83,824
Change in unrealized appreciation/depreciation on investments	<u>(4,806,993)</u>	<u>5,035,621</u>
Net increase (decrease) in net assets resulting from operations	<u>(4,141,736)</u>	<u>5,375,654</u>
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	19,337,991	32,645,189
Shares issued to holders in reinvestments of dividends	—	252,329
Cost of shares redeemed	<u>(4,594,612)</u>	<u>(4,230,495)</u>
Net increase in net assets resulting from capital share transactions	<u>14,743,379</u>	<u>28,667,023</u>
DISTRIBUTIONS TO INSTITUTIONAL CLASS SHAREHOLDERS:		
From net investment income	<u>—</u>	<u>(183,786)</u>
DISTRIBUTIONS TO INVESTOR CLASS SHAREHOLDERS:		
From net investment income	<u>—</u>	<u>(79,120)</u>
TOTAL INCREASE IN NET ASSETS	10,601,643	33,779,771
NET ASSETS:		
Beginning of period	<u>41,644,476</u>	<u>7,864,705</u>
End of period (including undistributed net investment income of \$79,529 and \$0, respectively)	<u>\$52,246,119</u>	<u>\$41,644,476</u>

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

RiverFront Long-Term Growth Fund

Financial Highlights

	Institutional Class		
	Six Months Ended June 30, 2010 (Unaudited)	Year Ended December 31, 2009	October 28, 2008 ⁽¹⁾ through December 31, 2008
Per Share Data:			
Net asset value, beginning of period	<u>\$13.22</u>	<u>\$10.49</u>	<u>\$10.00</u>
Income from investment operations:			
Net investment income	0.03	0.16 ⁽²⁾	0.12 ⁽²⁾
Net realized and unrealized gains (losses) on investments	<u>(0.95)</u>	<u>2.66</u>	<u>0.46</u>
Total from investment operations	<u>(0.92)</u>	<u>2.82</u>	<u>0.58</u>
Less distributions:			
Distributions from net investment income	<u>—</u>	<u>(0.09)</u>	<u>(0.09)</u>
Net asset value, end of period	<u>\$12.30</u>	<u>\$13.22</u>	<u>\$10.49</u>
Total return	(6.96%) ⁽³⁾	26.86%	5.81% ⁽³⁾
Supplemental data and ratios:			
Net assets, end of period	\$32,854,739	\$27,762,867	\$7,438,725
Ratio of expenses to average net assets	0.90% ⁽⁴⁾	0.90%	0.90% ⁽⁴⁾
Ratio of expenses to average net assets (before waivers)	1.11% ⁽⁴⁾	1.53%	4.97% ⁽⁴⁾
Ratio of net investment income to average net assets	0.41% ⁽⁴⁾	1.34%	7.55% ⁽⁴⁾
Ratio of net investment income to average net assets (before waivers)	0.20% ⁽⁴⁾	0.71%	3.48% ⁽⁴⁾
Portfolio turnover rate ⁽⁵⁾	52.4% ⁽³⁾	67.1%	13.3% ⁽³⁾

(1) Commencement of operations.

(2) Calculated using average shares outstanding during the period.

(3) Not annualized.

(4) Annualized.

(5) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

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

RiverFront Long-Term Growth Fund

Financial Highlights

	Investor Class		
	Six Months Ended June 30, 2010 (Unaudited)	Year Ended December 31, 2009	October 28, 2008 ⁽¹⁾ through December 31, 2008
Per Share Data:			
Net asset value, beginning of period	<u>\$13.19</u>	<u>\$10.49</u>	<u>\$10.00</u>
Income from investment operations:			
Net investment income	0.01	0.13 ⁽²⁾	0.12 ⁽²⁾
Net realized and unrealized gains (losses) on investments	<u>(0.94)</u>	<u>2.65</u>	<u>0.46</u>
Total from investment operations	<u>(0.93)</u>	<u>2.78</u>	<u>0.58</u>
Less distributions:			
Distributions from net investment income	<u>—</u>	<u>(0.08)</u>	<u>(0.09)</u>
Net asset value, end of period	<u>\$12.26</u>	<u>\$13.19</u>	<u>\$10.49</u>
Total return	(7.13%) ⁽³⁾	26.58%	5.68% ⁽³⁾
Supplemental data and ratios:			
Net assets, end of period	\$19,391,380	\$13,881,609	\$425,980
Ratio of expenses to average net assets	1.15% ⁽⁴⁾	1.15%	1.15% ⁽⁴⁾
Ratio of expenses to average net assets (before waivers)	1.36% ⁽⁴⁾	1.78%	5.22% ⁽⁴⁾
Ratio of net investment income to average net assets	0.16% ⁽⁴⁾	1.09%	7.30% ⁽⁴⁾
Ratio of net investment income (loss) to average net assets (before waivers)	(0.05%) ⁽⁴⁾	0.46%	3.23% ⁽⁴⁾
Portfolio turnover rate ⁽⁵⁾	52.4% ⁽³⁾	67.1%	13.3% ⁽³⁾

(1) Commencement of operations.

(2) Calculated using average shares outstanding during the period.

(3) Not annualized.

(4) Annualized.

(5) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

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

RiverFront Long-Term Growth Fund

Notes to the Financial Statements June 30, 2010 (Unaudited)

1. ORGANIZATION

Baird Funds, Inc. (the “Corporation”) 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 RiverFront Long-Term Growth Fund (“Fund”), one of the eight portfolios comprising the Corporation. Pursuant to the 1940 Act, the Fund is a “diversified” series of the Corporation. The investment advisor to the Fund is Robert W. Baird & Co. Incorporated (“Baird” or the “Advisor”). The sub-advisor to the Fund is RiverFront Investment Group, LLC (“RiverFront”).

The Fund commenced operations with the sale of both Institutional and Investor Class Shares on October 28, 2008. The Institutional Class Shares are not subject to a distribution and service (12b-1) fee, while the Investor Class Shares are subject to a distribution and service (12b-1) fee up to 0.25%.

The Fund seeks long-term capital appreciation through investments primarily in equity securities of domestic and foreign companies across varying market capitalization ranges, styles and economic sectors.

On June 30, 2010, the Advisor held 49% of the Institutional Class Shares of the Fund through the Advisor’s participant-directed retirement and deferred compensation plans.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America.

- a) *Investment Valuation* – Section 2(a)(41) of the 1940 Act, together with the rules and interpretations of the SEC, requires the Fund, in computing NAV, to value its 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 market for such security is limited, the validity of quotations is questionable or, for debt securities, IDC, the Fund’s independent pricing service, does not provide a price), the Board of Directors of the Corporation must value the securities at “fair value determined in good faith.” The Board has delegated such responsibility to the Advisor pursuant to pricing policies and procedures that the Board has adopted and regularly reviews. In general, 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.

Consistent with Section 2(a)(41) of the 1940 Act, the Fund prices its securities as follows: common stocks and ETFs 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 asked price. Debt securities are valued by an independent pricing service using valuation methods that are designed to represent

RiverFront Long-Term Growth Fund

Notes to the Financial Statements June 30, 2010 (Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

fair value, such as matrix pricing and other analytical pricing models, market transactions and dealer quotations. Debt securities purchased with a remaining maturity of 60 days or less are valued at acquisition cost plus or minus any amortized discount or premium which approximates fair value. Investments in mutual funds are valued at their stated net asset value. 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 procedures approved by the Corporation's Board of Directors. In accordance with such procedures, the Advisor may use broker quotes or prices obtained from alternative independent pricing services, or, if the broker quotes or prices from alternative pricing services are unavailable or deemed to be unreliable, fair value will be determined by a valuation committee of the Advisor (which includes a representative of RiverFront). In determining fair value, the valuation committee takes into account all relevant factors and available information. Consequently, the price of the security used by the Fund to calculate its NAV may differ from quoted or published prices for the same security. Fair value pricing involves subjective judgments and there is no single standard for determining a security's fair value. 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. In addition, given the volatility and periodic illiquidity experienced in recent years, 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.

In January, 2010, FASB issued Accounting Standards Update No. 2010-06, Improving Disclosures about Fair Value Measurements (ASU 2010-06). ASU 2010-06 requires new disclosures regarding transfers in and out of Levels 1 and 2 (effective for interim and annual periods beginning after December 15, 2009), as well as additional details regarding Level 3 transaction activity (effective for interim and annual periods beginning after December 15, 2010).

- b) *Foreign Securities* – Foreign securities are defined as securities issued by companies that are organized outside the United States. 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. Occasionally, events that affect those 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 the Fund's securities, these securities may be valued at their fair value pursuant to procedures adopted by the Board of Directors. All of the foreign securities directly owned by the Fund as of June 30, 2010 are traded on the New York Stock Exchange or NASDAQ.

RiverFront Long-Term Growth Fund

Notes to the Financial Statements June 30, 2010 (Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

- c) *Federal Income Taxes* – The Fund intends to continue to qualify as a regulated investment company as provided in subchapter M of the Internal Revenue Code and to distribute substantially all of its taxable income to its shareholders in a manner which results in no tax cost to the Fund. 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 fiscal year ended December 31, 2009, or for any other tax years which are open for exam. As of June 30, 2010, open tax years include the tax years ended December 31, 2008 and 2009. The Fund is also 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 Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the year, the Fund did not incur any interest or penalties.

- d) *Distributions to Shareholders* – Dividends from net investment income, if any, are declared and paid annually. Distributions of net realized gains, if any, are declared and paid at least annually.
- e) *Allocation of Income and Expenses* – The 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 the Fund are allocated among the series of the Corporation in proportion to their assets.
- f) *Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
- g) *Other* – Investment and shareholder transactions are recorded on trade date. The Fund determines the gain or loss realized from investment transactions by comparing the original cost of the security lot sold with the net sales proceeds. Dividend income is recognized on the ex-dividend date and interest income is recognized on an accrual basis. Accounting principles generally accepted in the United States require that permanent financial reporting and tax differences be reclassified in the capital accounts.
- h) *Guarantees and Indemnifications* – In the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown and this would involve future claims against the Fund that have not yet occurred. Based on experience, the Fund would expect the risk of loss to be remote.

RiverFront Long-Term Growth Fund

Notes to the Financial Statements June 30, 2010 (Unaudited)

3. CAPITAL SHARE TRANSACTIONS

The following table summarizes the capital share transactions of the Fund for the six month period ended June 30, 2010 and for the fiscal year ended December 31, 2009:

	Six Months Ended June 30, 2010			Six Months Ended June 30, 2010	
	Shares	Amount		Shares	Amount
Institutional Class Shares			Investor Class Shares		
Shares sold	848,397	\$11,248,841	Shares sold	607,056	\$8,089,150
Shares redeemed	(277,092)	(3,599,671)	Shares redeemed	(77,214)	(994,941)
Net increase	571,305	<u>\$ 7,649,170</u>	Net increase	529,842	<u>\$7,094,209</u>
Shares Outstanding:			Shares Outstanding:		
Beginning of period	2,099,798		Beginning of period	1,052,457	
End of period	<u>2,671,103</u>		End of period	<u>1,582,299</u>	
	Year Ended December 31, 2009			Year Ended December 31, 2009	
	Shares	Amount		Shares	Amount
Institutional Class Shares			Investor Class Shares		
Shares sold	1,709,014	\$19,773,680	Shares sold	1,060,950	\$12,871,509
Shares issued to shareholders in reinvestment of distributions	13,072	176,343	Shares issued to shareholders in reinvestment of distributions	5,717	75,986
Shares redeemed	(331,302)	(3,570,027)	Shares redeemed	(54,832)	(660,468)
Net increase	1,390,784	<u>\$16,379,996</u>	Net increase	1,011,835	<u>\$12,287,027</u>
Shares Outstanding:			Shares Outstanding:		
Beginning of period	709,014		Beginning of period	40,622	
End of period	<u>2,099,798</u>		End of period	<u>1,052,457</u>	

RiverFront Long-Term Growth Fund

Notes to the Financial Statements June 30, 2010 (Unaudited)

4. INVESTMENT TRANSACTIONS AND INCOME TAX INFORMATION

During the six months ended June 30, 2010, the Fund's purchases and sales of investment securities (excluding short-term investments) were \$35,605,082 and \$24,094,177, respectively. The Fund did not purchase or sell U.S. Government securities during the six months ended June 30, 2010.

At December 31, 2009, the Fund's accumulated earnings/losses on a tax basis were as follows:

Cost of Investments	<u>\$36,315,341</u>
Gross unrealized appreciation	\$ 5,464,116
Gross unrealized depreciation	(326,982)
Net unrealized appreciation	<u>\$ 5,137,134</u>
Undistributed ordinary income	\$ 2,449
Undistributed long-term capital gain	16,231
Total distributable earnings	<u>\$ 18,680</u>
Other accumulated losses	\$ —
Total accumulated earnings	<u>\$ 5,155,814</u>

Undistributed income or net realized gains for financial statement purposes may differ from amounts recognized for federal income tax purposes due to differences in the recognition and characterization of income, expense and capital gain items.

The difference between book-basis and tax-basis unrealized appreciation is attributable primarily to the tax deferral of losses on wash sales.

Additionally, U.S. generally accepted accounting principles require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share.

The tax components of dividends paid by the Fund during the six months ended June 30, 2010 and year ended December 31, 2009 were as follows:

	Six Months Ended <u>June 30, 2010</u>	Year Ended <u>December 31, 2009</u>
Ordinary Income	\$—	\$262,906
Long-Term Capital Gains	—	—

RiverFront Long-Term Growth Fund

Notes to the Financial Statements June 30, 2010 (Unaudited)

5. INVESTMENT ADVISORY AND OTHER AGREEMENTS

The Fund has entered into an Investment Advisory Agreement with Baird for the provision of investment advisory services. Pursuant to the Investment Advisory Agreement, the Advisor is entitled to receive a fee, calculated daily and payable monthly, at the annual rate of 0.65% for the Fund as applied to the Fund's average daily net assets. Certain officers of the Advisor are also officers of the Fund. The Fund has also entered into a Sub-Advisory Agreement with Baird and RiverFront under which RiverFront in its capacity as investment sub-advisor is responsible for the management of the Fund's assets subject to the Advisor's oversight. Pursuant to the Sub-Advisory Agreement, the Advisor (not the Fund) is responsible for paying RiverFront a sub-advisory fee at an annual rate of 0.45% of the Fund's average daily net assets.

For the period from October 28, 2008 through December 31, 2008 (commencement of operations), and years ending 2009, 2010 and 2011, the Advisor has contractually agreed to waive its investment advisory fee and/or reimburse the Fund's operating expenses (exclusive of brokerage commissions, taxes, and extraordinary expenses, but including the fees and expenses incurred by the Fund in connection with its investments in ETFs and other investment companies) to the extent necessary to ensure that the Fund's annual operating expenses do not exceed 0.90% of the average daily net assets of the Fund's Institutional Class Shares and 1.15% of the average daily net assets of the Fund's Investor Class Shares.

To the extent that the Advisor reimburses or absorbs fees and expenses, it may seek payment of such amounts for three years after the year in which expenses were reimbursed or absorbed. The 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.

	Six Months Ended June 30, 2010	Fiscal Year Ended December 31, 2009	Period Ended October 28, 2008 through December 31, 2008
Reimbursed/Absorbed Expenses Subject to Recovery by Advisor Until: RiverFront Long-Term Growth Fund	2013 \$51,667	2012 \$126,348	2011 \$35,032

U.S. Bancorp Fund Services, LLC serves as transfer agent, administrator, and accounting services agent for the Fund. U.S. Bank, N.A. serves as custodian for the Fund.

Robert W. Baird & Co. Incorporated (the "Distributor") is the sole distributor of the Fund 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 Fund for the six months ended June 30, 2010.

RiverFront Long-Term Growth Fund

Notes to the Financial Statements June 30, 2010 (Unaudited)

6. LINE OF CREDIT

The Corporation maintains an uncommitted, senior secured line of credit (“LOC”) with U.S. Bank, N.A. (the “Bank”) to provide the Fund a temporary liquidity source to meet unanticipated redemptions. Under the terms of the LOC, borrowings for the Fund are limited to one-third of the total assets (including the amount borrowed), or as otherwise indicated within the Fund’s agreement with the Bank. The Bank charges interest at the Bank’s Prime Rate less 1%. For the six months ended June 30, 2010 the Fund did not borrow from the LOC.

7. DISTRIBUTION AND SHAREHOLDER SERVICE PLAN

The Fund has adopted a distribution and shareholder service plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act. The Plan allows the Fund to compensate the Distributor for the cost incurred in distributing the Fund’s Investor Class Shares, including amounts paid to brokers or dealers, at an annual rate not to exceed 0.25% of the average daily net assets of the Fund’s Investor Class Shares. The Fund incurred \$21,952 in fees pursuant to the Plan during the six months ended June 30, 2010.

8. SUBSEQUENT EVENT

In connection with the preparation of the Fund’s financial statements, management has evaluated subsequent events after June 30, 2010. At a special meeting held on June 14, 2010, the Board of Directors of the Fund approved a plan of reorganization for the Fund by which the Fund, subject to shareholder approval and other closing conditions, will be reorganized into a newly created series (to be named the RiverFront Long-Term Growth Fund; the “Acquiring Fund”) of Financial Investors Trust sponsored by ALPS Advisors, Inc. in a tax-free reorganization. The proposed Reorganization will consist of the transfer of all assets and assumption of liabilities of the Fund to the Acquiring Fund, in exchange solely for voting Investor Class and Class L shares of beneficial interest of the Acquiring Fund. The proposed Reorganization is intended to qualify as a tax-free reorganization under the Internal Revenue Code and that as such no gain or loss will be recognized by the Fund or its shareholders. As part of the proposed reorganization, ALPS Advisors, Inc. would replace Robert W. Baird, Incorporated as the Advisor to the Fund, with RiverFront Investment Group, LLC remaining as the sub-advisor. The matter is subject to shareholder vote at a special meeting to be held by the Fund on September 17, 2010.

There have been no other significant subsequent events since June 30, 2010 that would require adjustment to or additional disclosure in these financial statements.

Additional Information

Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling toll free, 1-866-44BAIRD, or by accessing the Fund's website at www.bairdfunds.com; and by accessing the SEC's website at www.sec.gov.

The 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, 1-866-44BAIRD, or by accessing the Fund's website at www.bairdfunds.com; and by accessing the SEC's website at www.sec.gov.

Portfolio Holdings Disclosure

The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-732-0330. The Fund's Forms N-Q may also be obtained by calling toll-free 1-866-44BAIRD.

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BAIRD FUNDS, INC.

PRIVACY POLICY

This disclosure is being made pursuant to Regulation S-P concerning the Fund's privacy policy. It is our policy to protect the privacy and security of your personal and financial information. We treat your information as confidential and recognize the importance of protecting access to it.

We protect your privacy and treat as confidential any personal or financial information about you that we receive.

We collect and maintain information about you so that we can open and maintain your account in the Funds and provide various services to you. We may collect and maintain the following personal information about you:

- Information we receive from you or your financial advisor on account applications or other forms, correspondence, or conversations, such as your name, address, e-mail address, phone number, social security number, assets, income and date of birth; and
- Information about your transactions with us, our affiliates, or others, such as your account number and balance, positions, activity, history, cost basis information, and other financial information.

We do not sell any of your information to third parties. We do not disclose any nonpublic personal information about our current or former shareholders to nonaffiliated third parties, except as requested or authorized by the current or former shareholder, as necessary to process a transaction or service an account, as requested by regulatory authorities or as otherwise permitted or required by law. For example, we are permitted by law to disclose all of the information we collect, as described above, to our transfer agent to process your transactions. We may also provide your name and address to third party service providers who send account statements and other Fund-related material to you. We restrict access to your nonpublic personal information to those persons who require such information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

In the event that you hold shares of the fund(s) through a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with nonaffiliated third parties.

Baird Funds, Inc.
RiverFront Long-Term Growth Fund

c/o U.S. Bancorp Fund Services, LLC
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1-866-44BAIRD

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John W. Feldt
Frederick P. Stratton, Jr.
Cory L. Nettles
Marlyn J. Spear

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