BAIRD

Understanding the Security of Client Assets

Overview

We believe clients should have full confidence in the safety of their securities and cash held at Baird. To this end, our clients are protected in a number of important ways.

First and foremost is the long-term success and creditworthiness of Baird – a privately held, associate-owned global financial services firm founded in 1919. Baird is well capitalized, with excess net capital that is more than 40 times the regulatory requirement. We have used debt conservatively and have significant unused bank commitments. Importantly, Baird has been financially sound for nearly 90 years.

Certain client assets held at Baird are further protected as summarized here and outlined in more detail below:

• Securities in client cash accounts are segregated from Baird's assets.

• The Federal Deposit Insurance Corporation (FDIC) covers client funds swept into bank accounts – up to $250,000 per depositor.[1]

• The Securities Investor Protection Corporation (SIPC) covers most types of investments up to a value of $500,000.[2]

• Baird clients are further protected by an excess SIPC policy that provides additional coverage beyond the $500,000 SIPC limit.[2]

Segregation of Client Accounts

All client securities in cash accounts (that is, all non-margined securities) held by Baird are, by law, segregated from Baird's assets. As such, they are protected in the extremely unlikely event of Baird's discontinued operations. This segregation is regularly examined by Baird's internal and external auditors.

SIPC Protection

Baird is a member of the Securities Investor Protection Corporation. SIPC was created by Congress to protect clients of securities brokers and dealers. If a SIPC member firm fails financially, the firm's clients are protected up to $500,000 held in each account, including up to $250,000 in cash.[2]

SIPC covers most types of securities, such as stocks, bonds, mutual fund shares and variable annuities, but it does not cover commodities (including commodity futures contracts and options), fixed annuity contracts, currency or investment contracts (such as limited partnerships) that are not registered with the Securities and Exchange Commission under the Securities Act of 1933. For more information, visit www.SIPC.org.

Coverage in Excess of SIPC Limits

Baird offers coverage in excess of SIPC limits through an insurance policy purchased through Lloyd's of London. The Lloyd's policy has an aggregate coverage limit of $250 million for all claims of Baird clients eligible for distributions under the Securities Investor Protection Act. The policy has a sublimit of $1.9 million per customer for cash awaiting reinvestment.

FDIC Protection

Deposits at banks and CDs held in your Baird account are generally insured by FDIC on principal and accrued interest up to $250,000 per individual depositor and $250,000 per owner of a joint account[1,2]. These limits are based on total deposits at a given bank, even if those deposits are in different accounts, including accounts established through Baird's Cash Sweep Program**.** These banks are identified on client statements. Client funds deposited into a bank in Baird's name are insured as if deposited in that client's name.

FDIC coverage protects against the loss of deposits if an FDIC -insured bank fails. FDIC regularly reviews the operations of the banks it covers to ensure they meet high standards of financial strength and stability. See www.FDIC.gov for more information.

In the unlikely event of a bank failure, Baird will submit proof of the deposit amount to the FDIC on behalf of each client owning deposits through Baird in the defaulted bank. The FDIC will then determine the amount of insurance reimbursement. SIPC and Baird's excess SIPC insurance do not provide protection for bank deposits in the event of a bank failure.

More Information
For additional information, please contact your Baird Financial Advisor or visit our Web site www.rwbaird.com and enter "Safety of customer assets" in the search box.

[1] Congress has temporarily increased FDIC Insurance limits from $100,000 to $250,000 per depositor through December 31, 2013. Unless renewed, limits will revert to $100,000 starting January 1, 2014, except certain Retirement Accounts, which will remain at $250,000 permanently per depositor, per insured bank.
[2] SIPC and the excess SIPC policy do not protect against losses caused by a decline in the market value of a client's securities.

Investors should consider the investment objectives, risks, charges and expenses of each money market mutual fund carefully before investing. This and other information is found in the prospectus. To request a prospectus, please contact your Baird Financial Advisor. Please read the prospectus carefully before investing. An investment in a money market mutual fund is not insured or guaranteed by the FDIC or any other government agency. Although the funds seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund.