

Baird Intermediate Municipal Bond Fund

As of December 31, 2011

Baird Funds

Investment Objective

The investment objective of the Fund is to seek current income that is substantially exempt from federal income tax. A secondary objective is to seek total return with relatively low volatility of principal.

Investment Philosophy

Risk control is the foundation of the Baird Advisors investment discipline. Since interest rates are extremely difficult to consistently forecast over time, Baird Advisors employs a duration-neutral, risk-controlled approach. We target the duration of the Fund to the Barclays Capital 7-Year General Obligation Bond Index, thus helping to ensure a high degree of predictability in tracking benchmark returns.

Incremental value is added through security selection, yield curve positioning, sector allocation and competitive execution of trades.

Investment Strategy

The Baird Intermediate Municipal Bond Fund invests in investment-grade municipal securities issued by governmental authorities throughout the United States and its territories. Focusing in the five- to fifteen-year maturity range, the Fund purchases emphasis pre-refunded issues, as well as general obligation bonds or revenue bonds funding essential services such as water, sewer and electricity.

Baird Advisors targets a five-year portfolio duration which is substantially equal to the duration of the Barclays Capital 7-Year General Obligation Bond Index.

Investors should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. This and other information can be found in the prospectus. A prospectus may be obtained by visiting bairdfunds.com or calling 800-444-9102. Please read the prospectus carefully before you invest or send money.

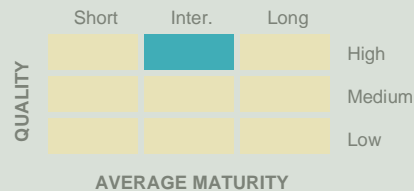
Fund Information

	Institutional Shares	Investor Shares
Ticker	BMBIX	BMBSX
CUSIP	057071607	057071508
Net Asset Value	\$11.94	\$12.18
Load Type	No-Load	No-Load
12b-1 Fees	–	0.25%
Minimum Initial Investment	\$25,000	\$2,500 (IRA: \$1,000)
Expense Ratio	0.30%	0.55%
AMT Exposure	None	None

Investment Style

Category: U.S. Municipal Fixed Income

Style: National Muni Bond



Fund Management Team

The Baird Intermediate Municipal Bond Fund is managed by Baird Advisors, the institutional fixed income investment management group of Robert W. Baird & Co., Inc. In February, 2000 this team of experienced fixed income portfolio managers formed the newly created investment group within Robert W. Baird. The three founding partners of Baird Advisors who developed and implemented the investment process have been working together since 1979, and continue to lead a very deep and seasoned portfolio management team with uncommon longevity. Each named portfolio manager has over 20 years of experience managing fixed income portfolios.

	Fund Manager Since	Joined Industry
Mary Ellen Stanek, CFA	2000	1979
Gary A. Elfe, CFA	2000	1978
Charles B. Groeschell	2000	1979
Warren D. Pierson, CFA	2000	1985
Daniel A. Tranchita, CFA	2000	1989
M. Sharon deGuzman	2000	1990

Performance Information (as of 12/31/2011)

	Total Returns (%)		Average Annual Total Returns (%)					Since Inception (3/30/01)
	YTD	3 Months	1 Year	3 Years	5 Years	10 Years		
Institutional Class	8.55	1.98	8.55	5.71	5.68	5.15	5.25	
Investor Class	8.30	1.87	8.30	5.42	5.39	4.88	4.98	
Barclays Capital 7-Yr General Obligation Bond Index	10.58	2.91	10.58	7.26	6.43	5.69	5.51	

Calendar Year Total Returns (%)

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Institutional Class	2.42	6.22	6.37	4.93	3.69	1.33	2.69	4.91	10.72
Investor Class	2.11	5.95	6.02	4.67	3.45	1.13	2.41	4.69	10.45
Barclays Capital 7-Yr General Obligation Bond Index	4.35	6.93	5.35	5.08	4.06	1.81	3.51	5.58	9.99

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 data quoted. Performance figures assume reinvestment of all dividends and capital gains. For performance current to the most recent month-end, please visit bairdfunds.com.

Fund Statistics

Average Effective Duration	5.00 Years
Average Effective Maturity	6.16 Years
Annual Turnover Rate	8.0%
Number of Holdings	291
Fund Assets	\$1,091,388,463

Expense Ratio

	Institutional Shares	Investor Shares
Total Operating Expenses	0.30%	0.55%

Yield Information

	Institutional Shares	Investor Shares
SEC 30-Day Yield	1.69%	1.45%
Distribution Frequency	Monthly	Monthly

Fund Characteristics

Quality	Fund	Index
AAA	67.6%	27.3%
AA	27.2%	53.0%
A	4.0%	17.9%
BBB	1.2%	1.8%
Sector Weights	Fund	Index
Pre-Refunded ETM	58.7%	0.0%
General Obligation	22.7%	100%
Revenue	16.7%	0.0%
Cash	1.9%	0.0%

The SEC 30-Day Yield reflects the rate at which the fund is earning income on its current portfolio of holdings after expenses, whereas the Average Coupon is calculated on a market value-weighted basis using the stated coupon rate of each security.

Because the Fund may invest more than 25% of its total assets in municipal obligations issued by entities located in the same state or the interest on which is paid solely from revenues of similar projects, changes in economic, business or political conditions relating to a particular state or types of projects may have a disproportionate impact on the Fund.

The quality distribution breakdown is calculated on a market value-weighted basis using the highest credit quality rating given by Moody's, Standard & Poor's, or Fitch for each security in the fund.

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