

2021 ANNUAL REPORT



PRIVATELY HELD | EMPLOYEE-OWNED



WELCOME SHAREHOLDERS

Discover the *Baird Difference*

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PRIVATELY HELD | EMPLOYEE-OWNED

| A constant focus on clients' and associates' needs.

| Personal interest in doing what is best for our clients.

| A focus on what we believe matters most.

| Personal commitment to making Baird a great place to work.



A Message From Steve Booth

Values are a centering force in times of both calm and chaos. As the tumult of the global pandemic continued to unfold throughout 2021, Baird held fast to our core values of honesty, integrity, transparency and teamwork while always keeping our clients' interests first. Each has guided Baird through times of significant change, including our unique journey as a privately held, employee-owned firm.

Being privately held and employee-owned allows us to decide and focus on what matters most: putting our clients first and staying true to our values. It's why we repurchased our independence after selling a controlling stake in Baird to an outside entity in the early 1980s. We began the process in the mid-1990s, increasing our minority employee-ownership through two incremental transactions and ultimately acquiring ownership of Baird in 2004. This is not only one of the great legacies of my predecessor, Paul Purcell, it is a gift that we intend to never again relinquish because it is so fundamental to maintaining our values – and therefore to achieving our success.

These qualities, which have served Baird so well over our history, enabled us to navigate 2021's challenges, act on opportunities that emerged and achieve extraordinary outcomes for our clients.

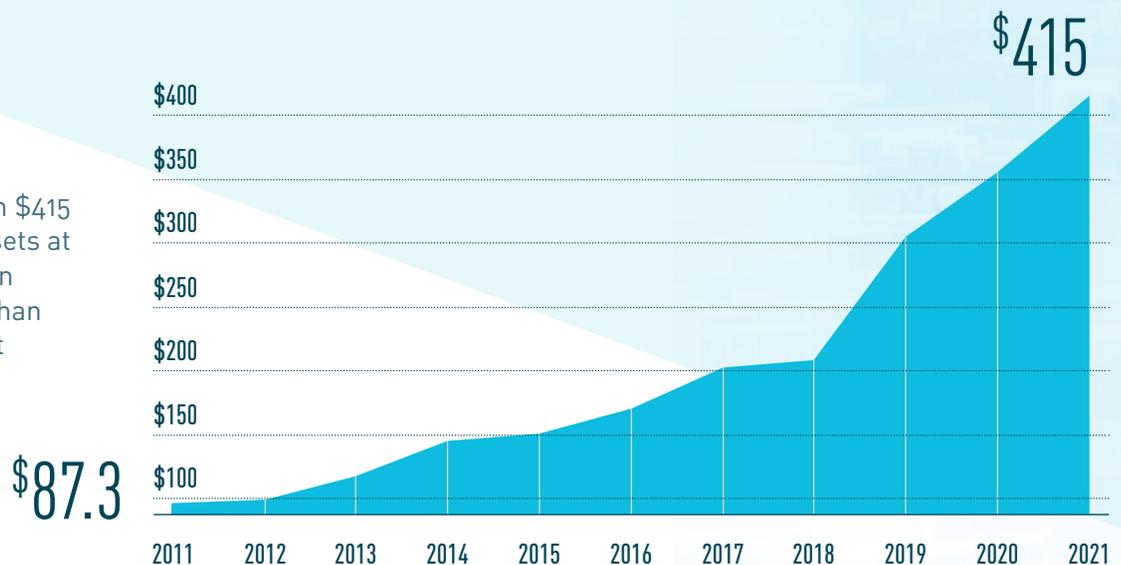
BUSINESS HIGHLIGHTS

2021 was a year of historically strong results across Baird. Our revenues totaled \$3.41 billion, our 12th consecutive record,¹ while our operating income was \$609 million – also a new record for the firm. The firm’s return on book value was 33.4%, including cash dividends paid to shareholders during the year and supported by continued cost savings from managing non-compensation expenses through the pandemic environment. These results also enabled us to do several special things, including granting a special one-time bonus to eligible associates, including long-term interns, and expanding our profit-sharing contributions. To ensure our communities also benefited from Baird’s 2021 results, we also deepened our investment in Baird Foundation’s charitable gift matching programs and other charitable initiatives across Baird.

The firm benefited from favorable market conditions across all of the markets we serve in 2021. This environment, combined with the best-in-class support of our Corporate Resource Groups, enabled each of our five complementary businesses to exceed our own and our clients’ expectations. A handful of business results and developments include:

- Private Wealth Management posted a particularly strong finish to the year and now manages more than \$275 billion in assets for its clients.
- We saw exceptional growth in assets under management across our Asset Management teams. Additionally, assets in the Baird Funds exceeded \$100 billion for the first time.
- Our Equity Capital Markets teams achieved \$1 billion in revenue for the first time. Global Investment Banking more than tripled its revenues and completed more than 400 financing and advisory transactions.
- Fixed Income Capital Markets recorded its second-best year ever and continued to invest in building its team and capabilities.
- Principal Investments saw robust results across its platform and generated record investment gains for its investors.

Baird managed or oversaw more than \$415 billion in client assets at the end of 2021 – an increase of more than 375% over the past decade.



COMMITTED TO PROGRESS

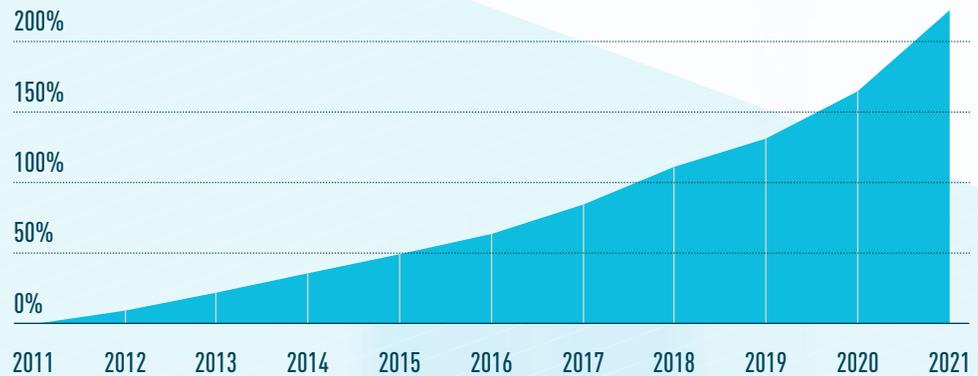
At Baird, we believe that when people of different backgrounds, perspectives and experiences come together, there’s no limit to what they can accomplish. That belief is core to our commitment to inclusion & diversity for our clients, associates and communities. We recognize that inclusion & diversity can and does enhance the way we serve our clients – but for that to be possible, Baird must be an exceptional workplace for all. We maintained our focus on being a great place to work for each of our associates in 2021. To that end, we were humbled to be recognized among the *Fortune* 100 Best Companies to Work For® in 2021, ranking No. 32 in our 18th consecutive year on the list.

We deepened our long-time commitment to inclusion & diversity through a wide range of internal and external programs and initiatives throughout 2021. Our Associate Resource Groups continued to play an essential role in guiding our inclusion & diversity efforts. We also launched our Bridge Builders program, a unique reverse mentoring program that connects our associates of color with our Executive Committee for discussion and relationship building. We also worked to develop rising talent via our internship program. In 2021, it included approximately 200 talented students, more than 60% of whom were diverse by gender or ethnicity.

We also continued our long tradition of community involvement and supporting organizations devoted to making the world a better place for all. In May, we announced the inaugural recipients of the Paul Purcell “Kids Win!” Annual Baird Education Grant, which we established in honor of our former Chairman, President & CEO, who was a passionate supporter of education. Thanks to cornerstone gifts from Baird, Baird Foundation, our business units and many of our associates, we have raised more than \$13 million to help ensure kids continue to win. In 2021, we made inaugural grants totaling \$700,000 to seven nonprofits located across Baird’s footprint.



221%



Our stock value has increased 221% over the past 10 years.²

DEFINING OUR FUTURE

As we reflect on the impact of the global pandemic and what the future may hold, we recognize some old approaches will no longer do. Change is a constant in our industry and our world – and thus Baird is evolving in kind. We made further, substantial investments in our technology in 2021 to support the firm’s continued growth and drive even more effective collaboration across our teams. Additionally, we are empowering each of our business units, Corporate Resource Groups and office locations to find more effective and flexible ways to work while meeting our clients’ evolving needs in ever-changing and complex market conditions. Our goal is balance in personal well-being, client service and productivity for every Baird associate.

Each of our businesses evolved to meet our clients’ needs and support fellow colleagues throughout 2021. In Private Wealth Management, leaders requested feedback from our clients and our associates on how to evolve their relationships for the future. Our Equities business focused on reconnecting with clients in person, when possible and appropriate, to strengthen partnerships. Global Investment Banking optimized its business development and execution processes as the M&A markets surged to record levels. Asset Management and Baird Capital remained committed to keeping their teams united to maximize collaboration, deliver strong investment performance and provide exceptional service to clients. Meanwhile, Fixed Income Capital Markets added

nearly 50 associates to its team in the pandemic environment to further strengthen its business platform. Finally, we rebranded Hilliard Lyons Trust Company to Baird Trust. Headquartered in Louisville, Kentucky, the business provides comprehensive trust services and investment management for clients in more than 40 states.

Being privately held and employee-owned enables us to set our focus, without other influences. It’s a choice we make every day – and we choose to focus on our clients in all we do. We’re planning for Baird’s future with them in focus. To that end, I’m very pleased to share that we entered into an agreement in January 2022 to welcome Hefren-Tillotson, a Pittsburgh-based wealth management firm, to the Baird family. Like Baird, Hefren-Tillotson is a privately held firm with a strong, clients-first culture and business model. It is truly special to find a partner who shares your values and is exceptionally good at what they do. We believe we’ve found that in Hefren-Tillotson.

It is a true privilege to lead the more than 4,700 associates who make Baird great. Our independence allows us to work together to decide what matters most and set the direction for Baird’s future. It’s one of my favorite qualities that embodies the Baird Difference – and we look forward to living that out in 2022 and beyond.

ALL MY BEST,

Steve Booth
Chairman, President & CEO

¹ Financial results do not reflect the consolidation of certain private equity partnerships.

² 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 \$0.53, \$0.55, \$0.62, \$0.67, \$2.50, \$0.70, \$0.83, \$1.83 and \$2.50 paid in 2012, 2013, 2014, 2015, 2016, 2017, 2019, 2020 and 2021, 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.

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Baird

Baird is a privately held, employee-owned financial services firm. Since our founding in 1919, we've built a strong platform of five complementary businesses that diversify and balance our revenues across market cycles.

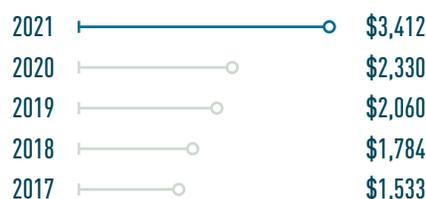
More than two-thirds of our associates are Baird shareholders. Ownership is broadly distributed across all levels of the firm.

67%

OF BAIRD ASSOCIATES
ARE SHAREHOLDERS

BAIRD NET REVENUES¹

(MILLIONS)



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 capital advisory capabilities to clients around the world.

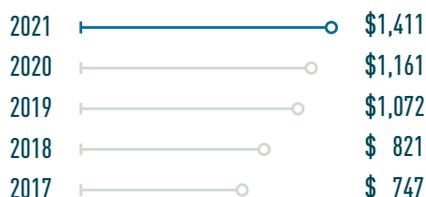
Principal Investments

Baird Capital
Baird Principal Group
Strategic Investments

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

PRIVATE WEALTH MANAGEMENT REVENUES

(MILLIONS)



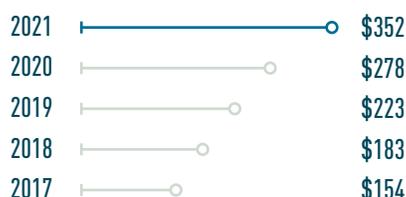
More than

\$275 billion

in client assets

ASSET MANAGEMENT REVENUES

(MILLIONS)



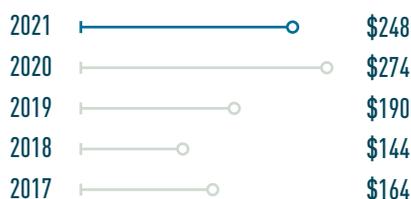
More than

\$135 billion

in assets under management

FIXED INCOME CAPITAL MARKETS REVENUES

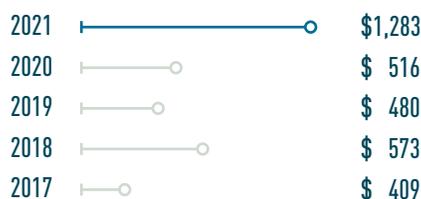
(MILLIONS)



#1 municipal underwriter in the U.S. for 13 consecutive years²

EQUITY CAPITAL MARKETS REVENUES

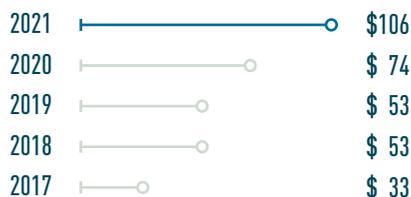
(MILLIONS)



#1 for "overall quality in sales, corporate access and research"³

PRINCIPAL INVESTMENTS REVENUES

(MILLIONS)



Approximately

\$3.9 billion

raised and managed since inception

¹ Financial results do not reflect the consolidation of certain private equity partnerships.

² Based on number of issues from 2009 to 2021, according to Ipreo MuniAnalytics.

³ Greenwich Associates' 2021 surveys of North American Equity Investors. Surveys conducted with 95 small-cap and mid-cap fund managers, 138 generalist portfolio managers and 236 traders. Rankings for qualitative metrics based on leading research firms in surveys.



Private Wealth Management

This past year was a highly successful one for both Baird Private Wealth Management and the clients we serve. Whether the economy and the markets are enjoying a strong year or a challenging one, the long-term, employee-owned, conservative way we manage our business continues to focus on doing what is best for you, our clients.

Since 1919, we've tailored our capabilities with our clients' best interest at the forefront. This past year was no different and led us to expand our wealth management offerings with the goal of addressing the unique needs of our clients and their families. We continued to address concerns around family wealth by developing customized solutions for our ultra-high-net-worth

clients, including multigenerational families, foundations and endowments. Last year also saw the former Hilliard Lyons Trust rebranded to Baird Trust, which further integrates our vision for the future. Baird Trust provides our clients' the ability to grow, protect and transfer their wealth in a way that holds true to their values.

For clients who own a business, Baird's Business Owner Solutions team provides services like valuation, succession planning, and mergers or acquisitions. To help our clients capitalize on short-term financial opportunities while keeping their longer-term goals in place, our Liquidity Solutions offering provides additional peace of mind when clients need access to cash.

1,300

FINANCIAL ADVISORS



We are constantly investing in expertise that can help our clients discover the best strategies that meet their distinct needs at any life stage. Our Wealth Solutions Group, a team of more than 120 experienced professionals, offers our advisors expertise in areas like portfolio strategies, core financial, tax and estate planning, liquidity, insurance solutions and charitable giving, as well as complex planning solutions for families and business owners. Baird's Financial Advisors also have ready access to Strategas, one of the world's leading macroeconomic and global markets firms, for cutting-edge research that can inform our clients' investment and financial decisions.

Our long-term approach extends to leadership as well. As the new year began, Erik Dahlberg, the longtime Executive Director of PWM and member of Baird's Executive Committee, stepped into the role of President of PWM, while Mike Schroeder transitioned to Chairman of PWM. This move continues a partnership that has been in place for decades and emphasizes Baird's continuity for clients well into the future.





To further cultivate talent, in 2021 we unveiled the first-ever Baird Scholars program in partnership with the University of Wisconsin-Madison. This program invests in the next generation of youth with the purpose of building a diverse pipeline of future advisors at Baird. Ten students from underrepresented backgrounds will receive a scholarship, housing assistance, mentorship and hands-on experience in our PWM business. Our commitment to our communities remains of high importance to us, and this program is one more way we highlight the Baird Difference.

\$275+
BILLION

IN ASSETS UNDER MANAGEMENT





Asset Management

Baird's Asset Management division consists of Baird Advisors, our fixed income asset management business, and Baird Equity Asset Management. Baird Funds, our no-load family of 10 bond and six equity funds, achieved the milestone of reaching \$100 billion in assets for the first time in 2021.

For the 10th consecutive year, both Baird Advisors and Baird Equity Asset Management have been named to *Pensions & Investments'* list of the Best Places to Work in Money Management. Baird is one of only five companies to have appeared on the list every year since its introduction in 2012.

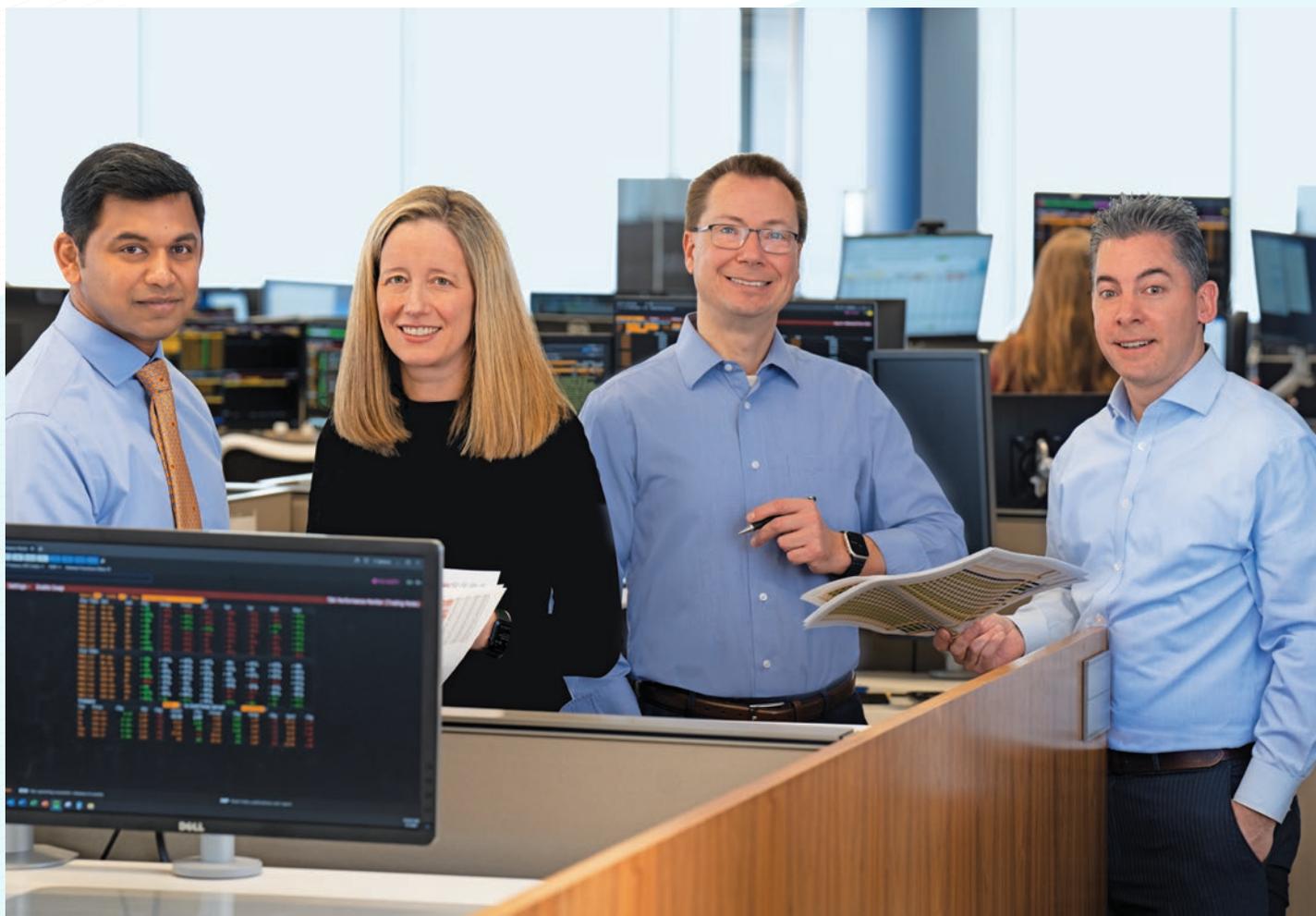
BAIRD ADVISORS

Baird Advisors' suite of actively managed products delivered competitive results relative to our benchmarks and peers once

again in 2021. While the economy rebounded from the pandemic, 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, which has been a tremendous asset to riding out the economic volatility we have endured in the past two years.

We believe that investors own higher-quality bonds, especially in a relatively low-rate environment, to dampen volatility and normalize overall portfolio returns, not to create excitement. That approach served us well in 2021, when three of our funds – the Aggregate Bond Fund, Short-Term Bond Fund and Ultra Short Bond Fund – earned prestigious Gold ratings from Morningstar, while the Core Plus Bond Fund earned a Silver rating.¹

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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 ended the year with more than \$130 billion in assets under management. 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

One of the most significant developments for the Baird Advisors team during 2021 was the elevation of Warren Pierson to Co-Chief Investment Officer alongside Mary Ellen Stanek. Warren has been with our team for more than 28 years and also serves as a Managing Director and Senior Portfolio Manager for the Baird Funds.

Mary Ellen Stanek, who is also President of the Baird Funds, was a nominee for the 2021 Morningstar Outstanding Portfolio

Manager Award and was named one of *Barron's* 100 Most Influential Women in U.S. Finance. Altogether, our team consists of 67 highly experienced professionals with an average of nearly 20 years of experience, including 28 individuals who have earned their Chartered Financial Analyst (CFA) designation. Several of our managers have been with Baird Advisors since its inception in 2000. We are grateful for the longevity of our core group, which remains focused on keeping our clients' interests foremost and investing in our team as our business continues to grow.

MUNICIPAL FUNDS

The newest members of our family of municipal funds, the Baird Strategic Municipal Bond Fund and Baird Municipal Bond Fund, will mark their third anniversaries this year. Our muni team, led by industry veterans Duane McAllister and Lyle Fitterer, managed over \$10 billion in municipal assets at year-end.

5th ANNIVERSARY

FOR OUR INTERNATIONAL AND GLOBAL MUTUAL FUNDS



BAIRD EQUITY ASSET MANAGEMENT

Our Equity Asset Management teams manage strategies and mutual funds for individual and institutional investors. Each of the teams is staffed with experienced professionals with 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 more than doubled since 2018.



TEAM HIGHLIGHTS

The Baird MidCap Fund entered the year having just celebrated its 20th anniversary. It is one of the longest running mid-cap growth mutual funds with the same portfolio manager since inception. Our newest equity fund, Baird's Small/Mid Cap Growth Fund, recently passed its three-year anniversary and has been delivering strong, top quartile returns since inception. The fund has seen strong growth in assets under management.

Chautauqua Capital Management, our international and global growth team, reached a milestone in April of 2021 when their funds reached their five-year anniversary, and their International Growth Fund achieved Morningstar's Bronze rating for the first time.¹ The Specialized Asset Management (SAM) team, which manages customized portfolios for high-net-worth clients on behalf of Baird Financial Advisors, had another strong year in 2021 and has seen its assets under management more than double in the past two years, reaching \$3.7 billion in 2021.

The successes that Baird Asset Management achieved in 2021 were the result of our decades-long focus on serving our clients above all else. In both challenging and strong markets, our teams have delivered not just solid results but stability and peace of mind for our clients.

\$3.7 BILLION

UNDER MANAGEMENT WITH THE
SPECIALIZED ASSET MANAGEMENT TEAM

\$260 BILLION

IN BONDS TRADED BY
THE SALES & TRADING TEAM



Fixed Income Capital Markets

Baird's Fixed Income Capital Markets group is composed of our Sales & Trading and Public Finance teams. Our Sales & Trading team provides fixed income bond investment products, ideas, analysis and trade execution for institutional clients, while our Public Finance professionals offer underwriting, advisory, consultant and placement agent services to clients in the public, private and nonprofit sectors.

SALES & TRADING

As our Sales & Trading team regained its footing from the upheavals of the previous year, we focused on not just surviving but building out the core of our business. Continuing the transition to a business model that was a hybrid of work-from-home and being back in the office, we strengthened our client relationships and reaffirmed our commitment to the fixed income business, delivering expertise in a full range of fixed income securities to our clients.

One focus in 2021 was building out our team, adding 16 professionals to our platform to bring our total staff to more than 150 sales, trading and analytics professionals who serve clients from 23 offices across the U.S. Our new professionals carry not only exceptional fixed income credentials, but a strong alignment with Baird's cultural values, particularly our client focus and teamwork.

In the end, 2021 proved to be one of our strongest years ever, as we continued to provide value-added insights, exceptional service and quality trading execution for our clients. The face value of the taxable and tax-exempt bonds we traded reached \$260 billion, our second-highest figure on record.



40
STATES WITH ISSUES FROM
BAIRD PUBLIC FINANCE

PUBLIC FINANCE

Baird’s Public Finance team was the No. 1 municipal underwriter in the U.S. for the 13th consecutive year in 2021, based on number of issues.¹ We also ranked among the top five municipal advisors nationwide, also based on number of issues.² Clients across the country turned to Baird to refinance existing bond issues and access lower costs of capital, as interest rates remained relatively low throughout 2021. The team’s commitment to delivering innovative, tailored solutions resulted in issues from 40 different states.

Our team of 88 professionals serves clients from 20 offices in 13 states. This structure enables us to deliver the benefits of a national presence combined with a regionalized, sector-driven expertise. We also continued to deepen our capabilities in the education market with the addition of two key senior bankers: Brian Kelso, a managing director in our Denver office working primarily with charter schools, and Annette Folmar, who joined our team in San Antonio.



¹ Based on number of issues from 2009 to 2021, according to Ipreo MuniAnalytics.

² According to Ipreo MuniAnalytics as of December 31, 2021.



Equity Capital Markets

GLOBAL INVESTMENT BANKING

Baird Global Investment Banking provides advisory and financing services to clients around the world. After the disruption of a global pandemic, we achieved our strongest year ever in 2021. In an unprecedented market environment, Baird stretched and delivered for its clients. Leveraging the qualities that make our firm unique – teamwork, creativity, deep sector expertise and close client relationships – Baird’s global team of investment bankers delivered truly extraordinary outcomes for both clients and the firm in 2021.

\$102 BILLION

IN M&A TRANSACTIONS
COMPLETED BY BAIRD GLOBAL
INVESTMENT BANKING



We completed 404 advisory and financing transactions over the course of the year, which was nearly double our previous record. This total included 207 merger & acquisition deals worth a combined \$102 billion, and 133 financings that raised a combined \$77.7 billion. All four of those figures represent annual records for Baird Global Investment Banking.

All told, by year end, Global Investment Banking had earned more than two and a half times the revenue of our prior annual high. In fact, the revenue from the fourth quarter of 2021 alone exceeded our previous high for an entire year.

EXPANDING CAPABILITIES

In order to fully serve our clients in the face of all this growth, we added over 130 new bankers to our team over the course of the year. Our team takes a unique approach to investment banking,

operating as one global team on a single profit-and-loss statement. This distinctive structure fosters a truly unique culture at Baird – one that values integrity, teamwork, innovation and client focus. We will continue to support our team as they advance in their careers and continue to create an inclusive environment that values our team’s diversity of backgrounds, perspectives and skill sets.

We expanded our offerings by launching the Capital Advisory Group, which partners with Baird’s industry and M&A bankers to deliver a broad range of highly customized solutions across the spectrum of debt, equity and hybrid securities. The division also launched a Restructuring Advisory practice focused on advising corporate and financial sponsor clients on their capital structure-related challenges, and added senior industry banking talent in Europe.

750+

STOCKS UNDER RESEARCH COVERAGE



EQUITIES

As the world began to recover from the global pandemic, Baird continued to serve as a trusted, effective equities partner to our clients in a year when the equity markets delivered strong performance. The strength of our client relationships was bolstered by our continuing investment in our talent. Our Sales & Trading team grew to a total of approximately 110 associates in 2021, doing business in 35 countries around the globe.

Meanwhile, our Equity Research team, consisting of 95 analysts, covered more than 750 stocks at year-end. We once again received high marks in the 2021 Greenwich Associates survey¹, our 18th consecutive year of recognition.

The research team's industry-renowned insights are complemented by macro research from Strategas, a Baird company, which was recognized by *Institutional Investor* as a top macro research firm on Wall Street for the fifth consecutive year. Strategas also adds 34 equity analysts and Sales & Trading associates of its own to bolster the efforts of our team.

Through our investor conferences, Baird arranged more than 20,000 company-investor connections via company visits, 1-1 meetings at Baird conferences and management trips to institutional clients. Again in 2021, our institutional conference series also earned the No. 1 ranking for most useful conferences and seminars in Greenwich Associates' survey.¹

OUR RANKINGS INCLUDE:

No. 1 overall quality in sales, corporate access and research

No. 1 best trading for small/mid-cap equities among mid-market research firms

No. 1 overall sales and corporate access quality

No. 1 greatest knowledge of companies and industries

¹ Greenwich Associates' 2021 surveys of North American Equity Investors. Surveys conducted with 95 small-cap and mid-cap fund managers, 138 generalist portfolio managers and 236 traders. Rankings for qualitative metrics based on leading research firms in surveys.





330+

COMPANIES INVESTED IN BY
BAIRD CAPITAL SINCE INCEPTION

Principal Investments

Principal Investments group includes three investment strategies:

1 BAIRD CAPITAL
Makes direct investments through proprietary funds in emerging and lower middle-market companies.

2 BAIRD PRINCIPAL GROUP
Makes minority co-investments in middle-market private companies.

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



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 Capital and related legacy entities have raised and managed approximately \$3.9 billion and made investments in more than 330 companies.

In 2021, despite continued uncertainty driven by the ongoing pandemic, Baird Capital embraced opportunity around the world. Amidst the year's unsteady market, our team redoubled its focus on our thesis-driven investment strategies. We deployed fresh capital across our funds through \$105 million in eight new investments and \$33 million in 16 follow-on investments. We also distributed an aggregate of approximately \$190 million back to our investors, primarily from the exits of four investments. Baird Capital's portfolio companies had combined annual revenues of over \$1.6 billion and employ approximately 12,500 people.

Baird Capital works as one global platform, partnering across the world to support our portfolio. In addition to financial capital, we provide our portfolio companies with a network of 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.

GLOBAL PRIVATE EQUITY

With a focus on business-to-business technology and services companies across multiple subsectors, our Global Private Equity platform invests in lower middle-market companies across the U.S., U.K. and Asia. This affords us great flexibility in where we deploy capital and enables us to provide investors with geographic diversification.

In July of 2021, Baird Capital announced the final close for our Global Fund II, with over \$340 million in committed capital. Our Global Private Equity team completed two new platform investments and four follow-on investments during the year, deploying a total of \$78 million. Shortly after year end we closed one new platform deal and have a second new platform under a Letter of Intent currently undergoing due diligence.

U.S. VENTURE CAPITAL

Our Venture Capital platform invests in mid-stage companies in the business-to-business technology and services sectors. We focus on companies in underserved geographies, with a particular interest in the middle section of the country. We enjoyed a record investment year in 2021, deploying \$60 million in six new platforms and 14 follow-on investments, exceeding our previous record of \$57 million from 2020.

Several of our Venture portfolio companies experienced exceptional growth in 2021. Importantly, GreenLight Biosciences, a company developing innovative RNA solutions for both the agriculture and human sectors, went public in early 2022.

\$1.6 BILLION

COMBINED REVENUE OF BAIRD
CAPITAL PORTFOLIO COMPANIES

Corporate Resource Groups

EVOLVING WITH A CHANGING WORLD

Our Corporate Resource Groups, or CRGs, are essential to Baird's continued growth. These teams provide important services to our business units and our clients. Throughout 2021, each provided dynamic support to clients and colleagues across Baird.

Baird continued to make meaningful investments in technology tools and talent in 2021. Our Information Technology team welcomed more than 60 professionals and implemented a host of new technologies across the firm, including enhanced video conferencing, telecommunications and trading tools to support hybrid work models and our clients' evolving needs. Risk Management developed innovative approaches rooted in data analytics to enhance the insights it shares with partners across Baird as the business and cyber risk landscape continues to evolve. It also named Amy Junker Director of Risk Management in January 2022. And, during a record-breaking year for Baird's business units, Operations supported a 20% increase in transaction levels while maintaining its high level of service for internal and external clients.

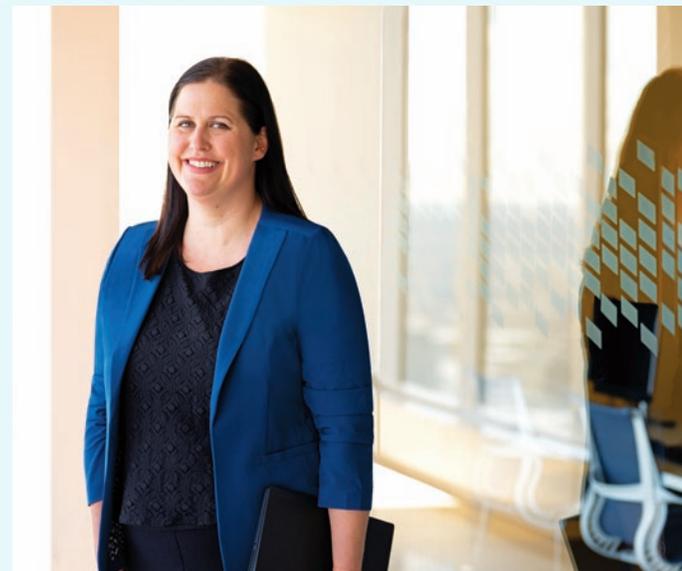
Meanwhile, Finance closely monitored proposed changes to tax legislation and continuously modeled, strategized and communicated potential implications to partners across the firm. Similarly, Legal navigated a myriad of fast-changing government regulations in the pandemic environment. It also worked closely with our business units to help them pursue new opportunities that emerged throughout the year. Compliance guided the firm through the implementation of several major regulatory rules impacting the financial services

industry and built a virtual branch exam program. It also named Christa Graverson Chief Compliance Officer effective January 2022.

We renamed our Facilities team to Corporate Real Estate and Workplace Solutions, or CREW, to better reflect the team's expertise and focus on creating an engaging workplace experience for all Baird associates. The team also coordinated the modernization of workspaces across the firm, including a full remodel of Baird's third-largest office in Louisville, Kentucky. Marketing & Communications continued to build our brand, creating materials and experiences that tell Baird's unique story and highlight the Baird Difference. It also partnered with colleagues across the firm to implement new technologies to support our websites and mobile offerings for our clients. Corporate Events and Conference Services navigated the changing landscape of virtual, hybrid and in-person events, hosting 800+ events for our clients and associates and supporting a more than 350% increase in virtual attendance at our annual investor conferences.

To support our team and maintain the strong culture that makes Baird truly unique, our Culture team worked with colleagues across the firm to design unique programs and initiatives to engage and support our associates across the globe, whether working in office, remote or both. Human Resources shared this focus on sustaining and protecting the culture that makes Baird unique, as well as driving meaningful progress in our efforts to recruit and retain diverse talent across Baird. The team also named Rodney Jones-Tyson Global Chief Human Resources Officer effective January 2022.



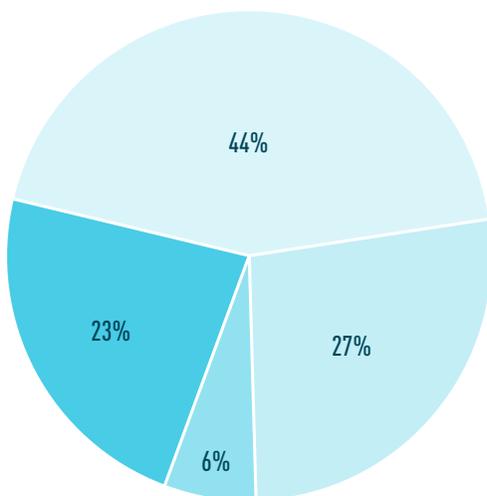


\$5.4+ MILLION
DONATED

Impacting Our Communities

For more than 100 years, Baird has been focused on building stronger communities in the places where we live and work. The success of our businesses becomes especially meaningful to us when it is reflected in the greater good of the world we live in. In 2021, we intensified our commitment to building inclusive and diverse communities both within Baird and around us, strengthened our focus on giving back through Baird Foundation and inaugurated a new series of educational grants inspired by our late chairman Paul Purcell.

2021 BAIRD FOUNDATION GIVING AREAS OF FOCUS



- EDUCATION 44%
- HEALTH & HUMAN SERVICES 27%
- ARTS 6%
- OTHER* 23%

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

INCLUSION & DIVERSITY

Building an inclusive and diverse environment for our associates, our clients and our communities has been a long-time focus for the firm. We strive to carry out that goal in all of our work, our strategic planning and our community impact. This commitment is reflected in many programs and initiatives across Baird.

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 Associate Resource Groups (ARGs), which include Prism for our associates of color and Spectrum for our LGBTQ associates. These groups provide networking and professional development opportunities while emphasizing meaningful community outreach.

BAIRD FOUNDATION

Baird Foundation supports nonprofit organizations aligned with our focus on health and human services, education, the arts and more. Baird Foundation helps us live out our strong commitment to equality and opportunity for all, and particularly seeks to support organizations where our associates are actively engaged in order to maximize our impact.





To support our associates' personal giving, Baird Foundation provides matching gifts to deserving charities as well as direct donations to organizations where our associates are actively involved. In 2021, Baird Foundation contributed more than \$5.4 million to qualified nonprofits, including more than \$1.5 million to match our associates' charitable donations.

Our annual Baird Gives Back Week initiative saw more than 2,000 associates donating their time and efforts to their communities, with 5,470 hours contributed across 107 participating locations. In addition, our annual United Way campaign raised over \$3.6 million in 2021, with contributions from 61 participating offices.

One very special initiative we launched in 2021 was the inaugural Paul Purcell "Kids Win!" Annual Baird Education Grants, with a total of \$700,000 donated to seven nonprofit educational organizations across the markets we serve. Ensuring access to quality education for all was of paramount importance to Paul,



Baird's former chairman & CEO who passed away in 2020, and his legacy lives on in many ways. Paul was honored with a Lifetime Leadership Award at the SIFMA Foundation's annual Tribute Dinner in October. In addition, his alma mater, the University of Notre Dame, established the Paul E. Purcell Professorship and the Paul Purcell Frontlines Endowment for Excellence, made possible with the support of the Purcell family and a gift of \$1 million from Baird, Baird Foundation and Baird associates. All of us at Baird are proud to carry on Paul's commitment to the communities we live in.



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

	NET REVENUES (MILLIONS)	OPERATING RESULTS OPERATING INCOME (MILLIONS)	BOOK VALUE (FULLY DILUTED)	PER-SHARE DATA DIVIDEND	FINANCIAL POSITION TOTAL ASSETS (MILLIONS)	ASSOCIATES	OTHER DATA FINANCIAL ADVISORS
2021	\$ 3,412	\$ 609	\$ 23.88	\$ 2.50	\$ 4,600	4,703	1,309
2020	\$ 2,330	\$ 360	\$ 19.77	\$ 1.83	\$ 3,507	4,512	1,292
2019	\$ 2,060	\$ 262	\$ 17.74	\$ 0.83	\$ 3,343	4,641	1,298
2018	\$ 1,784	\$ 244	\$ 16.26	—	\$ 3,235	3,642	937
2017	\$ 1,533	\$ 199	\$ 13.26	\$ 0.70	\$ 3,114	3,410	858
2016	\$ 1,390	\$ 155	\$ 11.56	\$ 2.50	\$ 2,613	3,410	877
2015	\$ 1,286	\$ 154	\$ 12.49	\$ 0.67	\$ 2,793	3,312	872
2014	\$ 1,202	\$ 135	\$ 11.62	\$ 0.62	\$ 2,635	3,172	816
2013	\$ 1,069	\$ 117	\$ 10.59	\$ 0.55	\$ 2,259	2,935	727
2012	\$ 961	\$ 100	\$ 9.66	\$ 0.53	\$ 2,340	2,787	698

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

Book Value: All years have been restated for the three-for-one stock split effective August 24, 2021.
Cash dividends per share have a corresponding decrease in book value per share.

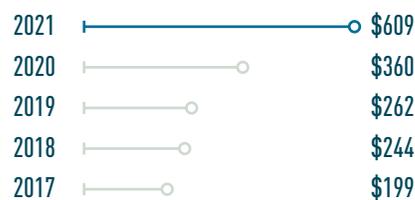
NET REVENUES

(MILLIONS)



OPERATING INCOME

(MILLIONS)



BOOK VALUE

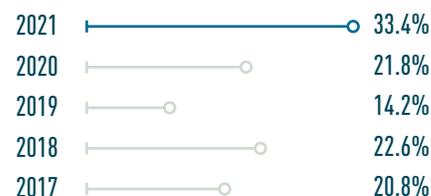
(PER SHARE / INCLUDING CUMULATIVE DIVIDENDS)



*Represents the book value per share of Baird stock at December 31, 2021 of \$23.88 plus cumulative cash dividends per share of \$13.23, representing cumulative dividends per share of \$7.37 prior to 2017 plus annual dividends per share of \$2.50, \$1.83, \$0.83, and \$0.70 in 2021, 2020, 2019 and 2017, respectively. All years have been restated for the three-for-one stock split effective August 24, 2021.

RETURN ON BOOK VALUE**

(PER SHARE)



**Book value appreciation includes the value of cash dividends paid each year.

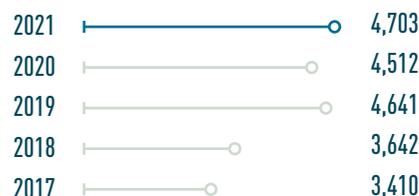
STOCKHOLDERS' EQUITY

(MILLIONS / INCLUDING CUMULATIVE DIVIDENDS)



***Represents Stockholders' Equity at December 31, 2021 of \$1,609 million plus cumulative cash dividends of \$757 million, representing cash dividends prior to 2017 of \$375 million plus annual dividends of \$169 million, \$119 million, \$55 million, and \$39 million in 2021, 2020, 2019 and 2017, respectively.

ASSOCIATES



To learn more about Baird, visit rwbaird.com.

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2021 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*

Chairman, 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

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.

BAIRD

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