

IMPORTANT INFORMATION REGARDING MANAGED FUTURES

As of February 2009

Baird offers qualified clients the opportunity to invest in managed futures. Managed futures are commodity pools (typically structured as investment partnerships) managed by a futures trading adviser that trade speculatively in various commodities and related futures contracts, spot and forward contracts, options, swaps and other derivative instruments on U.S. and foreign exchanges and markets. The types of commodities in which managed futures invest may include interest rates, currencies, stock, bond and other indices, and physical commodities such as agricultural commodities, metals and energy products. Managed futures often employ computerized, systematic and often proprietary trading models and systems.

Managed futures are not right for everyone. They may be appropriate for sophisticated investors with aggressive or speculative investment objectives seeking further diversification through modest exposure to investments designed to have little or no correlation to the general equity and debt markets. Managed futures should be considered long-term investments.

Because managed futures are regarded as speculative investments, it is important that you read and understand the prospectus or offering memorandum that describes their characteristics and risks. Some significant risks of investing in managed futures are briefly described below. Please consult with your Baird Financial Advisor before investing in managed futures.

Speculative and Volatile

Managed futures are speculative. You may lose all or substantially all of your investment in managed futures. You should not invest in managed futures if you are not willing and able to accept that risk. The performance of managed futures is volatile and difficult to predict. Managed futures often experience double-digit monthly returns that can be either positive or negative.

Leverage

Because of low margin deposit requirements for futures trading, managed futures are highly leveraged. Futures, forward contracts, options and other derivative positions taken by managed futures are often 10 times or more of their total equity. Leverage magnifies significantly the profits and losses experienced by managed futures. As a result, a relatively small movement in price may result in substantial loss or gain. Trading may also result in losses to the managed futures in excess of amounts they invest.

Lack of Liquidity

Investments in managed futures are not liquid. No secondary market exists for managed futures investments and there are significant restrictions on transfer. Moreover, managed futures investments generally may not be redeemed in whole or in part except on a monthly basis with a

notice period and a delay in receipt of the redemption proceeds. Early redemption charges may also apply. Under certain circumstances, managed futures may establish reserves for contingent liabilities and withhold all or a portion of the amounts requested to be redeemed.

Substantial Fees and Expenses

There are significant fees and expenses associated with investments in managed futures. Managed futures pay management fees, brokerage fees and/or commission and other operating expenses which may be in the range of 6-10% annually on the managed futures' assets. This means that managed futures need to generate a certain level of trading profits and interest income in order for an investment in managed futures to be profitable. In addition, the trading advisor/ manager receives performance or incentive compensation that is frequently 20% of the managed futures' net gains and appreciation. Managed futures or their trading advisor/managers pay an initial selling commission and ongoing service commissions to firms (including Baird) for their efforts in selling investments in managed futures and providing other related services. The receipt of such commissions may give Baird an incentive to promote the sale of managed futures investments and discourage redemptions.

Tax Consequences

Managed futures are typically treated as partnerships for income tax purposes. This means that the net gains, income or losses experienced by managed futures are allocated to investors. Investors are required to report their allocable share of those gains, income or losses on their own tax returns. Managed futures do not generally distribute any gains or income, which means that you may have to pay taxes on your allocable share of the managed futures' gains and income from your other resources.

Limited Regulation

Managed futures are not investment companies registered under the Investment Company Act of 1940, and the offer and sale of investments in managed futures are typically not registered under the Securities Act of 1933. In addition, some managed futures may not be registered under the Securities Exchange Act of 1934 and as a result not required to file annual, quarterly or periodic reports with the SEC. As a result, managed futures are not subject to applicable securities laws or related rules or regulations.

Managed futures are considered commodity pools. Trading advisors or managers of managed futures are typically registered with the Commodity Futures Trading Commission (CFTC) as commodity pool operators and commodity trading advisors and are members of the National Futures Association, but are not registered investment advisers under the Investment Advisers Act. The operations of managed futures are subject to the Commodity Exchange Act and related CFTC rules and regulations.

Trading by managed futures in commodity futures and options on a U.S. exchange are regulated by the CFTC and the exchanges on which the contracts are traded. Trading in futures, forward and options contracts, swaps and other derivatives other than on an exchange are not regulated. Managed futures may also trade on foreign exchanges or markets, which are not subject to U.S. regulation and may or not be subject to foreign regulation.

Neither the SEC nor CFTC has approved or otherwise passed upon the merits of investing in managed futures.

Trading Risks

The success of an investment in managed futures depends entirely on the decisions made by the trading advisor/manager and the trading strategies and programs it uses. Also, increased competition from other similar trading companies could adversely affect the profitability of managed futures. Because of the possibility of receiving performance or incentive competition, a trading advisor/manager may be motivated to take greater risks. The performance of managed futures is intended not to be correlated with movements in the general stock and bond markets; however, from time to time, the performance may be correlated or negatively correlated with any such securities markets.

Please discuss managed futures with your Baird Financial Advisor and make sure that you understand their specific terms and risks before investing.