

Discover the *Baird Difference*



Enduring Culture, Extraordinary People

A modern office hallway with glass-walled offices on the left and a wooden wall on the right. Two blue chairs with yellow cushions are visible in the distance near a window. The ceiling is white with recessed lighting. Blue decorative lines are overlaid on the image, forming a large 'V' shape that frames the text.

## Contents:

- >> The Baird Way
- 1 A Message From Steve Booth
- 6 Our Business at a Glance
- 9 Private Wealth Management
- 12 Asset Management
- 15 Fixed Income Capital Markets
- 17 Equity Capital Markets
- 20 Principal Investments
- 22 Corporate Resource Groups
- 24 Impacting Our Communities
- 27 2020 Leadership
- 28 Financial Information

# The Baird Way

Our strong and differentiating culture and the unique way our people go about our business – often referred to as The Baird Way – are represented by our *Mission, Core Beliefs and Associate Promise.*

## OUR MISSION

To provide the best financial advice and service to our clients and be the best place to work for our associates.

## OUR CORE BELIEFS

- Clients come first.
- Integrity is irreplaceable.
- Quality is our measure of success.
- How we succeed is as important as if we succeed.
- The best financial advice is the result of expertise, diversity and teamwork.
- We will not tolerate anyone who puts themselves ahead of the client or ahead of the firm, or who breaks our Associate Promise.
- We seek personal balance and well-being at home, work and in community involvement.

## OUR ASSOCIATE PROMISE

We believe every associate matters and contributes to our success.

We are committed to providing a diverse and inclusive environment of trust, respect and equity where you partner with the best in the industry and thrive.

We are passionate about how we achieve great outcomes for our clients, communities and each other.

Discover the *Baird Difference*





Steve Booth,  
President & Chief Executive Officer

### Discover the Baird Difference *Enduring Culture & Extraordinary People*

2020 was an enormously challenging, fundamentally transformational year. The global pandemic, historic market volatility, and political and social unrest created an atmosphere of all-encompassing change. Despite the challenges, Baird held strong through the uncertainties. Our ballast point was, simply put, our commitment to our clients and putting their needs first. This steadfast focus not only guided us through the year – it's been a cornerstone of how we do business since our founding in 1919.

We believe that the best outcomes follow from a clear focus on the needs of others. As an employee-owned, privately held firm, we're able to focus squarely on the needs of those we serve. This creates a unique atmosphere at Baird and provides a strong foundation for our firm's enduring culture of integrity, transparency and teamwork. These shared values attract extraordinary professionals to Baird and enable us to provide deep expertise, objective advice and outstanding service that make a genuine difference in the financial lives of our clients. We've come to call this powerful combination the

Baird Difference, and we're proud we were able to continue delivering it to our clients throughout the year.

Ultimately, it is our extraordinary team who guided our firm and our clients through 2020. While the vast majority of our more than 4,500 associates worked from home for much of the year, they maintained what makes Baird, Baird. Working together, they found innovative ways to support and connect with clients from afar, continue to celebrate life's milestones together, and share the burden of difficult moments and the pain of loss. When it is safe once again, we look forward to welcoming these shared experiences back because they're at the heart of how we stay connected with our clients and each other.

Our team's commitment to our shared beliefs and unique culture enabled Baird to navigate 2020's challenges so well and respond to opportunities that emerged along the way. Together, they create the culture that makes Baird a great place to work. In early 2021, we were honored to be recognized among the *Fortune* 100 Best Companies to Work For®, ranking No. 32 in our 18th consecutive year on the list.

## Since our founding in 1919, we've built a strong platform of five complementary business units.

The Baird family also faced loss together in 2020. In February, we lost Paul Purcell—our former president, chairman and CEO, and one of the most influential figures in Baird's history. Paul was a long-time, close friend of mine as well as many other associates across Baird. To honor his memory, leadership and passion for supporting education causes, we established the Paul Purcell "Kids Win!" Annual Baird Education Grant, which borrows one of Paul's favorite sayings. We've raised more than \$8 million for this fund, which will provide grants to deserving, education-oriented 501(c)3 organizations in 2021 and years to come.

### 2020 Results

Our team's client focus and stronger-than-expected market conditions late in the year drove Baird's very strong 2020 performance. We achieved our 11th consecutive year of record revenues, which totaled \$2.33 billion at year end.<sup>1</sup> Our operating income was approximately \$360 million, also a new highwater mark for the firm. Additionally, our return on book value was 21.8%, including a cash dividend paid to shareholders in December and aided by significant cost savings from managing non-compensation expenses such as non-essential travel and in-person events.

These results were set in motion by our response to the early stages of the global pandemic. We effectively migrated to a largely work-from-home model in March and adjusted to a new normal for delivering advice and service to our clients. Our strategic,

multiyear investment in the firm's IT infrastructure and capabilities supported the quick-but-smooth transition to remote work. Our 2020 results also underscore the power of Baird's balanced business platform. Our firm is composed of five complementary business units, all of which are supported by a suite of corporate resource groups. There is balance and diversity among our business units. The impact of market headwinds in one business is often offset by strength in one or more of the others. This is a deliberate structure we established long ago and its strategic value proved out in 2020. Here are a handful of business highlights from across the firm:

- In addition to celebrating the first anniversary of our acquisition of Hilliard Lyons, Private Wealth Management posted record revenues. The acquisition and integration exceeded all expectations, and our fully integrated team oversaw more than \$239 billion in client assets at year-end.
- Our Asset Management teams had an incredible year. Baird Advisors, our fixed income asset management group, posted a record \$25 billion increase in its assets under management and had more than \$112 billion in assets under management at year-end—a result of continuing to deliver exceptional investment performance for clients across its line-up of taxable and tax-exempt mutual funds. Meanwhile, our Equity Asset Management business maintained its strong momentum.

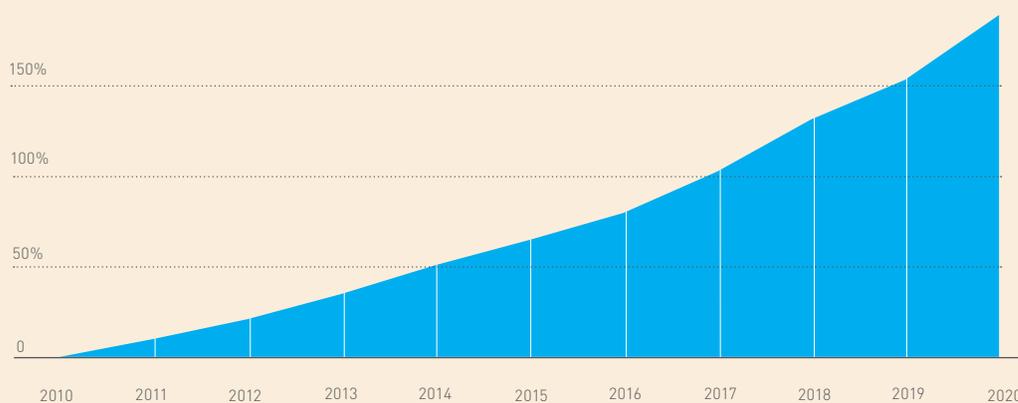
<sup>1</sup> Financial results do not reflect the consolidation of certain private equity partnerships.

This structure not only broadens our capabilities for our clients – it creates balance in our business.

Baird managed or oversaw more than \$355 billion in client assets at the end of 2020 – an increase of more than 329% over the past decade.



Our stock value has increased 190% over the past 10 years.



Baird stock performance is based on the change in book value per share for Baird Financial Group common stock and includes cumulative cash dividends per share of \$7.50, \$1.60, \$1.65, \$1.85, \$2.00, \$7.50, \$2.10, \$2.50 and \$5.50 paid in December of 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2019 and 2020, respectively. Baird is privately held and no public market exists for its shares. Baird can repurchase shares of Baird stock at book value when associates leave the firm. Past performance does not guarantee future results.

## Since 2004, Baird has been honored among the *Fortune* 100 Best Companies to Work For®.

- Driven by strong sales and trading activity, our Fixed Income Capital Markets business performed exceptionally well and posted record revenues. Baird also ranked as the No. 1 municipal underwriter in the U.S. for the 12<sup>th</sup> consecutive year.<sup>2</sup>
- In Equity Capital Markets groups, our Institutional Equities & Research and Strategas teams both achieved record years. Our Global Investment Banking group overcame significant headwinds in the M&A markets and completed 2020 with its second-best year ever.
- Principal Investments posted record results. A rebound in market valuations and strong performance from its diversified portfolio of investments drove strong investment gains.
- Each of our business units is supported by our best-in-the-industry Corporate Resource Groups, which were instrumental to our ability to maintain our client focus throughout 2020.

### Fostering a Culture for All

As an employee-owned, independent firm, we set our own direction. We determine what we do, who we are and who we want to become as an organization. The mission statement, core beliefs and associate promise that appear in the opening pages of this report guide us every day. While our values define us and will always guide our firm, we know change isn't optional. We can and must evolve to become better for our clients, our associates and our communities.

That mandate rang truer than ever in 2020, a year shaped by the persistent challenges of inequality, injustice and bias in our society. We are committed to fostering an environment where everyone matters and one that honors, values and celebrates the differences that make us unique. Our associates are at the heart of our firm's long-time commitment to inclusion & diversity. The events of 2020 deepened our long-standing commitment to this vital cause. We held listening sessions with our associates of color in early summer. Their honest, raw feedback made it very clear to us that we needed to change our approach to drive more change, sooner, to ensure we keep our associate promise consistent for all who work at Baird.

<sup>2</sup> Based on number of issues, according to Ipreo MuniAnalytics as of December 31, 2020.

We ranked No.32 in 2021 –  
our 18<sup>th</sup> consecutive year on the list.



We view our inclusion & diversity efforts as a journey, and one we all share. As a firm, we've made significant progress on our journey – but we know we have much more work to do. Our commitment to continuing to create an environment where everyone matters starts at the top. To help accelerate change across our firm, we formed a special task force, led by members of our Executive Committee, and councils within each of our business units and corporate resource groups to lead these efforts and drive change across Baird in the years ahead.

We're confident that, working together, we can all effect positive change in the lives of those we serve and the lives of others in our communities. I am privileged to lead a remarkable team at Baird. They are proof that by committing to shared values and creating the best possible outcomes for our clients, we can transcend even the greatest challenges. With an enduring culture and extraordinary people, anything is possible.

All my best,

A handwritten signature in black ink that reads "Steven G. Booth". The signature is written in a cursive, flowing style.

Steven G. Booth  
President & Chief Executive Officer

From FORTUNE. ©2021 FORTUNE Media IP Limited. All rights reserved. Used under license. FORTUNE and FORTUNE Media IP Limited are not affiliated with, and do not endorse the products or services of, Baird.

# BAIRD

Baird net revenues<sup>1</sup>  
(millions)



Baird is a privately held, employee-owned financial services firm. Founded in 1919, we've built a strong platform of five complementary businesses, which helps to diversify and balance our revenues through all types of market conditions.

68%



More than two-thirds of Baird associates are shareholders in the firm. Ownership is broadly distributed across all levels of Baird.

*2019 business unit results have been restated to include Hilliard Lyons revenue from April 1, 2019.*

<sup>1</sup> Financial results do not reflect the consolidation of certain private equity partnerships.

<sup>2</sup> Based on number of issues from 2009 to 2020, according to Ipreo MuniAnalytics.

<sup>3</sup> Greenwich Associates' 2020 surveys of North American Equity Investors – Surveys conducted with 91 small-cap and mid-cap fund managers and 228 U.S. buy-side trading desks that use electronic trading, respectively. Rankings for qualitative metrics based on leading research firms in surveys.

## PRIVATE WEALTH MANAGEMENT

Provides comprehensive financial advice, investment consulting and planning services to individuals, families and institutions across the United States.

## ASSET MANAGEMENT

BAIRD ADVISORS  
BAIRD EQUITY ASSET MANAGEMENT

Delivers disciplined investing and superior service to individual and institutional investors via customized portfolios and mutual funds.

## FIXED INCOME CAPITAL MARKETS

FIXED INCOME SALES & TRADING  
PUBLIC FINANCE

Provides investment ideas, timely analysis and trading execution to institutional clients, as well as premier debt underwriting and advisory services to public, private and nonprofit clients.

## EQUITY CAPITAL MARKETS

GLOBAL INVESTMENT BANKING  
EQUITIES

Delivers a comprehensive platform of equity research, sales and trading, equity underwriting, and M&A and debt advisory capabilities to clients around the world.

## PRINCIPAL INVESTMENTS

BAIRD CAPITAL  
STRATEGIC INVESTMENTS

BAIRD PRINCIPAL GROUP

Principal Investments unites the firm's private equity and strategic investment activities managed by Baird Capital and Baird Principal Group.

### Private Wealth Management revenues

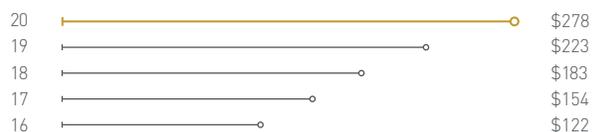
(millions)



**\$239+ billion** in client assets

### Asset Management revenues

(millions)



**\$120+ billion** in assets under management

### Fixed Income Capital Markets revenues

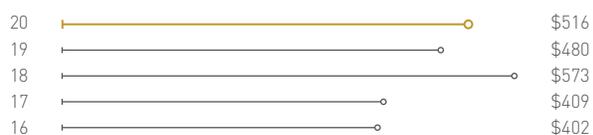
(millions)



**No. 1** municipal underwriter in the U.S. for 12 consecutive years<sup>2</sup>

### Equity Capital Markets revenues

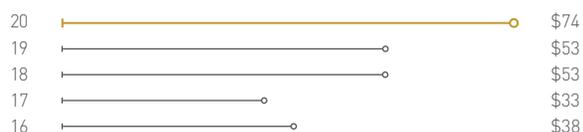
(millions)



**No. 1** for "overall quality in sales, corporate access and research"<sup>3</sup>

### Principal Investments revenues

(millions)



**\$3.8 billion** raised and managed since inception

S T T  
P E R T U S T  
W H T W E R S U C C E E D  
E G R I T Y I S I R R E P L A C E A B L E  
E F F E C T I V E R E L A T I O N S H I P S E X P E R T  
G R E A T P L A C E T O W O R K  
R E L I A B I L I T Y Q U A L I T Y I S S U C C E S S  
A N D B R I G H T E S T G E N U I N E C A R E T E A M W O R K  
T E A M M E M B E R S M A T T E R  
P R O F E S S I O N A L I S M D E D I C A T E D S E R V I C E  
W E S U C C E E D I N T E G R I T Y I S I R R E P L A C E A B L E  
R E L A T I O N S H I P S E X P E R T I N S I G H T  
C O M M U N I T Y C H A R A C T E R C O U N T Y  
L A M M U N I T Y I N V O L V E M E N T  
G L O B A L A R E S T R E N G T H  
A R E S O U R C E S  
R  
R



## Private Wealth Management

Throughout the pandemic and the market volatility over the past year, Baird's Private Wealth Management (PWM) team stayed focused on responding to the needs of our clients. Our clients needed advice and support more than ever during this difficult year, and thanks to Baird's extraordinary people and our enduring culture, we were able to meet that challenge head-on.

Within days of lockdowns being extended all over the country, more than 2,500 PWM associates shifted to working from home. But one thing did not change: Our Financial Advisors made sure they were available and receptive to our clients' needs. This focus on service is just one way we prove our value and build trust with our clients.

### Our Team: Extraordinary People

In the first full year after completing our integration of Hilliard Lyons in the fourth quarter of 2019, our PWM business includes

# 1,300

## FINANCIAL ADVISORS

**CLIENTS TELL US** *My wealth management goals aren't really just about me; they're about security for my children and their children.*



**THE BAIRD DIFFERENCE** We work hard to learn the values, needs and goals of the entire family, over multiple generations, and then execute plans to help them enjoy the future they deserve.

Ted Howell,  
Financial Advisor

approximately 1,300 Financial Advisors serving clients from more than 160 offices in 33 states. They are highly accomplished professionals, averaging 20 years of industry experience.

Each of our Financial Advisor teams has access to experts across Baird so they can bring the precise combination of expertise, resources and planning tools to each unique client situation. During 2020, we also added several new tax, estate and financial planning professionals to our Wealth Solutions Group, who partner with our Financial Advisor teams to customize a wealth management plan for each client's specific needs.

Hilliard Lyons Trust (HLT) is now fully integrated into Baird as of October 2019. HLT not only provides us with new asset management tools but broadens our ability to provide trust and estate planning solutions to clients over multiple generations –

helping ensure our clients' families are taken care of throughout their life journey.

In addition, our Financial Advisors continue to have access to new digital tools, such as 360 Wealth & Planning, which allows our clients to view their net worth and all their financial accounts in a single location and provides real-time access to their latest financial plan within Baird Online. By maintaining our focus on thoughtful planning conversations, timely advice, and the latest tools and research, our Financial Advisors have been able to not just maintain but deepen and improve client relationships.

#### **Strategas, a Baird Company**

A critical resource for PWM and an important recent addition to the Baird family is Strategas, a macroeconomic forecasting firm that has long been a trusted expert on Wall Street. Strategas provides market strategy and perspective tailored to help



# 160

OFFICES  
NATIONWIDE

our clients better understand what is happening in the world today and how it can impact portfolios and plans in the future. Their premier market, macroeconomic, and government policy insights complement the planning and investment strategy work that we offer to you as our wealth management clients.

### Our Heritage: Enduring Culture

Baird has long prided itself on a firmwide culture that has landed us on the *Fortune* 100 Best Places to Work For® list the past 18 years. Our expertise, teamwork and client-centered approach have always helped us weather storms like the ones we saw in 2020. In a year of turmoil, our long-term vision and conservative approach served our clients' financial situations well.

Despite the social distancing landscape, our Financial Advisors and Client Specialists went to great lengths to stay in regular communication with our clients. Whether that was through virtual meetings or creating a safe environment with small teams working out of thoroughly disinfected offices, our clients always had a safe and open channel to connect.

Many of our Financial Advisors went above and beyond for our clients in this unusual environment. This included such things as sending groceries and care packages to our elderly clients who weren't able to leave their houses. One branch even hosted a drive-thru food truck for their clients and put together care packages for essential workers. These events were in keeping with Baird's heritage and culture, which entails doing everything we can for the long-term security of our clients' futures.

In addition to the pandemic, America also faced civil unrest over the course of the year, which weighed heavily on all of us. Confronting the persistence of racism, inequality and injustice, we at Baird continued to prioritize fostering an environment where every individual truly matters. We pride ourselves on being present – to lean on, to be patient with, and to stay positive for one another. Baird is critically focused on listening to and addressing the concerns of our associates of color as well as the particular needs of our clients who are members of minority communities.

Thank you to all of our clients for our partnership and your continued trust.



**CLIENTS TELL US**

*We invest in bonds for stability, income and liquidity, not for excitement – we look to you to be our sleep insurance.*

**THE BAIRD DIFFERENCE**

We ascribe our consistency to the hard work and dedication of our team, who have devoted themselves to serving our clients day in and day out for more than 20 years, across many different environments.”

Mary Ellen Stanek, CFA  
Chief Investment Officer, Baird Advisors  
President of Baird Funds

## Asset Management

### Baird Advisors

Baird Advisors, our fixed income asset management business, delivered another strong year across its suite of products in 2020. In a year that was filled with challenges, our risk controlled, all-weather approach to investing, which has helped guide our clients through every major market event over the past 20 years, continued to serve them well. As always, we took the long view, focusing on competitive, long-term performance that supports our clients’ investment goals. We believe that investors own bonds, especially in a low rate environment, to dampen volatility and normalize overall portfolio returns, not to create excitement. That approach was especially important in a tumultuous 2020. Three of our funds – the Aggregate Bond Fund, Short-Term Bond Fund and

**No. 1** FUND FAMILY



Ranked No. 1 of 150 U.S. Fund Families by  
Morningstar Research Services LLC

Source: “Fund Family 150” by Michael Laske, published as of March 2021. ©2021 Morningstar Research Services LLC. All Rights Reserved. Based on a rank of Due Diligence Scorecard asset-weighted scores for firms compared in report.



## Four for Thrilling 36

Four Baird Funds were named to Morningstar's 2020 Thrilling 36 funds list.

**35** years that our senior portfolio managers have been investing together

Ultra Short Bond Fund – earned prestigious Gold ratings from Morningstar. The team’s consistent focus on long term competitive performance and strong client relationships resulted in a record year of growth for Baird Advisors, which had more than \$112 billion in assets under management at the end of 2020. Baird Advisors’ approach to fixed income investing is nationally recognized, with the team members’ expertise frequently being cited in both industry and national media, including *Barron’s* and *The Wall Street Journal*.

### Experienced Team

Our team consists of 66 highly experienced professionals, including a group of senior portfolio managers who have invested together for more than 35 years. Several of these managers formed the original Baird Advisors team, which celebrated its 20<sup>th</sup> anniversary in 2020, as did three of our funds: Core Plus, Aggregate Bond and Intermediate Bond. Mary Ellen Stanek, Chief Investment Officer of Baird Advisors, was nominated for the 2020 Morningstar Outstanding Portfolio Manager Award and was named one of *Barron’s* 100 Most Influential Women in U.S. Finance. We are grateful for the longevity of our core group and remain focused on keeping our

clients’ interests foremost and investing in our team as our business continues to grow.

We continue to support the growth of our business and deepen our capabilities for our clients by developing the next generation of leaders, including adding several new team members in 2020. The continuity of our team reinforces the building of our long-term client relationships, many of which go multiple decades and have an average of 12 years overall. Sadly, we lost a founding member of Baird Advisors with the passing of Gary Elfe, our Research Director Emeritus. Gary’s presence will be missed, but his wisdom, dedication and impact on all of us will live on.

### Municipal Funds

Marking their fifth anniversary in 2020, our municipal fund strategies have already become leaders among their peer groups. Total assets in our municipal products reached \$6 billion at year-end. Our Short-Term Municipal Bond Fund was named 2021 Refinitiv Lipper best short municipal debt fund, the second year in a row it received this honor.



**250%** GROWTH IN ASSETS  
UNDER MANAGEMENT  
in the past five years

### Baird Equity Asset Management

Our Equity Asset Management teams manage strategies and mutual funds for individual and institutional investors. Each of the business' four teams is staffed with experienced investors possessing a deep expertise in targeted areas of the equity markets. All share the objective of delivering strong performance and exceptional service to our clients. Our time-tested investment philosophies and processes, with their focus on consistency and purity of style, aim to deliver high-conviction active management. Our assets under management have increased over 250% during the past five years.

### Team Highlights

The Specialized Asset Management (SAM) team, which manages customized portfolios for high-net-worth clients on behalf of Baird Financial Advisors, had a terrific 2020 and has seen assets under management triple over the past three years, reaching \$2.6 billion in 2020. Our Growth team's MidCap Fund continues to have strong long-term performance and celebrated its 20<sup>th</sup> year in 2020; the fund was

recognized as one of Morningstar's "Thrilling 36" out of 8,000 funds. The team's newest offering, the Small/Mid Cap Growth Fund, will reach three years in 2021 and has achieved strong peer-relative performance and consistent asset growth resulting in placement on two prominent third-party recommended lists.

Chautauqua Capital Management, our international and global team, notched strong peer-relative performance in 2020, which led to another year of consistent growth in assets. Chautauqua's funds will achieve their five-year milestone in April 2021. In a year with continued headwinds for value investing, our Value team maintained strong client retention.

Throughout the challenges of 2020, we remained focused on our decades-long priority: our clients. What we are most proud of at the end of this year is that our teams delivered strong, competitive results over this challenging period, providing stability and peace of mind for our clients.

**CLIENTS TELL US**

*We're looking for a financial partner who not only can help us address our immediate concerns, but also help us realize our "big picture" goals.*

**THE BAIRD DIFFERENCE**

We focus on building strong relationships with our clients and understanding their needs – both the day-to-day and the longer-term – so we can create tailored solutions that deliver on them.

Debby Brunett  
School Business Specialist

## Fixed Income Capital Markets

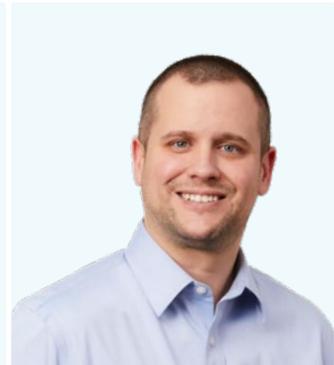
### Sales & Trading

Our Sales & Trading team focused foremost on supporting our clients throughout the turbulence of 2020. In response to the global pandemic, we transitioned our business to a work-from-home model early in the year with no disruption to our client relationships. Despite the year's unique challenges, we remain committed to the fixed income business and delivering expertise in a full range of fixed income securities to our clients.

We took a strategic approach to building out our team in 2020, welcoming nine professionals to our platform. These additions reflect our focus on hiring professionals with not only exceptional fixed income credentials, but a strong alignment with Baird's cultural values – namely client focus and teamwork. Our team now includes

# 135<sup>+</sup>

**SALES, TRADING,  
AND ANALYTICAL  
PROFESSIONALS**



**No. 1** MUNICIPAL UNDERWRITER  
NATIONWIDE<sup>1</sup>

more than 135 sales, trading and analytics professionals who serve clients from 24 offices across the U.S. We also continued to deepen our capabilities in key areas of the fixed income market. Our sales team expanded its coverage of banks, while our trading team enhanced its capabilities in loan trading.

Despite 2020's challenges, our focus on providing value-added insights, exceptional service and differentiated trading execution resonated with our clients. We achieved our best-ever year for revenues, and our team traded an average \$23.7 billion per month – an increase of 21% over 2019.

### Public Finance

Baird's Public Finance team delivers underwriting, advisory, consultant and placement agent services to clients across the public, private and nonprofit sectors. Clients turned to Baird for support throughout 2020's continued low interest rate environment,

as many sought to refinance existing bond issues and access lower costs of capital. The team's commitment to delivering innovative, tailored solutions drove strong activity. Baird was the No. 1 municipal underwriter in the U.S. for the 12<sup>th</sup> consecutive year, based on number of issues.<sup>1</sup> We also ranked among the top five municipal advisors nationwide, also based on the number of issues.<sup>2</sup>

Our team of 80 professionals serves clients from 20 offices in 13 states. This structure enables us to deliver the benefits of national presence and regionalized, sector-driven expertise. We made several additions to our platform in 2020, including senior bankers based in San Antonio and Houston, Texas. These additions underscore our long-time commitment to serving municipal issuers and public schools across Texas. Over the past five years, we've welcomed 20 professionals and established four offices in the state.

<sup>1</sup> Based on number of issues from 2009 to 2020, according to Ipreo MuniAnalytics.

<sup>2</sup> According to Ipreo MuniAnalytics as of December 31, 2020.



#### CLIENTS TELL US

*We need a financial partner who has in-depth knowledge of our industry.*

#### THE BAIRD DIFFERENCE

Industry expertise not only requires deep sector knowledge but, just as importantly, it requires strong investor relationships – we deliver both to help our clients achieve great outcomes.

Sarah Gaul  
Investment Banker – Director

## Equity Capital Markets

### Global Investment Banking

Baird Global Investment Banking provides advisory and financing services to clients across the globe. The global pandemic disrupted deal flow across our industry, particularly mergers and acquisitions, and transformed how we partner with our clients. While our business faced strong headwinds in early 2020, we supported our clients with deal flow throughout the year. Our team executed several highly targeted, highly tailored transactions for clients that sought to capitalize on opportunities that emerged in the unique environment.

We also leveraged a full suite of virtual touchpoints to support our clients when in-person meetings were not possible. In addition to arranging online meetings, conference calls and webinars, we executed several virtual conferences. These sector-oriented events provided our clients with continued access to Baird's experts and industry relationships,

# 189

ADVISORY AND  
FINANCING DEALS

GLOBAL  
INVESTMENT BANKING



325+ BANKERS GLOBALLY

including virtual 1-1 meetings with company leaders and institutional investors.

These efforts culminated in our strong performance during a very challenging year. We completed 189 advisory and financing deals, including increases in buy-side M&A and equity financing transactions, and logged a record backlog of client engagements heading into 2021.

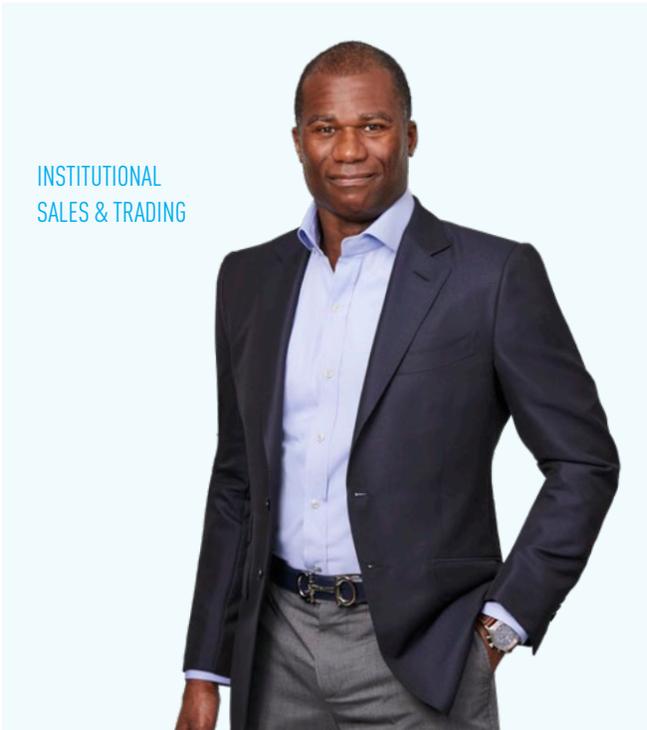
### Expertise for All Markets

Our team of more than 400 bankers and support professionals collaborates across geographies and areas of expertise to serve our clients. Despite 2020's market dislocation and challenging conditions, we enhanced and deepened our sector coverage in our industries, geographies and product areas of focus. For example, we enhanced our global healthcare platform by welcoming senior bankers in North America and Europe. Additionally, we appointed two co-heads of North American M&A to lead the expansion of our capabilities in the geography.

These strategic additions complement our existing platform, which includes five core industry groups that cover dozens of subverticals. We will continue to invest in the talent, technology, resources and systems needed to support the growth of our business and further enhance the execution we deliver to our clients.

### Driving our Culture

Our team takes a unique approach to investment banking, operating as one global team on a single profit-and-loss statement. This structure, which is very distinct in our industry, fosters a truly unique culture at Baird – one that values integrity, teamwork, innovation and client focus. We maintained this culture through the global pandemic despite our business-wide shift to remote work and remain focused on being the employer of choice in investment banking. In service of that goal, we will continue to support our team as they advance in their careers and continue to foster an inclusive environment that values our team's diversity of backgrounds, perspectives and skill sets.


 INSTITUTIONAL  
SALES & TRADING


 EQUITY  
RESEARCH

30,000+ CONNECTIONS MADE

## Equities

In a year defined by the global pandemic and historic market volatility, Baird continued to serve as a trusted, effective equities partner to our clients. Our focus on long-term relationships drove our strong performance in a challenging year. We shifted our entire business to a distributed work model in early 2020, maintaining continuity and quality of service for our clients through the year's peak volatility levels.

Throughout 2020, we maintained our commitment to investing in our talent and deepening our long-time focus on inclusion & diversity. We view these efforts as an essential complement to our equities capabilities and crucial to creating the best possible outcomes for our associates and our clients.

Baird was also honored in Greenwich Associates' annual survey of institutional investors and fund managers, ranking No. 1 for overall quality in sales, corporate access and research in addition to several other top rankings. Meanwhile, our Equity Research team covered more than 725 stocks at year-end.

Their industry-renowned insights are complemented by macroeconomic research from Strategas, a Baird company, which was recognized by *Institutional Investor* as the top macroeconomic research firm on Wall Street for the fourth consecutive year.

Our Sales and Trading teams maintained our singular focus on providing high intensity service and actionable insights to our clients. Amid the volatility, we saw record trading volumes from our clients while continuing to invest in our overall team and capabilities.

Our Global Corporate Access offering and Global Industrial Conference celebrated their 50th anniversaries in 2020. Our institutional conference series successfully pivoted to a virtual format and achieved record attendance, as well as a No. 1 ranking for most useful conferences and seminars in Greenwich Associates' survey.<sup>1</sup>

<sup>1</sup> Greenwich Associates' 2020 surveys of North American Equity Investors. Surveys conducted with 91 small-cap and mid-cap fund managers and 228 U.S. buy-side trading desks that use electronic trading, respectively. Rankings for qualitative metrics based on leading research firms in surveys.



**CLIENTS TELL US**

*We need capital to grow our business, but also want a partner whose interests align with our own.*

**THE BAIRD DIFFERENCE**

We take a holistic approach to our investments, leveraging our broad networks, sector knowledge and stage-specific expertise to help companies realize their full potential.

Joanna Arras  
Partner, U.S. Venture Capital

## Principal Investments

Principal Investments group includes three investment strategies:

**BAIRD CAPITAL**

The group's sole externally marketed offering makes direct investments through proprietary funds in emerging and lower middle-market companies.

**BAIRD PRINCIPAL GROUP**

Makes minority co-investments in middle-market private companies as a complement to Baird Capital's investment strategies.

**STRATEGIC INVESTMENTS**

Makes equity investments in third-party financial services entities that complement Baird's capabilities and strategic third-party fund limited partner investments.

**Baird Capital**

Since 1989, Baird Capital has raised and invested capital in high-potential companies through a series of private equity and venture capital partnerships. Baird is a meaningful investor in the Baird Capital funds, whose other investors include third-party institutions, high-net-worth clients and qualified Baird associates. Since inception, Baird



**\$3.8** BILLION RAISED  
AND MANAGED

Capital and related legacy entities have raised and managed approximately \$3.8 billion and made more than 320 investments.

We work as one global platform, partnering across the globe to support our portfolio. In addition to financial capital, we provide our portfolio companies with resources like operating advisors and human capital capabilities to support their growth. We manage two investment platforms – Global Private Equity and U.S. Venture Capital.

### 2020 Results

Throughout 2020, we focused on supporting our portfolio companies and the prudent deployment of capital. We deployed \$158 million in 11 new investments and made 13 follow-on investments totaling \$24 million. Additionally, we generated \$113 million in realizations, primarily from the exit of four investments.

### Global Private Equity

With a focus on the global technology services and industrial solutions sectors, our Global Private Equity platform invests in lower middle-market companies across the U.S., U.K. and Asia. This unique approach

affords us flexibility in where we deploy capital and enables us to provide investors with global diversification. The team completed four new investments and one add-on acquisition during 2020, deploying \$125 million. Several of our portfolio companies posted strong growth through the pandemic and we positioned two for exit. In early 2021, we exited Prescient Healthcare Group and Collingwood Lighting, Ltd., generating over \$100 million and over \$60 million in proceeds, respectively. To date, we've exited three investments and returned over 75% of paid-in capital to investors in Baird Capital Global Fund I.

### U.S. Venture Capital

Our Venture Capital platform invests in mid-stage companies in the U.S. healthcare and technology & services sectors. We focus on companies in underserved geographies, with a particular interest in the mid-country. In 2020, we completed fund raising for Baird Venture Partners V with a total of \$215 million in committed capital, exceeding our target and the size of our previous venture capital funds. We deployed \$57 million in seven new and 10 follow-on investments – our largest-ever annual deployment.



**ASSOCIATES TELL US**

*We need to transition our jobs to our homes without missing a beat for our clients.*

**THE BAIRD DIFFERENCE**

By March 16, we had 1,400 associates working remotely; by March 24, we had expanded that number to 3,800.

Tim Byrne,  
Chief Information Officer

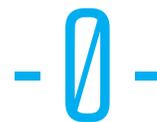
## Corporate Resource Groups

### A Year of Challenges

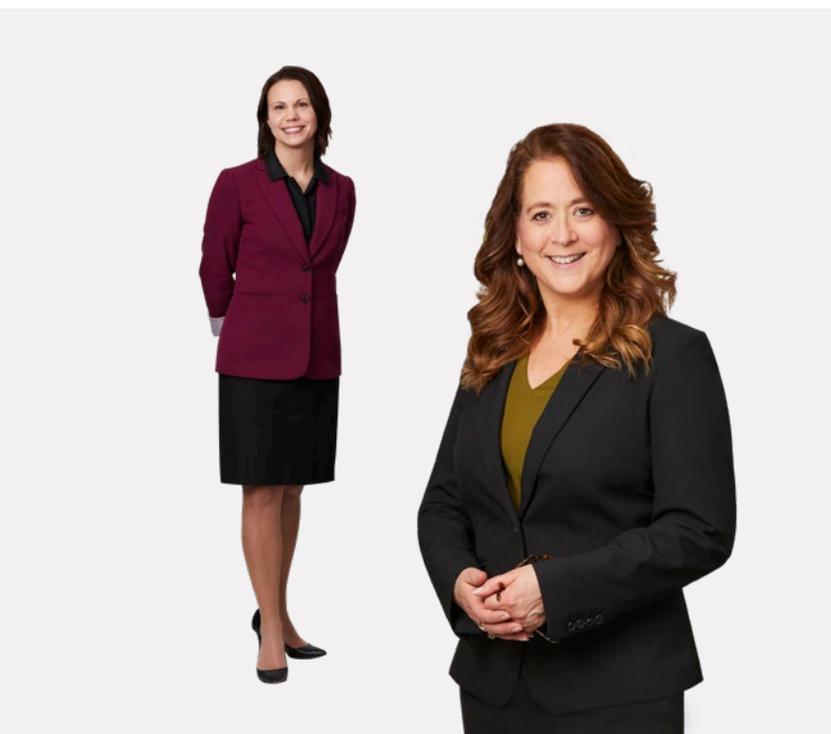
The backbone of Baird has long been our Corporate Resource Groups, or CRGs, which provide our business units with the services and support they need to help our clients and associates thrive. The events of 2020 forced our CRGs to change their entire way of working and develop new skills on the fly.

**Risk Management** started to focus on COVID-19 as early as January, when the virus began to impact our associates in China. In addition to providing insights about the pandemic, the Risk team monitored Baird's trading activities when the markets were at their most volatile, protecting our clients from cybercriminals taking advantage of the disruption.

In March, much of the firm transitioned to a work-from-home environment. Before the pandemic, Baird had approximately 300



**EVENTS  
CANCELED BY  
CONFERENCE  
SERVICES**



# 160

## OFFICE LOCATIONS MONITORED AND PROTECTED BY THE REAL ESTATE GROUP

associates per day accessing the network remotely, but **Information Technology** quickly expanded our capabilities to allow nearly 4,000 associates remote access. With client transactions increasing at some points to five times normal levels, **Operations** had a crew continuing in the office in order to receive and send checks, while **Finance** worked to transition legacy paper-based processes to electronic delivery.

### New Roles, New Skills

Private Wealth Management needed to maintain a skeleton crew in its offices, so the **Real Estate** team began to source and distribute PPE, work out contact tracing, and coordinate the deep-cleaning of the offices. They even found themselves partnering with distilleries to produce bourbon bottles filled with sanitizer. Collaboration between Real Estate, Risk, **Human Resources**, and **Marketing & Communications** led to ongoing, regular communication with all associates about safety and other concerns at our office buildings. Our increased internal communications included **Culture** sending out surveys to take the pulse of our associates and respond to their needs.

Every group had new challenges to face. Human Resources partnered with Real Estate to make sure that hiring could continue safely and transitioned all learning content to virtual formats while developing new content to support mental health issues.

**Corporate Events and Conference Services** transitioned all events to a virtual format, learning new technologies in the process—everyone on the team became proficient in running a webcast. The **Legal** team sorted through the myriad of governmental orders on reopening our offices. Their colleagues in **Compliance**, who review branch locations every year, built out a protocol for “virtual visits” that would comply with pandemic regulations.

The coronavirus pandemic was not the only challenge facing Baird in 2020. After the death of George Floyd, Human Resources partnered with Prism, an associate group supporting diversity, to facilitate listening sessions across Baird, leveraging the bravery of Baird’s associates of color to share their stories. Real Estate remained focused on the delayed opening of a second headquarters in Louisville. Life and our business go on in many ways—none of which would be possible without our CRGs.



**CLIENTS TELL US**

*I want to work with a firm who shares my values.*

**THE BAIRD DIFFERENCE**

We all have an opportunity to make the world a better place. From backing deserving organizations to offering a gift matching program and more, Baird is committed to supporting those who support their communities.

Manish Gupta  
Investment Banker – Managing Director

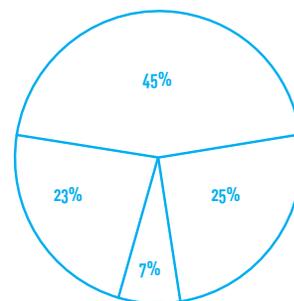
## Impacting our Communities

### Inclusion & Diversity

We're proud to have a long tradition of community involvement at Baird. Our associates continue to build on this legacy through their strong commitment to giving back. They share a passion for making an impact in the community. As a firm, we recognize the importance of sharing our time, talents and resources and are proud to support our associates' drive to make a difference.

In a similar vein, Baird is committed to inclusion & diversity for our clients, our associates and our communities. As a firm, we are focused on serving an increasingly diverse client base and inclusively engaging the best talent globally. We demonstrate our commitment to inclusion & diversity through a variety of initiatives, including our

### 2020 BAIRD FOUNDATION GIVING AREAS OF FOCUS



**Health & Human Services 45%**  
**Education 25%**  
**Arts 7%**  
**Other\* 23%**

\*Includes ethnic, religious, environmental, professional and youth organizations.



**\$5.2+** MILLION DONATED IN 2020

Associate Resource Groups (ARGs). These associate-led groups provide networking and professional development opportunities while emphasizing meaningful community outreach. The ARGs support firmwide initiatives dedicated to cultivating multiculturalism, volunteerism, professional development opportunities for women, next-gen talent, LGBTQ equality and support for veterans.

**Baird Foundation**

Many of our firm’s community efforts are led by Baird Foundation, which supports nonprofit organizations, with a particular focus on health and human services, education, the arts and diversity – areas we believe align with Baird’s commitment to equality and opportunity for all. Baird Foundation is overseen by a board of directors, including representation from across the firm. Although the Foundation does not make

contributions to organizations outside the U.S., Baird is a global firm and supports our overseas associates’ commitment to giving back.

To support our associates’ personal giving, Baird Foundation makes matching gifts to deserving charities as well as direct donations to organizations where our associates are actively involved. In 2020, Baird Foundation contributed more than \$5.2 million to qualified nonprofits, including more than \$2.3 million to match our associates’ charitable donations. These initiatives are complemented by our Baird Cares program, which offers paid time off and schedule flexibility to accommodate volunteer work. Meanwhile, Baird Gives Back Week unites our associates, families and friends annually for collaborative volunteering opportunities.

The Foundation also leads several firm-level giving campaigns. More than 60 of Baird’s U.S.



**\$1.4+** MILLION DONATED TO COVID-19 RELIEF EFFORTS

locations participated in our 2020 campaign in support of United Way. Together, Baird and our associates contributed \$3.7 million to the organization, with 92% of associates<sup>1</sup> donating to the cause. Our annual United Performing Arts Fund (UPAF) campaign supports the arts community in southeastern Wisconsin, home to Baird’s headquarters. Baird and our associates contributed more than \$300,000 to the cause in 2020. We also held a campaign for Fund for the Arts in Louisville.

**Coming Together in 2020**

Giving back took on new urgency in 2020. To support essential workers and charities in need, we donated to COVID-19 relief efforts in select markets, including food banks, disaster relief and community support organizations, and doubled associate match dollars available to our associates to amplify their personal donations. These efforts contributed more than \$1.4 million additional dollars into our communities.

In a first for Baird, we hosted a virtual Baird Gives Back Week due to COVID-19. Our associates organized creative, socially distant activities to

create safe opportunities for volunteerism. Hundreds of associates and family members participated across more than 130 of Baird’s global locations, including our U.K., Germany and China offices.

Finally, we launched two initiatives to honor former Baird leaders whom we lost shortly before the pandemic accelerated. We established the G. Frederick Kasten, Jr. Endowed Chair in Parkinson’s Disease Research at the Medical College of Wisconsin to salute the memory of Fred Kasten, our former President, CEO and Chairman. The initiative has raised more than \$3.3 million to accelerate vital research efforts. Additionally, we established the Paul Purcell “Kids Win!” Annual Baird Education Grant to celebrate the legacy of Paul Purcell, also a past President, CEO and Chairman of Baird. The firm, our businesses and our associates have contributed more than \$8 million to this initiative. We plan to announce more information about the fund and 2021 grant recipients.

<sup>1</sup> Participation rate reflects giving in Milwaukee and Chicago.

## 2020 Leadership

The members of Baird's Executive Committee average more than 20 years at the firm, representing a significant continuity of leadership and advocacy for the core values Baird was founded on in 1919.

### Executive Committee

**Steven G. Booth\***  
President &  
Chief Executive Officer

**James R. Allen**  
Vice Chairman

**Timothy P. Byrne**  
Chief Information Officer

**Erik C. Dahlberg**  
Executive Director of  
Private Wealth Management

**Leslie H. Dixon**  
Chief Human  
Resources Officer

**Brian S. Doyal**  
Co-Head of Global  
Investment Banking

**Rodney Jones-Tyson**  
Chief Risk Officer

**Jon A. Langenfeld**  
Head of Global Equities

**Patrick S. Lawton\***  
Director of Fixed Income  
Capital Markets

**C.H. Randolph Lyon**  
Vice Chairman

**Terrance P. Maxwell\***  
Chief Financial Officer

**Brian P. McDonagh**  
Co-Head of Global  
Investment Banking

**Gordon G. Pan**  
President of Baird Capital

**Michael J. Schroeder\***  
President of Private  
Wealth Management

**Paul L. Schultz**  
General Counsel and  
Secretary

**Mary Ellen Stanek\***  
Director of Asset Management

**John G. Taft**  
Vice Chairman

**Laura K. Thurow**  
Executive Director of  
Wealth Solutions and Operations

**Jason De Sena Trennert**  
Chairman and  
Chief Executive Officer  
of Strategas

\*Director of Baird Financial Group

### Executive Management and Managing Directors

A full listing of Baird's Managing Directors can be found in the online version of this report at [bairdannualreport.com](http://bairdannualreport.com).

# Financial Information

Baird Financial Group is the ultimate parent company of all of Baird's global operations. Our primary businesses are wealth management, capital markets, asset management and private equity. We are privately held and employee-owned.

## Baird Financial Group: Financial Highlights

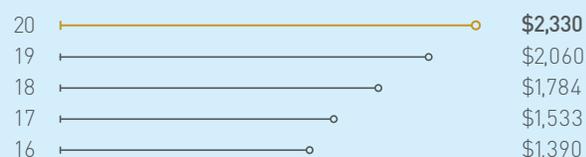
	Operating Results		Per-Share Data		Financial Position	Other Data	
	Net Revenues (millions)	Operating Income (millions)	Book Value (fully diluted)	Cash Dividend	Total Assets (millions)	Associates	Financial Advisors
2020	\$ 2,330	\$ 360	\$ 59.30	\$ 5.50	\$ 3,507	4,512	1,292
2019	\$ 2,060	\$ 262	\$ 53.21	\$ 2.50	\$ 3,343	4,641	1,298
2018	\$ 1,784	\$ 244	\$ 48.77	\$ 0.00	\$ 3,235	3,642	937
2017	\$ 1,533	\$ 199	\$ 39.77	\$ 2.10	\$ 3,114	3,410	858
2016	\$ 1,390	\$ 155	\$ 34.67	\$ 7.50	\$ 2,613	3,410	877
2015	\$ 1,286	\$ 154	\$ 37.48	\$ 2.00	\$ 2,793	3,312	872
2014	\$ 1,202	\$ 135	\$ 34.87	\$ 1.85	\$ 2,635	3,172	816
2013	\$ 1,069	\$ 117	\$ 31.78	\$ 1.65	\$ 2,259	2,935	727
2012	\$ 961	\$ 100	\$ 28.98	\$ 1.60	\$ 2,340	2,787	698
2011	\$ 925	\$ 86	\$ 27.19	\$ 7.50	\$ 2,264	2,752	694

Financial information does not reflect the consolidation of certain private equity partnerships.

**BOOK VALUE:** Baird paid cash dividends per share of \$5.50, \$2.50, \$2.10, \$7.50, \$2.00, \$1.85, \$1.65, \$1.60 and \$7.50 in December of 2020, 2019, 2017, 2016, 2015, 2014, 2013, 2012 and 2011, respectively, which resulted in corresponding decreases in book value. In addition, per-share amounts have been restated to give effect for a three-for-one stock split, effective November 30, 1999, and a two-for-one stock split, effective February 19, 2008.

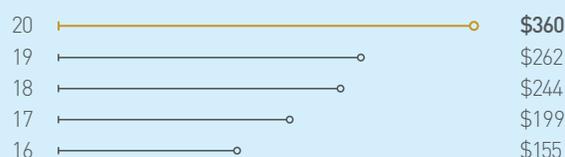
## NET REVENUES

(millions)



## OPERATING INCOME

(millions)



## BOOK VALUE

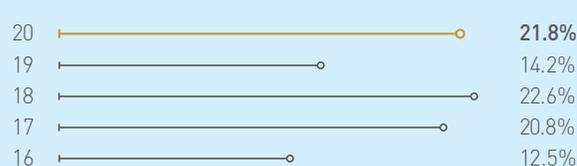
(per share / including cumulative dividends)



\*Represents the book value per share of Baird stock at December 31, 2020, of \$59.30 plus cumulative cash dividends per share from 2011 through 2020 of \$32.20 per share, representing annual dividends of \$5.50, \$2.50, \$2.10, \$7.50, \$2.00, \$1.85, \$1.65, \$1.60 and \$7.50 per share in 2020, 2019, 2017, 2016, 2015, 2014, 2013, 2012 and 2011, respectively.

## RETURN ON BOOK VALUE\*\*

(per share)



\*\*For comparative purposes, book value appreciation includes an adjustment for the value of the dividends paid in December of each year.

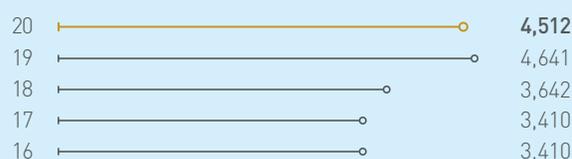
## STOCKHOLDERS' EQUITY

(millions / including cumulative dividends)



\*\*\*Represents stockholders' equity at December 31, 2020, of \$1,288 million plus cumulative cash dividends from 2011 through 2020 of \$588 million, representing annual dividends of \$119 million, \$55 million, \$39 million, \$136 million, \$35 million, \$32 million, \$27 million, \$25 million and \$120 million in 2020, 2019, 2017, 2016, 2015, 2014, 2013, 2012 and 2011, respectively.

## ASSOCIATES



To learn more about Baird, visit [rwbaired.com](http://rwbaired.com).

© 2021 Robert W. Baird & Co. Incorporated

Member SIPC. MC-514052. #7033.20

"Baird" is the marketing name for Robert W. Baird & Co. Incorporated and its subsidiaries and affiliates worldwide.

Robert W. Baird Limited and Baird Capital Partners Europe Limited are authorized and regulated in the United Kingdom by the Financial Conduct Authority.

© 2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Services or products may not be available in all jurisdictions or to all persons/entities. For additional information, please visit Important Disclosures at [rwbaired.com](http://rwbaired.com).



Discover the *Baird Difference*

BAIRD



[bairdannualreport.com](http://bairdannualreport.com)



#### UNITED STATES

777 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202  
800-79-BAIRD  
[rwbaird.com](http://rwbaird.com)

#### EUROPE

Finsbury Circus House  
15 Finsbury Circus  
London EC2M 7EB  
+44-207-488-1212  
[bairdeurope.com](http://bairdeurope.com)

#### ASIA

Rm 1201D, Building 2  
Century Metropolis,  
No. 1239 Century Avenue,  
Pudong, Shanghai 200122,  
China  
+86-21-6182-0980  
[bairdasia.com](http://bairdasia.com)

