

Robert W. Baird & Co. Incorporated

Brochure

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Financial Planning Services

Robert W. Baird & Co. Incorporated
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This Brochure provides information about the qualifications and business practices of Robert W. Baird & Co. Incorporated ("Baird") and its Financial Planning Services. Clients should carefully consider this information before becoming a client of Baird. If you have any questions about the contents of this Brochure, please contact us at the toll-free phone number listed above. The information contained in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Baird is available on the SEC's website at www.adviserinfo.sec.gov.

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Advisory Business

This Brochure describes the Financial Planning Services (the "Services") that Robert W. Baird & Co. Incorporated ("Baird") offers to its clients through its Financial Advisors. Separate brochures describe other investment advisory services that Baird offers to its clients and discuss the agreements, fees and potential conflicts of interest for each service. If you would like to request a brochure for another investment advisory service provided by Baird, please call Baird toll-free at 1-800-792-2473.

The information contained in this Brochure is current as of the date above and is subject to change at Baird's discretion. Please retain this Brochure for your records.

Introduction to Robert W. Baird & Co.

Baird is an employee-owned wealth management, capital markets, asset management, and private equity firm formed in the State of Wisconsin in 1919.

Associates of Baird, together with Baird Financial Corporation, own substantially all of the outstanding stock of Baird. Associates of Baird, together with Baird Holding Company, own substantially all of the outstanding stock of Baird Financial Corporation. Associates of Baird own substantially all of the outstanding stock of Baird Holding Company.

Baird offers various investment advisory services to clients. The advisory services Baird offers include: portfolio management and analysis; analysis and recommendations regarding asset allocation and investment strategies; research, analysis and recommendations regarding investment managers and individual securities; investment consulting; financial planning; investment policy development; and account performance monitoring. Baird also offers clients execution of brokerage transactions and administrative services, including maintaining custody of account assets. Clients may also negotiate other services with Baird. Baird offers its services separately or in combination with other services.

Baird participates in wrap fee programs, including programs not described in this Brochure and it provides portfolio management services in connection with those programs. Baird receives a portion of the wrap fee for providing portfolio management services under those wrap fee programs.

As of December 31, 2010, Baird had approximately \$32.6983 billion in assets under management, approximately \$27.4167 billion of which was managed on a discretionary basis and approximately \$5.2816 billion of which was managed on a non-discretionary basis.

Baird offers its financial planning services through its Financial Advisors and certain of its home office

professionals in its financial planning department (the "Department"). The Services available generally include an analysis of a client's overall financial condition and investment needs; an analysis of net worth, asset distribution, asset growth and cash flow; estate, education, retirement, stock options and other funding needs; asset allocation strategies; investment portfolio valuation and planning; and a review of life insurance death benefit needs. The Services may also include limited consultations with the other professionals assisting the client, such as the client's attorney or tax adviser. More comprehensive financial planning services may involve the Baird Financial Advisor, working either independently or with individuals from other Baird departments, considering more complex issues in financial planning and reviewing estate planning strategies. The client's other professional advisers often play an integral role in the Services. Clients may negotiate with Financial Advisors to provide other investment advisory services.

The Services are non-discretionary in nature and a client retains full discretionary authority to manage the client's assets.

Baird Financial Advisors and its home office professionals tailor their advisory services to the individual needs of clients.

The Client-Baird Relationship

Baird, the Department and its Financial Advisors are deemed to have a fiduciary relationship with a client when providing the advisory services that are described in this Brochure. As fiduciaries, Baird, the Department and Financial Advisors are required to act in the best interest of clients when providing investment advice, make a full disclosure to clients of all material conflicts of interest, and in the event a conflict of interest occurs, Baird, the Department and its Financial Advisors are required to place a client's interests ahead of their own.

From time to time Baird and its Financial Advisors may engage in certain business practices or may receive compensation or other benefits that create a potential for conflict between the interests of clients and the interests of Baird and its Financial Advisors. Baird generally addresses potential conflicts of interest by adopting and enforcing policies and procedures for Baird and its associates to follow that are designed to ensure that: (i) Baird and its advisory personnel comply with applicable fiduciary standards and act in the best interest of a client when providing investment advice; (ii) potential conflicts of interest are avoided or disclosed to a client; and (iii) Baird conducts its business in a manner that is consistent with the disclosures made.

Baird discloses potential conflicts of interest to a client by including relevant information in documents provided to the client, including, without limitation, this Brochure,

brochure supplement(s) that contain information about individuals providing investment advice to the client, and the client's financial planning agreement. The specific business practices that create potential conflicts of interest with clients and additional measures used by Baird to address those particular conflicts of interest are discussed in other sections of this Brochure.

Baird's advisory relationship with the client terminates automatically upon the cessation of financial planning services, which usually occurs when Baird delivers to the client a financial plan, report or other similar document. The client or prospective client may but is not required to enter into a new relationship with Baird to implement the financial plan or other recommendations made by Baird. In some cases, the client may already have a separate brokerage or advisory relationship with Baird while the financial planning services are being provided to the client, and the termination of financial planning services will not affect that pre-existing relationship. Where a client enters into a new relationship with Baird following the cessation of financial planning services, that relationship would generally be brokerage in nature and not advisory unless the client or prospective client and Baird separately agree to enter into an investment advisory contract.

Description of Services

Financial Planning. If the client wishes to obtain a financial plan from Baird (a "Plan"), the client will need to define his or her financial goals, needs and objectives and gather and provide relevant information to Baird. A client will typically complete a financial planning questionnaire and, upon request, a Baird Financial Adviser may provide assistance with the questionnaire. Baird will examine the client's current course of action, and

Based upon the responses to the questionnaire and other information provided by the client, the client's Baird Financial Advisor and/or the Department will prepare a financial plan (the "Plan") for the client. The contents of a Plan depend upon the particular needs and requests of the client. A Plan generally evaluates the client's retirement, life insurance, education funding, estate and other cash flow needs and provides recommendations and strategies for meeting those needs. The Plan generally includes an analysis of the client's investment needs and recommends an asset allocation and/or broad categories of investment alternatives, including among cash, equity and fixed income securities.

The Plan may also contain an estate plan analysis designed to provide information on possible gift and estate tax consequences for the client related to the transfer of assets during his or her lifetime or at death. This estate plan analysis may make recommendations regarding advanced estate planning techniques specific to high net worth families. *The estate plan analysis*

should not be considered legal or tax advice and clients are urged to consult with their personal legal and accounting professionals to determine appropriate estate planning strategies and to prepare any necessary documents required to implement an estate plan.

The Plan may also contain a detailed stock option analysis. This analysis may calculate the approximate tax cost associated with stock option exercises over a number of years. It may also compare various stock option exercise strategies to help determine the optimal strategy from a tax and investment standpoint.

The Plan will set forth recommended actions in furtherance of the client's goals, needs and objectives. In developing a client's Plan, Baird does not assume or undertake any responsibility for implementing the recommended actions or for monitoring the actions taken by the client. At the client's request, and pursuant to a separate arrangement, Baird will assist the client in implementing the Plan and monitoring the investments made and related actions taken.

In preparing a Plan for a client, Baird relies on the accuracy and completeness of the information clients provide in the financial planning questionnaire and otherwise, without independent verification. Baird is not responsible for any inadequacies or errors contained in the Plan resulting from a client's failure to provide Baird with accurate or complete information.

The Services do not include the analysis or recommendation of specific securities or the implementation of investment strategies, although these services may be provided by a Baird Financial Advisor under other arrangements. Instead, the Service offers clients information regarding the distribution of their investment portfolio among various asset classes and may include information regarding alternative asset allocation methods. The alternative asset allocation methods will reflect Baird's analysis of the past performance of different asset classes and the different levels of risk associated with various investments. Baird may recommend specific asset allocation ranges to create an overall recommendation, including tax considerations, long-term investments and short-term investments.

A Baird Financial Advisor may assist the client in implementing the financial plan; however, the client is not obligated to implement the Plan through Baird. Clients may utilize a financial advisor of their choice and may choose to implement only a portion of the recommendations included in the Plan. Since the client is not obligated to implement the Plan, neither the Baird Financial Advisor nor the Department performs a subsequent review or periodic or continual monitoring of the client's assets after delivery of the financial plan. However, the client may negotiate arrangements to update a Plan.

Divorce Financial Analyst and Consulting Services. A Baird Financial Advisor may be engaged by a client (or the client's attorney) to provide financial analyses and related financial consulting services in connection with a divorce. These services are provided upon request and may include: gathering of financial details relevant to the divorce, assessment of marital/community and separate property, income and expense analysis, financial modeling, cash flow forecasts, examination of retirement and insurance issues, property division analysis, preparation of asset inventories and financial settlement scenarios, present value calculations, and tracing of financial statements to help categorize flow of funds or potential credits and reimbursements, and communications with the client's attorneys and tax advisers. A Baird Financial Advisor may also provide testimony and reports in the divorce proceeding as to the analytical services provided. Baird may provide its analyses and reports to a client's attorneys and, with the consent of the client or the client's attorney, as required by law or in order to provide the services requested by the client, to the client's tax adviser and other client representatives as well as insurance companies, mediators, judges, opposing parties and other third parties.

The divorce financial analyses and related consulting services Baird provides are based on information provided by the client and third parties (including without limitation the client's attorneys and tax advisers, opposing parties, mediators, forensic accountants, actuaries, pension valuers, insurance companies and others). Baird relies on the accuracy and completeness of the information provided to it without independent verification. Baird does not take responsibility for any losses resulting from incorrect or incomplete information Baird receives from the client, the client's advisers or third parties.

Baird's analyses and reports are effective as of the dates indicated thereon or, if not so indicated, on the dates they are delivered to the client or the client's attorney. After providing the analyses and other services requested, Baird undertakes no obligation to review or update them.

Although Baird's services are provided in connection with a divorce or related legal process, Baird does not provide legal or tax advice. Clients are encouraged at all times to obtain legal and tax services from licensed professionals. Baird is not responsible for judgments, settlements, consent decrees, awards or other decisions relating to a client's divorce, the division of assets or support payments. Those matters are the responsibility of the client and the client's attorney.

If a client desires to engage Baird to provide additional services, either at the time Baird is providing divorce financial analyst and related consulting services or after such services have been provided, the client will be

required to enter into a separate agreement with Baird describing those additional services.

Fees and Compensation

Advisory Fee

Financial Planning. Financial plans and other financial planning services may be provided for a fee or no additional charge. The fees for Baird's financial planning services, if any, are negotiated between the Baird Financial Advisor and the client and are reviewed by the Department. Generally, fees reflect the charges for the specific services negotiated between the Baird Financial Advisor and the client. A wide range of services is available and the client may select the combination of services that best fits his or her goals and objectives. A written fee estimate will be provided to the client following an initial consultation. There is no fee for an initial consultation. Clients are not obligated to use any other Baird service to receive an initial consultation. The fees for the planning services may increase based upon the complexity of the client plan and the interaction of the Baird Financial Advisor with the client's other professional consultants, including, among others, Certified Public Accountants ("CPAs"), trust department personnel, and attorneys. Clients may incur additional charges for follow-up consultations at a rate agreed to by the client and the Baird Financial Advisor. A Baird Financial Advisor who has attained the Certified Financial Planner ("CFP"), Chartered Financial Consultant ("ChFC"), Accredited Asset Management Specialist ("AAMS"), or the Accredited Wealth Management Advisor ("AWMA") designation license or who is a CPA with a Personal Financial Specialist ("PFS") designation may charge fees for the preparation of a Plan and any related consultation. A Baird Financial Advisor who does not have these credentials may also charge fees if any Plan prepared by him or her is reviewed by a Baird Financial Advisor or Department member that has either the CFP, ChFC, AAMS, AWMA or CPA with a PFS designation. The client may also negotiate fixed rate charges. Baird may waive all fees for these services in its sole discretion. Fees are payable as services are rendered. Clients may negotiate different fees that vary based on the specific services requested by the client. To the extent that the client negotiates different fees, such fees may vary from client to client based on a number of factors, including, but not limited to, the complexity of the Plan, the types of planning services provided, or extent of interactions with other professionals. Typically, the client's Baird account will be debited for the fees associated with these services.

Currently, the fees for preparing a Plan and providing related financial planning services generally range from \$500 to \$5,000, but may be higher depending upon the services requested. The fees charged to a client for preparation of a Plan and related services are paid to Baird and a portion of such fees are paid to the Baird Financial Advisor as part of the Financial Advisor's non-recurring compensation. Since Baird began providing

these services, it has had other fee ranges and schedules in effect, which may provide fees lower or higher, as the case may be, than those described above. As new fees are put into effect, they are made applicable only to new clients, and fee schedules to existing clients are not affected. Therefore, some clients may pay different fees than those shown above. If a Baird Financial Advisor discusses matters relating to a Plan with a client's tax or legal advisors, the client may be charged a separate fee by those advisors.

There is no minimum dollar value of assets or other conditions required of a client to receive these services.

Divorce Financial Analytical Services. Baird provides financial, analytical and related consulting services to clients in connection with a divorce for a flat fee or at an hourly rate, or a combination thereof. The flat fee or hourly rate is negotiated between the Baird Financial Advisor and the client, subject to review by the Department. The fee or hourly rate is reflected in the agreement signed by the client. The fee or hourly rate will be reflected in an invoice sent to the client and paid within 30 days by the client (unless the client and Baird agree to another arrangement, such as debiting the amount from the client's account at Baird).

The flat fee will normally be paid in whole or in part in advance by the client, as reflected in the agreement signed by the client. If reflected in the agreement signed by the client, a flat fee may be imposed for each service provided. If agreed to by Baird, the flat fee may be paid upon completion of the services provided by Baird or on an installment basis. The flat fee will be subject to a minimum of \$500 unless Baird and the client negotiate a different minimum amount, to be reflected in the client's agreement.

As an alternative to the flat fee, or in addition to the flat fee, Baird may provide services at an hourly rate. The hourly rate will be reflected in the agreement signed by the client. The hourly rate may vary depending on the nature of the service provided. Normally, the hourly rate will be higher for any testimony, analyses and reports that Baird provides in the divorce proceeding. For clients paying an hourly rate, Baird may require a retainer (in an amount agreed to by the client) against which the hourly rate and out of pocket expenses will be applied. Baird will keep track of the time spent on the services provided in 0.25 hour increments, and provide an invoice each month showing the amount of time spent on the services provided and if, applicable, the amounts charged against the retainer and the remaining retainer balance. If the retainer amount is exhausted, Baird may require that an additional retainer be provided to cover the cost of anticipated additional services. Any part of the retainer that is not used shall be promptly refunded following completion of the services provided or earlier termination of the relationship; provided, however, a minimum fee of \$500 will be charged in all cases.

Baird may waive the minimum annual fee on a temporary or indefinite basis or negotiate a fee level different from the schedule shown above or set a different payment schedule.

The minimum account or household size is \$10 million for individuals and \$25 million for institutional accounts. Baird, in its sole discretion, may waive the account minimum requirement.

Other Fees and Expenses

The fees paid to Baird by the client only cover the financial planning services provided by Baird. The fees do not include any fees that may be charged by investment managers managing client assets or other service providers, such as custodians and broker-dealers, which a client may incur in implementing the Plan or recommendations made by Baird.

In addition, a client of Baird may incur other fees and expenses associated with investments made by the client. A client also bears the costs of mark-ups, mark-downs, and spreads charged by broker-dealers in connection with purchases and sales of certain securities (such as securities traded over-the-counter and fixed income securities) because such costs are inherently reflected in the price the client pays or receives for such securities. A client is also responsible for fees and expenses resulting from certain odd-lot differential, Securities and Exchange Commission ("SEC") and exchange fees, electronic fund and wire transfer fees, transfer taxes, margin interest, certain fees in connection with the establishment or administration or termination of retirement or profit sharing plans or trust accounting, or other costs or fees mandated by law or regulation.

A client may, from time to time, invest in bank deposit accounts, money market funds, mutual funds, exchange traded funds and other registered investment companies, hedge funds, private investment partnerships, and other investment pools (including such funds and other products affiliated with Baird). These types of funds have their own fees and expenses that are borne either directly or indirectly by their shareholders or unit holders, including a client. These fees and expenses may include investment management fees, distribution (12b-1) fees, transfer agency fees, networking fees, accounting fees, marketing support payments, administration fees, custody fees, shareholder servicing fees, expense reimbursements, and expenses associated with executing securities transactions for the fund's portfolio ("ongoing fund expenses"). These ongoing fund expenses are separate from, and in addition to, the fees and expenses a client pays for services provided by Baird. As a result of making investments in these types of funds, a client should be aware that the client is paying multiple layers of fees and expenses on the amount of client's assets so invested—the fees and expenses charged by the funds and the fees and expenses the client pays for services

provided by Baird. Clients should review the prospectus and statement of additional information (or other applicable offering documents) for each fund in which the client invests for further information.

Clients may also subscribe to other services or programs offered by Baird. Those service and programs may be subject to fees, commissions or other expenses that are entirely separate from the payment of fees and expenses for the Service.

Other Compensation Received by Baird

Baird is registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and its Financial Advisors are registered broker-dealer representatives of Baird. In such capacities, Baird and its Financial Advisors provide brokerage and related services to clients, including the purchase and sale of individual stocks, bonds, mutual funds, private investment funds, and other securities, and sales of life insurance policies and annuities. Baird and its Financial Advisors receive compensation based upon the sale of such securities and other investment products, including asset-based sales charges and service fees on the sale of mutual funds. This practice presents a conflict of interest because it gives Baird and its Financial Advisors an incentive to recommend investment products based upon the compensation received rather than on a client's needs. However, when providing investment advisory services to clients, Baird and its Financial Advisors are fiduciaries and are required to act solely in the best interest of clients. Baird addresses these potential conflicts by adopting and enforcing policies and procedures that are designed to ensure that Baird and its Financial Advisors comply with their fiduciary duties as is further described under the section "Advisory Business—The Client-Baird Relationship" above. For more specific information about Baird's compensation and other benefit arrangements and how Baird addresses the potential conflicts of interest they create, please see the sections "Other Financial Industry Activities and Affiliations" and "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" below.

Baird and its Financial Advisors only offer asset allocation and similar investment recommendations of a general nature and they do not recommend any particular investment product in connection with providing the Services. A client has the option to purchase investment products through brokers or agents that are not affiliated with Baird.

Performance-Based Fees and Side-By-Side Management

Baird advises client accounts not participating in services described in this Brochure that are subject to performance-based fee arrangements. Performance-based fee arrangements involve the payment of fees based upon the capital gains or capital appreciation of a

client's account. Any such fee arrangements are made in compliance with applicable provisions of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). A client's agreement to a performance-based fee arrangement may create an incentive for Baird to recommend or invest a client's account in riskier or more speculative products than would be the case in the absence of a performance-based fee arrangement. Performance-based fee arrangements also present a potential conflict of interest for Baird with respect to other client accounts that are not subject to performance-based fee arrangements because such arrangements give Baird an incentive to favor client accounts subject to performance-based fees over client accounts that are not subject to performance-based fees.

In addition to complying with its fiduciary duties and avoiding or disclosing conflicts of interest to clients, Baird typically addresses potential conflicts of interest posed by performance-based fee arrangements by periodically monitoring the holdings and performance of performance-based fee accounts and comparing them to accounts not subject to a performance fee that are also managed using a similar strategy in an attempt to detect any possible inequitable treatment. Baird also attempts to minimize potential conflicts of interest posed by performance-based fee arrangements by adopting and enforcing internal procedures designed to ensure that securities allocations made to client accounts are made in a manner such that all clients receive equitable treatment.

Types of Clients

Baird offers the Services to all types of current or prospective clients, including, but not limited to: individuals, banks or thrift institutions; pension and profit sharing plans; trusts; estates; charitable organizations; and corporations or other business entities. Applicable requirements for opening or maintaining an account with Baird, such as minimum account size, are discussed under the heading "Fees and Compensation" above.

Methods of Analysis, Investment Strategies and Risk of Loss

Baird Financial Advisors and the Department may use various forms of third party research information and related tools to provide the Services. These sources of information and tools may include, among others, external market, economic, financial and investment data and analyses provided by organizations not affiliated with Baird. Baird Financial Advisors and the Department may also use research reports created by other departments of Baird and may consider the asset allocations recommended by Baird in connection with its ALIGN Strategic Portfolios Program. They may also employ the use of computers and third party financial planning application software, such as NaviPlan, to more readily display information and to assist with analysis

and making recommendations. Although they use information and tools that Baird deems reliable, Baird does not independently verify or guarantee the accuracy of the information or tools used.

Risk is inherent in any investment in securities and Baird does not guarantee any level of return on a client's investments. There is no assurance that a client's investment objectives will be achieved.

Disciplinary Information

In December 2008, Baird, without admitting or denying the allegations, consented to the findings of the Financial Industry Regulatory Authority that it violated NASD Rules 2110, 3010(a) and 3010(b) by failing to establish and maintain an adequate supervisory system reasonably designed to review and monitor its fee-based brokerage business and its registered representatives. Baird was found to have failed to: implement fee breakpoint discounts on certain fee-based brokerage accounts; clearly identify the specific fee applicable to each customer; implement a system to automatically credit customers with the fee breakpoint discounts specified in their account agreements; and adequately disclose inclusion of margin activity and short sales in fee calculations for fee-based accounts. Baird was fined \$500,000 and paid restitution of \$434,510 plus interest to Baird customers.

Additional information about Baird's disciplinary history is available on the SEC's website at www.adviserinfo.sec.gov.

Other Financial Industry Activities and Affiliations

Baird is registered as a broker-dealer under the Exchange Act, and as an investment adviser under the Advisers Act. Baird is engaged in a broad range of activities, including: individual and institutional brokerage transactions; origination of, and participation in, underwritings of corporate and municipal securities; market making and trading activities in corporate securities and municipal and governmental bonds; distribution of mutual fund shares; option transactions; and research services.

Certain Baird Financial Advisors and certain management persons of Baird are registered, or have an application pending to register, as registered representatives and associated persons of Baird to the extent necessary or appropriate to perform their job responsibilities.

Baird is affiliated with certain investment advisors and investment products that are identified below, including certain mutual funds, ETFs and private equity funds. From time to time, Baird and its Financial Advisors may recommend that clients invest assets with these investment advisors or in investment products that are affiliated with Baird. Such recommendation of affiliated

advisors or investment products creates a potential conflict of interest because Baird, its Financial Advisors and/or its affiliates may receive higher aggregate compensation if clients retain affiliated advisors or invest in affiliated investment products instead of retaining unaffiliated advisors or investing in unaffiliated investment products. However, as fiduciaries, Baird and its Financial Advisors will select or recommend affiliated investment products only when they determine it to be in the client's best interest to do so. The criteria used by them in deciding to select or recommend affiliated investment products are the same as those used for unaffiliated investment products.

Other Investment Management Departments of Baird. Baird and its Financial Advisors may, from time to time refer clients to Baird Advisors, Baird Investment Management, or Baird Public Investment Advisors, investment management departments of Baird. Baird Financial Advisors are eligible for special referral compensation to be paid by Baird that is based upon, among other factors, the compensation received by Baird. Baird Financial Advisors may have an incentive to recommend to clients the services of those Baird investment management departments over the services provided by other investment managers.

Affiliated Mutual Funds. Baird is the investment adviser and principal underwriter for the Baird Funds, Inc. ("Baird Funds"), a registered open-end management investment company. Baird Advisors provides investment management and other services to certain Baird Funds investing primarily in fixed income securities (the "Baird Bond Funds"). Baird Investment Management provides investment management and other services to certain Baird Funds investing primarily in equity securities (the "Baird Equity Funds"). As compensation for those services, Baird receives a fee from each Baird Fund, which is disclosed in each Fund's prospectus.

Baird also provides certain administrative services to the Baird Bond Funds. As compensation for those services, Baird receives a fee that is paid monthly at an annual rate of 0.05% of each of the Bond Fund's average daily net assets.

Baird Financial Advisors who refer clients to the Baird Funds are eligible for special referral compensation to be paid by Baird that is based upon, among other factors, the compensation received by Baird. Baird Financial Advisors may have an incentive to recommend investments in the Baird Funds over investments in other mutual funds.

Currently, Baird Advisors serves as sub-adviser to a mutual fund series of the New Covenant Funds and a mutual fund series of CNI Charter Funds, Inc. Additional information about these mutual funds, including information relating to the compensation paid to Baird by these funds for investment management

services, is available in each fund's prospectus and statement of additional information.

Affiliated Investment Advisors. Baird is affiliated with, and may be deemed to control, Riverfront by virtue of Baird's equity ownership of Riverfront and representation on Riverfront's Board of Directors. Riverfront is an investment advisor that is based in Richmond, Virginia. Riverfront offers asset allocation, mutual fund, ETF and foundation strategies. Riverfront acts as investment sub-advisor for certain mutual fund series of the Financial Investors Trust. Baird is not involved in the day-to-day management of Riverfront or the investment decisions made by Riverfront for the account of clients. Due to its equity ownership in Riverfront, Baird has a conflict of interest to the extent Baird would advise clients to participate in advisory programs offered by or invest in mutual funds, ETFs or other investment products offered by Riverfront because the value of Baird's investment in Riverfront increases as Riverfront's assets under management increase. However, although Baird provides information about Riverfront and its investment products to clients, Baird does not provide a client advice regarding the client's decision to retain Riverfront or select an investment product offered by Riverfront, and Baird does not cause clients to purchase Riverfront investment products or retain Riverfront to manage their accounts.

Affiliated Private Equity Funds. Baird is also engaged in a private equity business through Baird Private Equity ("BPE"), Baird's global private equity group. Baird and its Financial Advisors may refer clients to BPE. BPE makes venture capital, growth equity and buyout investments in the business services, manufactured products and healthcare/life sciences sectors. Baird, in combination with certain executive officers, may be deemed to control Baird Venture Partners Management Company I, LLC ("BVP I"); Baird Venture Partners Management Company III, LLC ("BVP III"); ; Baird Capital Partners Management Company III, LLC ("BCP III"); Baird Capital Partners Management Company IV, LLC ("BCP IV"); Baird Capital Partners Management Company V, LLC ("BCP V"); Baird Asia Partners Management Company I, LLC ("BAP I"), and Baird Capital Partners Asia Management I Limited Partnership ("BCPA I"). BVP I and BVP III participate in venture capital opportunities by investing in equity securities of early-to-growth stage companies. BVP I is the general partner of the three limited partnerships and is an investment adviser registered with the SEC. BVP III is the general partner of three limited partnerships and is an investment adviser registered with the SEC. BCP III, BCP IV and BCP V invest in equity securities of growing middle market companies issued in management buyouts, recapitalizations, industry consolidations and growth equity transactions. BCP III is the general partner of three side-by-side limited partnerships and is an investment adviser registered with the SEC. BCP IV is the general partner of three side-by-side limited partnerships and is an investment adviser registered

with the SEC. BCP V is the general partner of three side-by-side limited partnerships and is an investment adviser registered with the SEC. BAP I has organized a limited partnership to invest in growth equity and change of control investments in companies that would benefit from accessing manufacturing or distribution capabilities in China. BAP I is the general partner of one limited partnership and is an investment adviser registered with the SEC. BCPA I makes growth equity investments in smaller, high potential companies with substantial operations and growth opportunities in China. BCPA I is the general partner of three limited partnerships and is an investment adviser registered with the SEC.

Baird Financial Advisors who assist in obtaining a client's investment in a private equity fund affiliated with Baird are eligible for special referral compensation. The level of compensation is described in the offering documents of the applicable fund.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Subject to the restrictions described below, Baird and its affiliates and associates may engage in securities transactions for their own accounts, including the same or related securities that are recommended to or owned by Baird clients. These transactions may include trading in securities in a manner that differs from, or is inconsistent with, the advice given to Baird clients, and the transactions may occur at or about the same time that such securities are recommended to or are purchased or sold for client accounts. This creates a potential for a conflict between the interest of clients and the interests of Baird and its affiliates and associates.

To address the potential for conflicts of interest, Baird has adopted a Code of Ethics (the "Code") that applies to its associates that provide investment advice to clients, including Baird Financial Advisors, their supervisors, and certain associates who have access to non-public information relating to advisory client accounts ("Access Persons"). The Code prohibits Access Persons from using knowledge about advisory client account transactions to profit personally, directly, or indirectly, by trading in his or her personal accounts. In addition, an Access Person who has discretionary authority over client accounts must generally pre-clear his or her trades or obtain prior authorization from his or her supervisor or Baird's Compliance Department before executing a trade. The Code also generally prohibits Access Persons who have discretionary authority over client accounts from executing a security transaction for their personal accounts during a blackout period that can extend from one to seven days before or after the date that a client transaction in that same security is executed. The Code provides for certain exceptions deemed appropriate by Baird management

and/or by Baird's Compliance Department. In addition, orders for the accounts of Access Persons and other Baird associates that are under discretionary management by Baird may be aggregated with orders for other Baird client accounts, so long as the order is executed as part of a block transaction with client orders. A copy of the Code is available to clients or prospective clients upon request.

Baird has also implemented certain policies and procedures relating to Baird's and its associates' trading activities that are designed to prevent them from improperly benefiting from the trading activities of Baird's advisory clients. For example, except for principal trades specifically authorized by clients, Baird conducts trading activity for advisory clients through trading personnel that are different from the trading personnel executing trades for Baird's own accounts. In addition, Baird's Compliance Department monitors the personal trading activities of all of Baird's associates providing advisory-related services to clients.

Baird's Participation or Interest in Client Transactions

Baird's Broker-Dealer and Related Activities. In their broker-dealer capacities, Baird and its Financial Advisors provide brokerage and related services to clients, including the purchase and sale of individual stocks, bonds, mutual funds, private investment funds, options, and other securities, and sales of life insurance policies and annuities. Baird and its Financial Advisors receive compensation based upon the sale of such securities and insurance and other investment products as further described below.

Brokerage and Related Trading Activities. Other investment management firms may select Baird, in its capacity as a broker-dealer, to execute portfolio trades for their clients, including for mutual funds or money market funds they advise. These investment management firms may also receive research in addition to execution services provided by Baird. Baird receives compensation for those execution services. This may create an incentive for Baird to recommend or sell to clients the services of such investment management firms or their products, including the mutual funds or money market funds advised by other investment management firms. However, Baird and its Financial Advisors act in the best interest of clients when selecting or recommending investment management firms or their investment products to clients. Further, Baird does not consider the extent to which an investment management firm directs or is expected to direct trades to Baird for execution when considering the eligibility of an investment management firm for Baird's advisory programs (including when constructing the Recommended Managers or Mutual Fund Recommended lists). In addition, investment management firms are, absent client direction to the contrary, obligated at all times to retain the broker providing the client best execution. In addition, mutual

fund companies are prohibited from considering Baird's efforts in marketing and selling their funds in selecting Baird for executing portfolio trades for the funds. To learn more about how a mutual fund company selects brokerage firms for trade execution, a client should consult the statement of additional information, available from each fund.

Baird, as broker-dealer, continually engages in various securities transactions and trading activities, including market making and corporate stock buyback activities. Baird may buy or sell securities for its own account, or may act as broker or agent for other Baird clients, including other advisory clients. Baird and its affiliates may give advice and take action in the performance of their duties to a client that may differ from advice given, or in the timing and nature of action taken, with respect to its own account or that of another client. These activities could create a conflict of interest with its clients. Baird addresses this potential conflict by adopting and enforcing internal procedures designed to ensure that securities allocations made to client accounts are made in a manner such that all clients receive equitable treatment. In addition, Baird has adopted a Code of Ethics and other internal trading policies and procedures relating to Baird's, its affiliates' and associates' trading activities that are designed to prevent them from improperly benefiting from the trading activities of Baird's advisory clients. See "Code of Ethics" above.

Mutual Fund Selling and Servicing. With respect to brokerage accounts and advisory accounts subject to a commission-based fee arrangement (in those Programs such option is available), a mutual fund may compensate Baird and its Financial Advisors based on the front-end or back-end sales charges, if any, paid by the client.

Baird and certain of its Financial Advisors may also receive compensation from a mutual fund company relating to the client's continued investment in a mutual fund. Baird and its Financial Advisors provide certain distribution, sub-transfer agency, marketing, administration, custody, and other shareholder-related services to mutual funds and their vendors with respect to Baird clients that hold shares of such mutual funds in their accounts. Baird receives distribution (12b-1) fees and other shareholder servicing fees that are intended to compensate Baird for the services provided. Baird, in turn, pays a portion of these fees to the Financial Advisor according to an internal compensation formula, which remains the same regardless of which mutual funds a client purchases. The distribution (12b-1) fees and other shareholder servicing fees paid to Baird are typically based upon the amount of assets Baird clients have invested in a particular mutual fund. The fee rate paid by mutual funds and their vendors to Baird is typically 0.25% per year of the net value of the assets Baird clients have invested in a particular mutual fund,

but generally ranges from 0.10% to 1.00% depending upon the particular fund and class of shares.

If Baird receives distribution (12b-1) fees and other shareholder servicing fees with respect to a mutual fund investment in a client's advisory account, Baird rebates the fee to the client's account, except with respect to a client's non-Retirement Account in Baird's Private Investment Management Program. Accordingly, the receipt of these fees provides Baird and certain of its Financial Advisors an incentive to recommend mutual funds over other investment products, or to recommend mutual funds that offer distribution (12b-1) and shareholder servicing fees greater than other funds. For further information regarding these fees, clients should review the prospectus and statement of additional information for the applicable fund or ask a Baird Financial Advisor.

Revenue Sharing. In addition to distribution (12b-1) and shareholder serving fees, Baird receives additional financial support from the sponsors of certain mutual funds included on Baird's Financial Leaders List. Baird also receives financial support from sponsors of certain money market mutual funds that Baird makes available to its clients. Financial support is not paid by sponsors of mutual fund companies on mutual fund assets held in Baird's ALIGN Programs or held in Retirement Accounts.

This support, which varies from fund company to fund company and is commonly referred to as "revenue sharing," is typically allocated toward the costs of training and educating for Financial Advisors about the funds offered by the fund company, due diligence on the funds and marketing support. In exchange for such financial support, fund companies may receive certain benefits from Baird, including access to Baird Financial Advisors or Baird associates for educational, networking, marketing and other promotional opportunities.

The amount of financial support that Baird receives from fund companies varies and is based on the value of Baird client assets invested in certain mutual funds, a fixed dollar amount or some other method determined by the mutual fund company. However, the amount of financial support Baird receives from mutual fund companies does not exceed 0.09% of the value of Baird client assets invested in those funds. The financial support Baird receives from sponsors of money market mutual funds is typically based on the value of Baird client assets in those funds and has generally ranged from 0.12% to 0.96%, depending on the type of fund. The financial support Baird receives from mutual funds and money market funds is paid by the advisors or distributors of such funds out of their revenues or profits and are not paid out of fund assets. However, the revenues and profits of advisors and distributors to funds may in part be derived from fees paid by such funds for services provided by the advisors or distributors.

In addition to financial support payments described above, Baird may be reimbursed by mutual fund companies or their service providers for expenses incurred by Baird for various sales meetings, seminars, and conferences held in the normal course of business. Any such reimbursement is at the entire discretion of a particular mutual fund company.

Receipt of financial support payments and expense reimbursements may provide Baird an incentive to favor mutual funds and their sponsors that make such payments over mutual funds and their sponsors that do not. However, Baird acts in the best interests of clients when recommending funds to clients, and Baird does not consider the receipt of these payments in compiling its Mutual Fund Leaders List, Mutual Fund Recommended List, or in constructing portfolios of mutual funds offered in Baird's ALIGN Program.

The financial support and other payments that Baird receives from mutual funds are not paid to Financial Advisors, and Financial Advisors' compensation is not tied to such payments. Financial Advisors and Baird associates may, however, receive non-cash compensation and other benefits from Baird and mutual fund companies with which Baird does business. Such non-cash compensation and other benefits may include invitations to attend conferences or educational seminars, payment of related travel, lodging and meal expenses, and receipt of gifts and entertainment. Receipt of these benefits may provide Financial Advisors an incentive to favor mutual funds and their sponsors that provide such benefits over mutual funds and their sponsors that do not. However, Financial Advisors act in the best interests of clients when recommending funds to clients. In addition, Baird has adopted policies and procedures for Financial Advisors and other advisory personnel that address and limit the receipt of such non-cash benefits in an attempt to avoid any question of propriety or conduct inconsistent with Baird's high standards of ethics.

More detailed information about distribution (12b-1) and shareholder servicing fees and financial support payments that Baird receives from mutual fund companies is available in the mutual fund companies' mutual fund prospectus or statement of additional information and on Baird's Website at www.rwbaird.com/mutualfunds. Clients may also contact Baird or a Baird Financial Advisor for more specific information about the amount of compensation Baird may receive from any of these mutual fund companies.

Recordkeeping Fees. Baird receives compensation from certain mutual funds in consideration for recordkeeping, sub-transfer agency and related services that it provides. Baird processes client transactions in mutual fund shares held at Baird on a networked basis, which means that Baird executes a trade for each client with the mutual fund company on an individual client basis

and that Baird must maintain certain records. The networking fee is generally paid from client assets in the applicable mutual fund and is typically a fixed dollar amount based on the number of positions or accounts in that mutual fund family held at Baird. The networking fee paid to Baird is generally \$6 per position, but the range of fees paid to Baird varies based upon the particular fund, the level of client assets invested, and the level of service provided. While this may provide Baird an incentive to recommend funds paying higher fees, these fees are not paid to Baird Financial Advisors, and the compensation Baird pays to Baird Financial Advisors is not tied to such fees.

Schwab Clearing Arrangement. Baird has a clearing arrangement with Charles Schwab & Co., Inc. ("Schwab") whereby Schwab maintains an omnibus account with certain mutual funds for Baird on behalf of Baird clients. Schwab executes trades for Baird on behalf of Baird clients on an omnibus basis, which means that trades made by Baird clients in a fund are consolidated into one daily trade with the fund. Although Baird pays Schwab a fee for the clearing service, Schwab passes through to Baird a portion of the compensation Schwab receives from the funds (including distribution (12b-1), shareholder service and sub-transfer agency fees and revenue sharing payments) for services Baird provides to its clients who invest in the funds, such as record maintenance, shareholder communications and transaction services. Baird, in turn, pays a portion of the distribution (12b-1) fees to its Financial Advisors. If Baird receives distribution (12b-1) fees and other shareholder servicing fees from Schwab with respect to a mutual fund investment in a client's advisory account, Baird rebates the fee to the client's account, except with respect to a client's non-Retirement Account in Baird's Private Investment Management Program. This may provide Baird and certain of its Financial Advisors an incentive to recommend certain funds that are part of the Schwab clearing arrangement over other investment products or funds not included in the Schwab clearing arrangement.

Annuities and Insurance Products. Insurance companies compensate Baird and its Financial Advisors for selling their insurance products. Baird and its Financial Advisors are paid by the insurance companies in various forms including upfront commissions based upon the initial sale of the product and ongoing trail commissions or residuals relating to a client's continued holding of the product. The amount of compensation paid varies based on the amount and type of product and the insurance company offering the product.

In addition to the compensation described above, Baird may receive additional financial support from the insurance companies of certain products that it sells for training and education of Financial Advisors. This support, which varies from insurance company to insurance company is commonly referred to as "marketing support payments." In exchange for such

marketing support payments, insurance companies may receive certain benefits from Baird, including access to Baird Financial Advisors or Baird associates for educational, networking, marketing and other promotional opportunities. Receipt of marketing support payments may provide Baird an incentive to favor insurance companies that make such payments over insurance companies that do not. However, Baird does not consider the receipt of marketing support payments in compiling its "Baird Focus List" of insurance companies.

The marketing support payments that Baird receives from insurance companies are not paid to Financial Advisors, and Financial Advisors' compensation is not tied to such financial support. Baird Financial Advisors and Baird associates may, however, receive non-cash compensation and other benefits from Baird and insurance companies with which Baird does business. Such non-cash compensation and other benefits may include invitations to attend conferences or educational seminars, payment of related travel, lodging and meal expenses, and receipt of gifts and entertainment. Receipt of these benefits may provide Baird Financial Advisors an incentive to favor insurance companies and their sponsors that provide such benefits over insurance companies and their sponsors that do not. However, Baird has adopted policies and procedures for its Financial Advisors and other advisory personnel that address and limit the receipt of such non-cash benefits in an attempt to avoid having the investment advice provided to clients being compromised by such benefits.

More detailed information about the types of compensation payments that Baird receives from insurance companies is available in the disclosure documents related to the applicable insurance product and on Baird's Website at www.rwbaird.com/annuities.

Baird's Other Financial Industry Activities.

Other Investment Products and Services. Baird offers to clients other investment products and services not described in this Brochure. These investment products and services provide different levels of compensation to Baird and its Financial Advisors. Baird and its Financial Advisors may have an incentive to recommend to clients those investment products and services that generate a higher level of compensation than those that generate a lower level of compensation. For more information about the other investment products and services offered by Baird, clients should contact Baird or a Baird Financial Advisor.

Investment Banking and Public Finance. Through its Investment Banking and Public Finance departments, Baird provides investment advisory, securities underwriting and related investment banking services to various corporate, municipal, and other issuers of securities. Baird receives compensation and fees from such issuers in connection with the services it provides.

In addition, Baird Financial Advisors who refer securities underwriting opportunities to the Investment Banking or Public Finance departments are eligible for referral compensation from Baird that is based upon, among other factors, the compensation and fees the issuer pays to Baird. Baird and its Financial Advisors may, therefore, have an incentive to recommend to clients the securities of issuers for which Baird provides investment banking services over the securities of issuers for which Baird does not provide investment banking services. However, Baird and its Financial Advisors will only recommend such securities to a client when they believe it is in a client's best interest to do so. Also, in accordance with applicable law and Baird's policies, any such securities will be purchased for a client's account only if the client consents to the transaction in writing and Baird has provided the client with all material information regarding Baird's or the client's Financial Advisor's interest in the transaction.

Baird, by reason of its investment banking or other activities, may from time to time acquire information deemed confidential, material and non-public, about corporations or other entities and their securities. Baird and its associates are not permitted to divulge such information to any client or act upon such information with respect to a client's account or their own accounts.

Cash Sweep Program. Baird offers to clients a Cash Sweep Program through which cash balances in client accounts are automatically deposited or "swept" into an interest-bearing deposit account (the "Bank Sweep Option") established by Baird with one or more banks selected by Baird for inclusion in the Cash Sweep Program. Certain clients who meet the eligibility requirements may, as an alternative, invest their cash in one or more taxable or tax-exempt money market mutual funds (the "Money Market Fund Option") that Baird makes available as part of the Cash Sweep Program. The PrivateBank and Trust Company may from time to time hold client deposits under the Bank Sweep Option. Baird has an ownership interest in The PrivateBankcorp, the parent company of the PrivateBank and Trust Company.

In addition to the asset-based fee paid by the client on the funds invested in the Cash Sweep Program, Baird receives a fee from each bank or money market fund for the provision of certain administrative, accounting and other services to the client. The fee that a bank pays to Baird is typically calculated based upon the amounts Baird clients deposit at the bank, determined on a weighted average basis across the various interest rate tiers, and may be up to 1.50%, annualized, of the daily deposit balances held in the Bank Sweep Option. Through the Money Market Fund Option, Baird receives compensation from the money market mutual funds and their sponsors, which may vary by fund, which compensation is further described under the heading "Baird's Broker-Dealer and Related Activities—Revenue Sharing" above. Baird may waive receipt of any or all of

this compensation. Baird generally shares a portion of the benefits it receives from the Cash Sweep Program with its Financial Advisors. The compensation that Baird and its Financial Advisors receive from the Bank Sweep Option and the Money Market Option give them a financial incentive to recommend that clients invest cash balances in the particular sweep options included in the Cash Sweep Program. More detailed information about the Cash Sweep Program is available on Baird's Website at www.rwbaird.com/moneymarkets.

If a client holds mutual funds, hedge funds, private investment partnerships, or any of the other investment products described above, Baird, its affiliates and associates will receive the fees and payments described above for the duration of the client's advisory relationship with Baird. In some circumstances, the receipt of such compensation may extend beyond a client's advisory relationship with Baird if the client continues to hold those assets at Baird.

Trust Service Providers. Baird maintains alliances with certain unaffiliated institutions that provide trust services. These unaffiliated institutions offer various types of trust services, including trust administration, custody, tax reporting and record keeping, to Baird clients. In connection with these alliances and the trust services provided by these unaffiliated institutions, Baird may provide marketing support services in assisting clients in their evaluation of the trust services. Baird may be compensated by these unaffiliated institutions for providing these marketing support services. Such annual compensation generally will not exceed 10% of the annual trust service fees received by the unaffiliated institution.

Interest in Other Client Transactions. Baird and its Financial Advisors may recommend to clients, and may buy and sell for client accounts, securities in which Baird and its affiliates and associates have a material financial interest. For more information, please see "Other Financial Industry Activities and Affiliations" above.

If Baird, or an affiliate or associate of Baird, receives any compensation or benefit described in this Brochure from a client's investment in funds or other investment products, they will generally retain the compensation or benefit. Except as otherwise described above, Baird generally does not rebate these amounts to a client's account or credit the amount against the advisory fees payable by a client unless Baird may not keep such compensation under applicable law.

Brokerage Practices

Not applicable.

Review of Accounts

Unless the client and the client's Financial Advisor otherwise agree, the client's Financial Advisor and the

Department generally do not provide ongoing review of the client's accounts or provide ongoing reporting.

Client Referrals and Other Compensation

Baird may provide compensation to individuals who refer clients in some instances. When applicable, the compensation paid is a percentage of the client's fee payments or the value of the client's account. The amount of compensation will vary, with the specific level determined based upon consideration of various factors including, but not limited to, the individual's role in developing the relationship and the assets under management. Baird may pay these fees to registered representatives of Baird and its affiliates as well as to unaffiliated, solicitors that have entered into a written agreement with Baird.

Baird and its affiliates and associates may receive certain economic benefits, described under the headings "Other Financial Industry Activities and Affiliations" and "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" above, for providing investment advice or advisory services to clients.

Custody

Not applicable.

Investment Discretion

Not applicable.

Voting Client Securities

Not applicable.

Financial Information

Not Applicable.