

# Baird Intermediate Municipal Bond Fund

As of October 31, 2008

Institutional – BMBIX, Investor – BMBSX

## Investment Objective

The investment objective of the Intermediate Municipal Bond Fund is to provide current income that is substantially exempt from federal income tax. A secondary objective is to provide total return with relatively low volatility of principal. The Intermediate Municipal Bond Fund strives to achieve an annual rate of return, before fund expenses, greater than the annual rate of the total return of the Lehman Brothers 7-Year General Obligation Bond Index. The Lehman Brothers 7-Year General Obligation Bond Index is an unmanaged, market value weighted index consisting of investment grade state and local general obligation bonds that have been issued as part of an offering of at least \$50 million; have a minimum amount outstanding of at least \$5 million; have been issued within the last five years; and have a maturity of six to eight years.

## Investment Management Team

The following individuals comprise the Investment Management Team at the Advisor that manage the Fund's investments. **Mary Ellen Stanek, CFA**, Managing Director and Chief Investment Officer; **Gary A. Elfe, CFA**, Managing Director and Senior Portfolio Manager; **Charles B. Groeschell**, Managing Director and Senior Portfolio Manager; **Warren D. Pierson, CFA**, Senior Vice President, Senior Portfolio Manager; **Daniel A. Tranchita, CFA**, Senior Vice President, Senior Portfolio Manager; **M. Sharon deGuzman**, First Vice President, Portfolio Manager.

## Fund Performance – Baird Intermediate Municipal Bond Fund

Average Annual Rate of Return%	Through 10/31/2008						Through 9/30/2008				
	YTD	1 Mon	1 Yr	3 Yrs	5 Yrs	Since Incept 3/31/01	YTD	1 Yr	3 Yrs	5 Yrs	Since Incept 3/31/01
Institutional Class	1.11	0.02	2.80	3.58	3.10	4.50	1.09	3.19	3.35	2.98	4.55
Investor Class	0.91	0.09	2.61	3.33	2.85	4.24	0.81	2.89	3.07	2.71	4.28
Lehman Brothers 7 Yr GO Bond Index	0.66	-0.37	2.33	3.66	3.32	4.32	1.03	3.00	3.55	3.26	4.42

**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 ended please go to [www.bairdfunds.com](http://www.bairdfunds.com).** The performance of Baird Intermediate Municipal Bond Fund is measured against the Lehman Brothers 7-Year General Obligation Bond Index, a benchmark comprised of investment grade state and local general obligation bonds with six to eight years remaining until maturity. Until January 2006, the performance of the Fund was measured against the Lehman Brothers 10-Year General Obligation Bond Index, a benchmark which includes investment grade state and local general obligation bonds with eight to twelve years remaining until maturity. Both benchmarks are unmanaged indices and do not represent the past, present or future performance of the Baird Intermediate Municipal Bond Fund. 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 \$2,500.

## Portfolio Characteristics – As of 10/31/2008

SEC 30-day yield	Quality Distributions (%)	Fund	Index	Sector Weights (%)	Fund	Index
Institutional Class	3.72%	AAA	93.6	23.2	Pre-refunded ETM	78.6
Investor Class	3.48%	AA	4.7	63.4	General Obligation	1.3
Portfolio Expense Ratio	A	1.7	11.8	Revenue	0.1	0.0
Institutional Class	0.30%	BBB	0.0	1.6	Insured	15.1
Investor Class	0.55%*			Cash	4.0	0.0
*includes 0.25% 12b-1 fee						
Total Number of Holdings	97	NAV		Average Effective Duration	4.68 years	
		Institutional Class	10.50	Average Effective Maturity	5.45 years	
Portfolio Turnover Ratio	1.9%	Investor Class	10.71			
Net Assets	\$164,345,984					

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

**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 [www.bairdfunds.com](http://www.bairdfunds.com). Please read the prospectus carefully before you invest or send money.** The Fund may invest in U.S. dollar denominated foreign securities which involve additional risks such as the potential for political and economic instability and less strict regulation. The Fund may invest up to 25% of its total assets in municipal obligations issued by persons in the same state. As a result, changes in economic, business or political conditions of a particular state may have a disproportionate impact on the Fund's share price. Investments in debt securities generally decrease in value when interest rates rise.

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.

Robert W. Baird & Co. 1-866-442-2473

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