

**Investment Adviser Brochure  
Part 2A of Form ADV**

**Baird Capital Management Company, LLC**

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**This brochure provides information about the qualifications and business practices of Baird Capital Management Company, LLC. If you have any questions about the contents of this brochure, please contact Scott Skie at (312) 609-4664. The Information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Baird Capital Management Company, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Such registration does not imply a certain level of skill or training. Additional information about Baird Capital Management Company, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2. Material Changes**

Baird Capital Management Company, LLC

There are no material changes.

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#### ***Item 4. Advisory Business***

Baird Capital Management Company, LLC (“Baird Capital Management”), is a Delaware limited liability company and registered investment adviser that began operations in October 2022. Baird Capital Management or certain of its affiliated registered investment advisers (as described below in Section 10 “*Other Financial Industry Activities and Affiliates*”) provide investment advisory services. Baird Capital Management’s clients include Baird Venture Partners VI LP, BVP VI Special Affiliates LP and BVP VI Affiliates Fund LP (collectively, the “Partnership” or the “Fund,” and together with any future private investment funds, “Baird Capital Management Advised Funds”).

Baird Capital Management was formed by Baird Capital, the U.S. based venture capital and global private equity groups of Robert W. Baird & Co. Incorporated (“Baird”). Baird was founded in 1919 and is based in Milwaukee, Wisconsin. Baird Capital Management is 100% owned by Baird. Baird Financial Corporation (“BFC”) owns 100% of Baird and Baird Financial Group, Inc. owns 100% of BFC.

Baird Capital Management, in conjunction with the Fund’s general partner, Baird Venture Partners GP VI LLC, (together, the “Adviser”) provides investment advisory services to the Fund that consists of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. The Adviser provides advisory services to the Fund and does not tailor its advisory services to the needs of individual Fund investors, nor does it permit individual Fund investors to impose restrictions on investing in certain securities or types of securities. As of December 31, 2023, the Adviser managed approximately \$138.5 million on a discretionary basis and no assets on a non-discretionary basis. Capitalized terms not defined herein have the meaning set forth in the applicable Fund’s limited partnership agreement.

#### ***Item 5. Fees and Compensation***

As detailed below, the Adviser typically receives management fees and carried interest in connection with providing investment advisory services to the Baird Capital Management Advised Funds.

*Management Fee* - Commencing as of the Fund’s effective date, and during the investment period of the Fund, the Fund will pay an annual management fee (the “Management Fee”), payable quarterly in advance, equal to 2.0% of aggregate commitments. In addition, commencing with the 12-month period beginning on the first Management Fee due date after the expiration of the investment period or earlier upon the occurrence of certain events as set forth in the Fund’s limited partnership agreement, and for each succeeding 12-month period, the Management Fee will be reduced to 90% of the Management Fee for the immediately preceding 12-month period (calculated without giving effect to any reduction in the Management Fee on account of fees received by a Baird Person, as defined in the Funds’ limited partnership agreement); provided that, commencing with the first Management Fee due date after the expiration of the Fund’s initial 10-year term, the Management Fee will equal 2.0% per annum of the aggregate amount of investment contributions with respect to the portion of each investment that has not been disposed of or completely written off; provided further that investments in a portfolio company that have been disposed of or completely written-off will be treated as such only to the extent that, as of the date of any such disposition or write-off, the aggregate value of all remaining Fund investments in such portfolio company is less than the Fund’s aggregate investment contributions made with respect to all existing and former investments in such portfolio company.

The Management Fee will commence as of the Fund’s effective date, regardless of when a limited partner of a Fund is admitted. Limited partners will be assessed Management Fees retroactive to the effective date and, in addition, limited partners participating in a subsequent closing after the initial closing date will be charged an amount equal to the product of (i) the prime rate plus 2% per annum multiplied by (ii) the amount of such assessed Management Fees, calculated from the date such Management Fee payments would have been due if such limited partner were admitted for its full commitment on the initial closing date. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the discretion of Fund’s general partner, from drawdowns that will reduce unfunded commitments.

Unless otherwise approved by the LP Committee, the Management Fee payable in any quarterly period shall be reduced by an amount equal to 100% of any Transaction Fee received by a Management Person during the immediately preceding quarterly period.

*Carried Interest* - The Funds’ general partner will receive a carried interest, or performance fee, from investors equal to 20% of distributions that exceed the limited partners’ paid-in-capital.

*Payment of Management Fee* - If the investor has specified an account at Baird, after the general partner gives notice to the investor, Baird will deduct the Management Fee and other expenses from the investor’s account. If the investor does not have an account at Baird, the general partner will notify the investor as to when the Management Fee is payable.

*Organizational Expenses* - the Fund generally will reimburse the Fund’s general partner for up to \$1 million of the Funds’ organizational and startup expenses, including legal, travel, accounting, filing, capital raising and other organizational expenses up to a specified amount, as more fully described in the applicable Fund’s limited partnership agreement. The Fund’s general partner will bear the cost (through an offset against the Management Fee or otherwise) of all organizational expenses in excess of this amount, if any, and of any placement fees payable to any placement agent in connection with the formation of the Fund.

*General Partner Expenses* - the Fund's general partner will pay all ordinary administrative and overhead expenses of the Partnerships incurred by the general partner in connection with maintaining and operating its offices (including salaries, rent and equipment expenses) to the extent not borne or reimbursed by a portfolio company, but not including any Partnership Expenses as defined below. Partnership Expenses will be borne by the Partnerships.

*Partnership Expenses* - means all fees and expenses related to both the investment activities and business of the Partnerships and the administration of the Partnerships, in each case as more specifically set forth as follows:

(i) Specifically, to the extent not borne or reimbursed by a portfolio company or potential portfolio company, investment related fees and expenses include, but may not be limited to:

(a) *Investment Sourcing Activities*: activities with respect to originating, identifying and sourcing investment opportunities for the Partnership, whether or not ultimately consummated, and attending and sponsoring trade or industry conferences and events;

(b) *Investment Management Activities*: all aspects of pursuing, completing, managing, and exiting investments. These activities include, but may not be limited to, pursuing, diligencing, structuring, organizing, negotiating, financing, refinancing, acquiring, owning, managing, monitoring, holding, hedging, restructuring, trading, taking public or private, selling, valuing, dissolving, winding up, liquidating or otherwise disposing of, as applicable, actual and potential investments (including follow-on investments). Fees and expenses related to these activities may include, but are not limited to, attorneys, accountants, tax advisors, investment bankers, lenders, expert networks, third-party diligence (e.g., management assessments, market intelligence, etc.), research services, databases, software and service providers, consultants and similar professionals. These fees and expenses relate to both investments that are completed and investments that are pursued and not completed and may include activities that were undertaken prior to the initial closing date. Further, these fees and expenses include co-investors' proportionate share of fees and expenses related to any transactions not consummated. The non-exhaustive list of specific activities are further detailed as follows:

(1) *Investment-Related Services*: broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, sales commissions, investment banker, finder and similar services;

(2) *Intermediary Services*: brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services (including any depository appointed pursuant to the AIFMD, or any law, rule or regulation relating to the implementation thereof);

(3) *Unconsummated Transactions*: prospective transactions not consummated by the Partnership, including any reverse breakup, termination and other similar arrangements; and

(4) *Travel*: any travel (including air travel, car or ride sharing services, other modes of transportation, lodging, and reasonable meals or entertainment relating to any investment management activities), including in connection with consummated and unconsummated investment and disposition opportunities.

(ii) Specifically, Partnership administration-related fees and expenses include, but may not be limited to:

(a) *Organizational Expenses*: organizational expenses as described above in this section;

(b) *Placement Fees*: any placement fees;

(c) *Management Fees*: fees paid by the Partnership to Baird Capital Management or its designated affiliate in accordance with the Partnership's limited partnership agreement;

(d) *Professional Services*: accounting, tax, auditing, legal, regulatory, compliance, technology, valuation (including third-party valuations, fairness opinions, or pricing services), consulting (including consulting and retainer fees and other compensation paid to the Venture Partners, as defined in the Funds' limited partnership agreements), and other professional services;

(e) *Partnership Administration*: maintaining the accounting and tax records of the Partnership, making capital calls and distributions, maintaining the Partnership's bank accounts, preparation and distribution of financial reports, working with the auditors of the Partnership to facilitate an annual audit of the Partnership, working with the Partnership's tax advisor on the preparation and distribution of Schedule K-1's, K-3's and other tax documents / filings, responding to specific requests of the limited partners and other services necessary in the operation and administration of the Partnership. These services may be provided by any third-party administrator or, subject to the restrictions in the Fund's limited partnership agreement, by employees or affiliates of Baird, the Fund's general partner, or Baird Capital Management, that the general partner determines to be reasonably allocable to administrative services attributable to the activities of the Partnership. Fund administration also includes the costs associated with third-party software for the purpose of fund accounting, tax, investor reporting (including a web-portal and extranet tools) and other such services (including subscription-based services) as well as any consulting fees related to implementing, developing, licensing, maintaining, upgrading and/or customizing such software for the benefit of the Partnership or the limited partners;

(f) *Insurance*: insurance, including directors and officers liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance (including costs related to any retention or deductibles and broker costs and commissions) and any consultants or other advisors utilized in the procurement, review and analysis of insurance;

(g) *Reporting and Regulatory Filings*: the preparation, distribution or filing of Partnership-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, K-3s or any other administrative, compliance or regulatory filings or reports (including Form PF and any filings or reports contemplated by the AIFMD or any similar law, rule or regulation) or other information, including fees and costs of any third-party service providers and professionals related to the foregoing;

(h) *Partnership Indebtedness*: expenses associated with indebtedness of, or guarantees made by, the Partnership, Baird Capital Management or the Funds' general partner on behalf of the Partnership (including any credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee;

(i) *Partnership Taxes*: any taxes, fees and other governmental charges levied against the Partnership and all expenses incurred in connection with any tax audit, investigation settlement or review of the Partnership (except to the extent that the Partnership is reimbursed by a reimbursing partner or such tax, fee or charge is treated as having been distributed to the limited partners under the Funds' limited partnership agreement), and any costs and expenses of or related to the Partnership Representative;

(j) *LP Committee and Strategic Advisory Board Activities*: to the extent provided in the Fund's limited partnership agreement or otherwise approved by the Fund's general partner in its sole discretion, any reasonable out-of-pocket costs and expenses incurred related to activities or proceedings of the LP Committee or the Strategic Advisory Board. Includes expenses incurred by representatives of the general partner, the LP Committee members, Strategic Advisory Board members, permitted observers and certain other persons as described in the Fund's limited partnership agreement attending or otherwise participating in meetings of the LP Committee or the Strategic Advisory Board;

(k) *Alternative Investment Vehicles*: except as otherwise determined by the Fund's general partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any Alternative Investment Vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such Alternative Investment Vehicle) that would be a Partnership Expense if it were incurred in connection with the Partnership, any costs incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Partnership to the extent not paid by the investors investing in such entities, and any other costs related to any structuring or restructuring of any Partnership Entity;

(l) *Confidentiality, Indemnification, Litigation, Compliance and Government Matters*:

(1) *Confidentiality*: any activities with respect to protecting the confidential or non-public nature of any information or data (including any costs incurred in connection with any Data Protection Law or FOIA);

(2) *Indemnification*: indemnification, including legal and any other fees, costs and expenses incurred in connection with indemnifying any Partner or other person pursuant to the terms of the Fund's limited partnership agreement or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Funds' limited partnership agreement;

(3) *Litigation and Other Disputes*: actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Fund's limited partnership agreement;

(4) *Compliance with Laws*: complying with any law, rule, regulation, policy, directive or special measure (including in relation to know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations) related to the Partnerships or activities of the Partnerships (including regulatory expenses of the Fund's general partner or any administrator related thereto incurred in connection with the operation of the Partnership and any costs related to compliance with any foreign account reporting requirements or any data protection law) and any legal, administrator, consulting or other third-party service provider costs related thereto;

(5) *Compliance with Agreements*: compliance or regulatory matters, except as set forth in the Fund's limited partnership agreement, including compliance with such agreement and/or any side letter or similar agreement;

(6) *Governmental Proceedings*: any litigation or governmental inquiry, investigation or proceeding involving the Partnership, including the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in Fund's limited partnership agreement;

(m) *Other Expenses*:

- (1) *Amendments and Waivers*: amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Partnership, the Parallel Fund and any alternative investment vehicle of the Partnership or the Parallel Fund and, to the extent relating to any of the foregoing persons and/or its activities, the constituent documents of the general partner, the general partner of the Parallel Fund and Baird Capital Management, in each case, including the preparation, distribution and implementation thereof;
  - (2) *Limited Partner Transfers*: unreimbursed costs and expenses incurred in connection with (i) any transfer or proposed transfer of a limited partnership interest as contemplated in the Fund's limited partnership agreement or (ii) any limited partner's name change, internal restructuring or change in trust, registered agent or custodian;
  - (3) *Digital Assets*: costs related to the acquisition, disposition, lending, holding and custody of digital assets, including third party wallet providers and any execution costs of digital asset exchanges;
  - (4) *Venture Partners*: unreimbursed expenses and unpaid fees of the Venture Partners;
  - (5) *Filing and Recording*: filing, title, transfer, registration, and other similar activities;
  - (6) *Public Communications*: printing, communications, marketing and publicity;
  - (7) Any conference, meeting or webcast or other video conference with any Partner(s) (including any costs and expenses associated with venue, presentations, lodging, meals, gifts, honorarium, events or speakers, and other meeting or conference-related costs), in each case to the extent incurred by the Partnership, the Fund's general partner or any other affiliate of the Fund's general partner;
  - (8) *Partner Defaults*: defaults by Partners in the payment of any capital contributions;
  - (9) *Dissolution and Winding Up*: the termination, liquidation, winding up or dissolution of the Partnership and any Persons owned directly or indirectly by the Partnership (including portfolio companies) and related entities; and
  - (10) *Other Approved Expenses*: any other fees, costs, expenses, liabilities or obligations approved by the LP Committee.
- (iii) Partnership Expenses do not include:
- (a) Ordinary overhead and administrative expenses that are payable by the Fund's general partner and/or Baird Capital Management;
  - (b) Expenses included as part of the definition of "Investment Contributions" in the Fund's limited partnership agreement;
  - (c) Expenses solely relating to the registration of the Fund's general partner or its affiliate as an investment adviser under the Investment Advisers Act;
  - (d) Expenses solely relating to any Form ADV reporting (including updates to Form ADV) or the implementation, preparation or revision of compliance policies adopted by the Funds' general partner or its affiliate as a registered investment adviser under the Investment Advisers Act; and
  - (e) Expenses solely relating to a Securities and Exchange Commission examination of the Fund's general partner or its affiliate as a registered investment adviser under the Investment Advisers Act.

The foregoing shall be Partnership Expenses notwithstanding that they may be specially treated or excluded from being characterized as an expense under GAAP.

*Baird and Affiliate Services to the Fund / Fees without Offset* – notwithstanding anything in the Fund's limited partnership agreement to the contrary, Baird and its affiliates and their respective officers, directors and employees shall be permitted to provide to the Partnership certain of the services (e.g., accounting, brokerage, administration, valuation, tax) identified in the definition of "Partnership Expenses" and may charge the Partnership therefor; provided that the Fund's general partner in its reasonable discretion believes in good faith that Baird or its affiliates or their respective officers, directors or employees can provide such services at no greater cost than would be the case if unaffiliated third parties were to provide such services; and provided further that the general partner shall provide annually to the LP Committee a report listing the aggregate amount of fees (by category of service) paid by the Partnership to Baird, its affiliates and their respective officers, directors and employees for the preceding fiscal year and any individual fee paid by the Partnership to Baird or its affiliates or any of their respective officers, directors and employees that exceeds \$150,000. Any fees, compensation or payments (including in the form of options, warrants or other rights to purchase investments in a portfolio company or any other non-cash consideration) received by Baird and its affiliates and their respective officers, directors and employees in connection with the provision of the services described above will not be shared with the Partnership or the Partners and will not reduce Management Fees payable by the Partnership. Baird, in particular, does provide fund administration services to the Partnership. The cost of these services is also disclosed in the footnotes to the annual audited financial statements of the Partnership.

*Baird and Affiliate Services to Portfolio Companies / Fees without Offset* - notwithstanding anything in the Fund's limited partnership agreement to the contrary, Baird and its affiliates and their respective officers, directors and employees shall be permitted to provide certain services (e.g., underwriting or private placement of securities, merger and acquisition advice, strategic alliance advice, structuring advice, investment banking services, other financial advisory services or consulting services) to portfolio companies; provided that, to the extent the Partnership exercises decision making authority with respect to such portfolio companies, such services shall only be provided if the Fund's general partner in its reasonable discretion believes in good faith that Baird, or its affiliates or any of their respective officers, directors or employees can provide such services at a reasonable cost as it relates to the value provided to such portfolio company; and provided further that the general partner shall provide annually to the LP Committee a report listing the aggregate amount of fees (by category of service) paid by portfolio companies to Baird and its affiliates and their respective officers, directors and employees for the preceding fiscal year and any individual fee paid by any portfolio company to Baird and its affiliates or any of their respective officers, directors or employees that exceeds \$150,000. Any fees, compensation or payments (including in the form of options, warrants or other rights to purchase investments in a portfolio company or any other non-cash consideration) received by Baird and its affiliates and their respective officers, directors and employees in connection with the provision of the services described above will not be shared with the Partnership or the Partners and will not reduce Management Fees payable by the Partnership.

Because the Funds only makes minority / non-control investments, the Fund's general partner is not in a position to control the service providers used by portfolio companies. However, the general partner intends to encourage the use of such services of Baird or its affiliates when it believes it is in the best interest of the portfolio company.

*Baird Associates Compensated for Solicitation of Investors in the Fund* - the Fund's general partner will enter into solicitation arrangements pursuant to which it will compensate persons, including Principals and employees of Baird or its affiliates, for client referrals that result in the provision of investment advisory services by the Adviser. This payment may give Baird and employees of Baird an incentive to recommend an investment in the Fund based on compensation received, rather than on an investor's needs; however, this compensation, if any, will be paid by the Fund's general partner and not by the Fund's limited partners. To address this potential conflict, the Baird employee recommending the investment in such Fund must make the determination that the investment in the Fund was suitable for that investor. If the investor's investment in the Fund is held in a Baird fee-based account, the investor will not be charged an asset based fee on the value of the investor's holdings in the Fund.

*Other Fee Arrangements* - The Fund may enter into side letters or similar agreements whereby the Fund agree to waive, reduce or vary the Management Fees or carried interest or other performance fees with respect to one or more investors. Any such waiver, reduction or variation may be more favorable to certain investors than to the investors generally. The Fund's general partner has not negotiated a fee arrangement other than as described herein with any other investor.

#### ***Item 6. Performance-Based Fees and Side-By-Side Management***

The Fund's general partner will receive a carried interest, or performance fee, from investors equal to 20% of distributions that exceed the limited partners' paid-in-capital. The fact that the Fund's general partner's carried interest is based on a percentage of distributions may create an incentive for the Adviser to cause the Fund to make riskier or more speculative investments than otherwise would be the case. The significant investment of the members of the investment team (the "Principals") in the Fund and the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the investors. The Adviser does not currently manage any Funds that do not charge a performance-based fee.

#### ***Item 7. Types of Clients***

Baird Capital Management provides investment advice to private investment funds, including the Fund. Private investment funds are limited partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The investors participating in private investment funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, Principals or other employees of the Fund's general partner and its affiliates. Except for the BVP VI Affiliates Fund LP (the parallel managed fund created by the Fund's general partner to allow qualified Baird employees to invest), the minimum commitment of an investor who is an individual is \$250,000 and the minimum commitment of an institutional investor is \$1 million, although investor commitments of lesser amounts may be accepted at the discretion of the general partner.

The Fund's general partner may establish alternative investment vehicles from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.



## ***Item 8. Methods of Analysis, Investment Strategies and Risk of Loss***

The Adviser will provide day-to-day investment advisory services to the Fund. The following is a summary of the investment strategies and methods of analysis generally used by the Adviser on behalf of the Fund. More detailed descriptions of the Fund's investment strategies and methods of analysis are included in the applicable private offering materials and governing documents for each Fund. There can be no assurance that the Adviser will achieve the investment objectives of the Fund and a loss of investment is possible.

Baird Capital Management employs a disciplined and differentiated investment strategy with well-defined criteria related to industry sector, company stage, risk/return profile, capital requirements and potential value-add. Baird Capital Management focuses on mid-stage companies that have successfully demonstrated technical or business "proof-of-concept." Typically at this stage, significant technical and start-up risk has been removed, but, in Baird Capital Management's opinion, opportunities for outlier returns remain. The Fund will be focused on the Technology & Services sector. While Baird Capital Management targets leading companies in our core sector on a nationwide basis, it places an emphasis on companies and investment opportunities in the Midwest region. The Fund will also focus on investment opportunities with an executive or syndicate relationship.

The investment team, which consists of five senior investment professionals and a support team of three associates and four Venture Partners, is well-positioned to provide support and strive to add value to growing companies in the following areas: Industry Insight: The investment team has amassed substantial market information and insights as a result of our long-tenure investing in our target sector; Executive Network: With the assistance of Baird Capital's Portfolio Operations team, Baird Capital has developed a network of C-suite executives that can be leveraged as permanent or interim leaders, board members, or advisors for our portfolio companies; Capital Markets: Baird Capital has deep capital markets transaction experience and a broad network of financial and strategic investor relationships, enabling our investment team to actively assist our portfolio companies with financing strategies, investor sourcing, and mergers & acquisitions; Global Expansion: Given Baird Capital's established global footprint and experience with cross-border businesses, we can support portfolio companies through the evaluation and execution of international market entry; and Corporate Relationships: The investment team frequently makes customer and partner introductions through our extensive corporate network, including the network of companies served across the Baird platform.

Baird Capital Management uses Venture Partners. The relationship of Venture Partners with Baird is that of an independent contractor. Venture Partners are compensated by the following: a retainer fee paid by the Adviser for fund-level strategic advice, investment sourcing assistance, and investment due diligence assistance, and may also be compensated by portfolio companies for services provided directly to the respective company or companies (e.g., board participation, mentoring and advising management, industry expertise, etc.). Compensation paid by portfolio companies to Venture Partners may include, but may not be limited to, the following forms of compensation: board of director participation fees, stock options or other equity securities and other cash compensation, such as consulting fees. The compensation received by Venture Partners is not used in whole or part to offset the management fee paid by the Fund. In addition, Venture Partners may co-invest their own personal capital in portfolio companies.

Each Baird Capital Management Advised Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. The discussion below enumerates certain risk factors that apply generally to an investment in a Baird Capital Management Advised Fund, however the following discussion does not describe all of the risks that may potentially be faced by a Baird Capital Management Advised Fund. The performance of the Principals' prior investments is not necessarily indicative of the Fund's future results. While the Adviser intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. Prior to making any investment in a Baird Capital Management Advised Fund, investors should review the applicable fund's subscription agreement, limited partnership agreement and other offering documents for additional information regarding risks and conflicts of interest specific to such Baird Capital Management Advised Fund. These risks include, but are not limited to:

*Risks Inherent in Venture Capital Investments* - The types of investments that the Fund anticipates making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Fund will be adequately compensated for risks taken. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Fund's term, while successes often require a long maturation.

Early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. The percentage of companies that survive and prosper can be small.

While investments in more mature companies in the expansion or profitable stage may offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need

substantial additional capital (in the form of debt and/or equity) to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

*Focused Investment Strategy* - The Fund will be focused on venture capital investments principally in high-growth, capital-efficient business in the technology and services sector. A specific investment focus is inherently riskier and could cause the Fund's investments to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences compared with a fund, or a portfolio of funds, that is more diversified or has a broader industry focus.

*Investments in Unseasoned Companies* - the Fund may invest a portion of its assets in privately held companies with limited histories of profit and stability. These companies may require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Although the Fund may be represented by at least one representative of the Fund's general partner on a portfolio company's board of directors and the general partner will monitor the performance of each Fund investment, each portfolio company will be managed on a day-to-day basis by its own management team (who generally will not be affiliated with the Fund or the Adviser). To the extent that the senior management of a portfolio company performs poorly, or if a key manager terminates employment, the Fund's investment in such company could be adversely affected. In addition, although the Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives. Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

*Competitive Marketplace* - the marketplace for venture capital investing has become increasingly competitive. Participation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at high levels. Some of the Fund's potential competitors may have greater financial and personnel resources than the Adviser. There can be no assurances that the Adviser will locate an adequate number of attractive investment opportunities. To the extent that the Fund encounters competition for investments, returns to investors in the Fund may vary.

*Limited Portfolio Diversification* - the portfolio holdings of the Fund will not be broadly diversified. In addition, if the Fund general partner is unable to raise sufficient capital commitments to the Fund, the diversification of the portfolio holdings of the Fund will be further limited. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to the investor by the Fund. To the extent the Fund concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto.

*Investment in Junior Securities* - while the Fund will principally invest in the most senior securities, some securities in which the Fund will invest may be or become (over time) among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund's investment once made.

*Proprietary Rights* - many target portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that the Fund or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a company's technologies, or allege patent infringement by a portfolio company. Piracy or any such allegations may adversely affect portfolio company revenue, particularly outside the U.S. in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for software intellectual property rights could adversely affect portfolio companies.

*Third-Party Infringement Claims* - the Fund (or an affiliate thereof) or a portfolio company may, from time to time, receive notices from others claiming the Fund (or an affiliate thereof) or such portfolio company has infringed their intellectual property rights. Additionally, portfolio companies may use "open source" software in their products or may use such software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. Licensing authors or third parties may allege that a portfolio company has not complied with the conditions of one or more of these licenses. To resolve these and other intellectual property infringement claims, the Fund and/or portfolio companies may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products or pay damages to satisfy indemnification commitments with customers. These outcomes may cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs can seek injunctive relief that may limit or prevent importing, marketing and selling products that have infringing technologies.

*Absence of Liquidity; Current Distributions and Public Markets* - the Fund's investments will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the Fund and no readily available liquidity mechanism at any

particular time for any of the investments held by the Fund. In addition, the realization of profits, if any, from any investments will not be possible or known with any certainty until the Adviser elects, in its sole discretion, to sell the Fund's investments and subsequently distribute the proceeds, or securities in lieu of cash, to its investors. Losses on unsuccessful investments may be realized before gains on successful investments are realized. While the Fund is not required to hold an investment for a specific period of time and therefore may dispose of an investment at any time, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time due to dependence on factors outside of the Adviser's control, and it is generally expected that a sale or other disposition event will not occur for many years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund (including the Management Fee) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded commitments.

*Leverage* - leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Fund also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. To the extent that any investment is made in a portfolio company with a leveraged capital structure or any portfolio company borrows or enters into other financing transactions requiring periodic payments, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, it is possible that the company's lenders may look to the company's investors to assume the company's repayment obligations, and in any event, the value of any equity investment by the Fund in such company could be significantly reduced or even eliminated. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. The Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that the Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by the Fund also will result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the Adviser or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent the Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

*Certain Limitations on Ability of Investors to Transfer Their Interests in the Fund* - The transferability of interests in the Fund will be restricted by the Fund's limited partnership agreement and by United States federal and state securities laws. In general, investors will not be able to sell or transfer their interests in the Fund to third parties without the prior written consent of the Fund's general partner. One of the requisites to such consent may be an opinion of the Fund's counsel that such a transfer would not subject the Fund or the Adviser to any regulatory or tax requirements or result in the violation of any applicable law or governmental regulation. The transferor and transferee may be required to bear the cost of such legal opinion.

*Difficulty in Valuing Portfolio Investments* - generally, there will be no readily available market for a substantial number of the Fund's investments, and hence, most of the Fund's investments will be difficult to value. Despite the Adviser's efforts to acquire sufficient information to monitor certain of the Fund's investments and make well-informed valuation and pricing determinations, the Adviser may only be able to obtain limited information at certain times. It is possible that the Adviser may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of the Fund's investments. When estimating fair value, the Adviser will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The Adviser may have to make valuation determinations without the benefit of an adequate amount of relevant information. Prospective investors should be aware that as a result of these difficulties, as well as other uncertainties, any valuation made by the Adviser may not represent the fair market value of the securities acquired by the Fund. In addition, the exercise of discretion in valuation by the Adviser may give rise to conflicts-of-interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

*Reliance on the General Partner and Baird Capital Management* - the Adviser will have sole discretion over the investment of the capital committed to the Fund as well as the ultimate realization of any profits. The investors will not receive any detailed financial information issued by portfolio companies that may be available to the Fund. Accordingly, the investors will not have the opportunity to evaluate the relevant economic, financial and other information that may be utilized by the Adviser in its selection of investments. As such, the pool of funds in the Fund represents a blind pool of funds. Investors in the Fund will be relying on the Adviser to identify, structure, and implement investments consistent with the Fund's investment objectives and policies and to conduct the business of the Fund as contemplated by Fund's limited partnership agreement and subscription agreement. The investors will not make decisions with respect to the management, disposition or other realization of any investment made by the Fund, or other decisions regarding the Fund's business and affairs. In addition, certain changes in the Adviser or circumstances relating to the Adviser may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

*Reliance on the Principals* - Control over the operation of the Fund will be vested with the Fund's general partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have a significant adverse impact on the business of the Fund and its financial performance. No assurances can be given that each Principal will continue to be affiliated with the Fund throughout its term. In addition, the Principals may currently, and may in the future, manage other investment funds besides the Fund and the Principals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts-of-interest in the allocation of the time of the Principals. Notwithstanding any prior experience that a Principal may have in making investments of the type expected to be made by the Fund, any such experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. In addition, the Fund's investments may differ from previous investments made by the Principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure, and holding period. There can be no assurance that any Principal will be able to duplicate prior levels of success.

*Absence of Operating History* - the Fund and the Fund's general partner are newly formed entities, and, accordingly have no operating history. The Fund's investment program should be evaluated on the basis that there can be no assurance that the Adviser's assessment of the prospects of investments will prove accurate or that the Fund will achieve its investment objective. The prior performance of prior funds advised or managed by the Adviser or an affiliate thereof is not necessarily indicative of the Fund's future results. There can be no assurance that investments by the Fund will achieve returns comparable to the historical performance of the prior funds managed and/or advised by the Adviser and/or an affiliate thereof, and in any event, the returns achieved by the Fund will be subject to the Management Fee and the Fund's general partner's carried interest. Any given investment made by the Fund may prove to be worthless and there is a risk that investors could lose money.

*Projections* - projected operating results of a portfolio company in which the Fund invests normally will be based primarily on financial projections prepared by each portfolio company's management team, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Diverse Investors* - the investors may have conflicting investment, tax, and other interests with respect to their investments in the Fund. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts-of-interest may arise in connection with decisions made by the Adviser with respect to the nature or structuring of investments that may be more beneficial for some investors than for others, particularly with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Fund, the Adviser will consider the investment and tax objective of the Fund and the Partners as a whole, not the investment, tax or other objective of any investor individually.

*Need for Follow-On Investments* - the Fund will likely be called upon to provide follow-on funding to its portfolio companies or may have the opportunity to increase its investment in a portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). Although the Adviser may use capital commitments to make follow-on investments, there may be situations where the Fund and its co-investors do not wish to make such follow-on investments or that the Fund and its co-investors may not have sufficient capital to do so. Accordingly, third-party sources of financing may be required, but there is no assurance that such additional sources of financing will be available, or, if available, will be on terms favorable to the Fund. The Fund's decision not to make a follow-on investment or its inability to do so may have an adverse impact on such portfolio company in need of such an investment, or may diminish the Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development, and it could have a significant negative impact on the Fund's investment therein.

*Non-U.S. Investments* - subject to certain limitations in the Fund's limited partnership agreement, the Fund may invest in companies that are based outside of the United States or the operations of which are primarily outside of the United States. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability in the foreign country, which in some cases may include a collapse in credit markets, stock prices, currencies and/or consumer spending; the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability and war; the risk that the foreign country may impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets or securities; risks related to the possible lack of availability of sufficient financial information as a result of accounting, auditing, and financial disclosure standards that differ, in some cases significantly, from those in the United States; risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including in particular the laws with respect to the rights of investors which may not be as comprehensive or well developed as those in the United States and the procedures for the judicial or other enforcement of such rights which may not be as effective as in the United States; risks related to the fact that some investments or portfolio company operations may be denominated in foreign currencies and, therefore, will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and may be less well developed than those in the United States, possibly resulting in retroactive taxation so that the Fund could become subject to an unanticipated local tax liability. The profits or losses of the Fund on any investment, as measured in United States dollars, will be affected by fluctuations in currency exchange rates and exchange

control regulations as well as by the success of the investment itself. In addition, the Fund may incur costs in connection with conversions between various currencies.

*Minority Investments* - the Fund will generally hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. The Fund may also invest in companies for which the Fund has no right to appoint a director or otherwise exert significant influence. In such cases, the Fund will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund. The Fund may have a limited ability to protect its position in such portfolio companies. Although it is expected that the Fund will seek appropriate rights to protect the Fund's interests to the extent possible, either individually or collectively with similarly situated investors, there can be no assurance that such minority shareholder rights will be available or that such collective negotiation will occur or be productive. In addition, the Adviser expects to make investments in companies that have incurred or are permitted to incur indebtedness, or that may issue equity securities that rank senior to the Fund's investment. By their terms, such instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of the Fund's investment. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, creditors or holders of securities ranking senior to the Fund's investment in such company typically would be entitled to receive payment in full before distributions could be made in respect of the Fund's investment. After repaying creditors and senior security holders, the company's remaining assets may not be sufficient for repayment of amounts owed in respect of the Fund's investment. To the extent that any assets remain, holders of claims that rank equally with the Fund's investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets. Furthermore, even if the Fund has contractual rights to seek liquidity of the Fund's minority interests in portfolio companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

#### ***Item 9. Disciplinary Information***

There are no legal or disciplinary events that are material to an investor's evaluation of the Funds or the integrity of the Fund's general partner or Baird Capital Management.

#### ***Item 10. Other Financial Industry Activities and Affiliations***

Baird, a Wisconsin corporation and related entity to Baird Capital Management and the Fund's general partner by virtue of Baird's 100% ownership of Baird Capital Management and control of the general partner, is registered as a broker-dealer and as an investment advisory firm. Baird provides a wide range of brokerage and investment advisory services to clients, including individuals, institutions and a registered investment company. As an investment banking firm, Baird provides a range of mergers and acquisitions advisory, consulting and other business services to its clients, some of which may result in conflicts of interest between the Fund, on one hand, and Baird and certain of its clients, on the other hand. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to the Fund and its ability to achieve its investment objectives. As a result of Baird's ownership of Baird Capital Management and control over the general partner, Baird can influence certain decisions regarding transactions undertaken by portfolio companies of the Fund. In addition, Baird will provide certain services to the Fund, including fund administration, fees received for providing such services will not be offset against the Management Fee. Under the terms of each Fund's limited partnership agreement, Baird may charge the Fund for these services; provided that the general partner believes in good faith that Baird can provide such services at no greater cost than would be the case if unaffiliated third parties were to provide such services.

Baird Capital Management is affiliated with the with the Fund's general partner (Baird Venture Partners GP VI LLC), which relies on Baird Capital Management's investment adviser registration in accordance with SEC guidance under the Advisers Act (collectively, the "Adviser"). The general partner operates as a single advisory business together with Baird Capital Management and serves as manager or general partner of the Funds and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. The Adviser is under common control and subject to Baird Capital's code of ethics and compliance programs adopted pursuant to the requirements of the Advisers Act.

During the life of the Fund, the Principals will continue to manage and monitor other investment funds and investments. Conflicts may arise in the allocation of time of the Principals among the Fund or co-investment entities, on the one hand, and such other investment funds (including prior funds), on the other hand, although the Principals expect that the time required to manage and monitor such other investment funds will be less than will be spent on Fund matters. Such other investment funds may have investments that compete with the companies acquired by the Fund. At such time as the Fund's general partner is permitted to raise a successor investment fund to the Fund, the Principals will continue to manage the Fund's investments, but also may and likely will focus investment activities on other opportunities and areas unrelated to the Fund's investments. The general partner believes that the significant investment of the Principals in the Fund, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals

with the interest of the Partners, although the Principals have or may have economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to these interests. Until such time as the Fund's general partner is permitted under the Fund limited partnership agreement to raise a successor investment fund to the Fund, the Principals generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of the Fund principally for the benefit of the Fund, subject to certain exceptions set forth in the Fund's limited partnership agreement. Certain investments may be allocated between the Fund and any successor or predecessor fund in a manner as set forth in the limited partnership agreement.

The Fund may invest together with other funds advised by an affiliated adviser of Baird Capital Management in the manner set forth in the relevant partnership agreements. The Fund's general partner will determine the allocation of investment opportunities among funds in a manner that it believes is fair, reasonable and consistent with the general partner's obligations and may take into consideration such non-exhaustive factors as each fund's: (i) investment restrictions and objectives (including those set forth in the relevant fund's partnership agreements, where applicable); (ii) strategy; (iii) risk profile; (iv) time horizon; (v) tax sensitivity; (vi) tolerance for turnover; (vii) asset composition; (viii) cash level (if any); (ix) applicable regulatory restrictions; and (x) life cycle and structure. In the event that the available amount of an investment opportunity in which the Fund will invest exceeds an amount appropriate for the Fund, such excess may also be offered to one or more potential investors.

The Fund's general partner's allocation of investment opportunities among the Fund and any of the other investment funds sponsored by Baird Capital Management or its affiliates may not always, and often will not, be proportional. Therefore, such allocations may be more advantageous to the Fund relative to one or all of the other investment funds, or vice versa. While the Fund's general partner will allocate investment opportunities in a way that it believes in good faith is on a fair and reasonable basis, there can be no assurance that the Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts-of-interest to which the Fund's general partner may be subject did not exist. There can be no assurance that the Fund will be offered any specific investment opportunities that come to the attention of the general partner or that the Fund will be permitted to invest the full amount it desires to invest in any opportunity made available to it. Though conflicts with respect to allocation of investment opportunities may be reasonably believed to be manageable at the outset of an investment by the Fund, further future conflicts may arise at the time of additional rounds of financing, or in connection with proposed dispositions of investments.

Additionally, conflicts-of-interest can arise if the Fund makes an investment in a portfolio company in conjunction with an investment made by another investment fund sponsored by Baird Capital or an affiliate. For instance, the Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other investment fund. This may result in differences in price, investment terms, leverage and associated costs between the Fund and any other investing fund sponsored by Baird Capital or an affiliate. There can be no assurance that the Fund and the other investing fund(s) will exit the investment at the same time or on the same terms, and there can be no assurance that the Fund's return on such an investment will be the same as the returns achieved by any other investment fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Fund. In addition, the interests of the Fund and such other investment vehicle investing in the same issuer may not align with each other due to different terms or objectives of the Fund and the relevant investment vehicle (e.g., one may be seeking a monetization event in the near term while another has a long-term investment horizon).

Other general partners of private equity funds that are registered investment advisers and controlled by Baird include the following, listed along with the private equity funds they manage:

#### Certain Baird Capital-Related Entities

##### *Investment Adviser*

##### *Private Equity Fund(s)*

##### *Baird Venture Partners Management Company I, LLC*

Baird Venture Partners I(B) Limited Partnership

##### *Baird Venture Partners Management Company III, LLC*

Baird Venture Partners III Limited Partnership

BVP III Affiliates Fund Limited Partnership

BVP III Special Affiliates Limited Partnership

##### *Baird Venture Partners Management Company IV, LLC*

Baird Venture Partners IV Limited Partnership

BVP IV Affiliates Fund Limited Partnership

BVP IV Special Affiliates Fund Limited Partnership

##### *Baird Venture Partners Management Company V, LLC*

#### Certain Baird Capital-Related Entities

Baird Venture Partners V Limited Partnership  
BVP V Affiliates Fund Limited Partnership  
BVP V Special Affiliates Fund Limited Partnership

#### *Baird Capital Partners Management Company V, LLC*

Baird Capital Partners V Limited Partnership  
BCP V Affiliates Fund Limited Partnership  
BCP V Special Affiliates Limited Partnership

#### *Baird Capital Global Fund Management I LP*

Baird Capital Global Fund I LP  
Baird Capital Global Fund I-DE LP  
BCGF I Special Affiliates LP  
BCGF I Affiliates Fund LP

#### *Baird Capital Global Fund Management II LLC*

Baird Capital Global Fund II LP  
BCGF II Special Affiliates LP  
BCGF II Affiliates Fund LP

#### *Baird Capital Partners Europe Limited\**

Baird Capital Partners Europe Fund LP  
Baird Capital Partners Europe II LP  
Baird Capital Partners Europe II Special Affiliates LP  
The Growth Fund

\*Baird Capital Partners Europe Limited, an English limited company and affiliated with Baird, is regulated and authorized by the Financial Conduct Authority.

The Baird Principal Group is a group within Baird that has private equity funds where investors are limited to Baird employees and Baird affiliated entities. These funds generally co-invest with unaffiliated private equity funds and private equity professionals in transactions in the United States and Europe. The private equity funds offered through Baird Principal Group and the investment adviser entities that manage them are set forth below.

#### Certain Baird Principal Group-Related Entities

##### *Investment Advisor*

##### Private Equity Fund(s)

#### *Baird Principal Group Management Company I, LLC*

Baird Principal Group Partners Fund I Limited Partnership

#### *Baird Principal Group Management Company II, LLC*

Baird Principal Group Partners Fund II Limited Partnership

#### ***Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

The Adviser follows a code of ethics (the "Code") for standards of business conduct and personal securities transactions. The Code restricts, among other things, the direct purchase and sale by employees for their own accounts of securities that have been or are in the process of being purchased or sold for client accounts within certain limits. The Code also addresses the approval of associate accounts, trading policy, outside brokerage accounts, reporting of securities and transactions. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that assures that the interests of the clients take precedence. All personal securities transactions must be conducted in a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's

position of trust and responsibility. If you would like a copy of the Code, please contact Scott Skie at (312) 609-4664 and it will be provided to you at no charge.

Principals and employees of the Adviser and its affiliates directly or indirectly own an interest in Baird Capital Management Advised Funds, including the Fund. Baird affiliates, including Baird Financial Corporation, are significant investors in Baird Capital Management Advised Funds, including the Fund. The Adviser and its affiliates may recommend the purchase or sale of securities for client accounts in which one or more of its members, officers, directors, employees (and members of their families) or affiliates, directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the clients of the Adviser or the Fund. The significant investment of the Principals in the Fund and the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the investors, although the Principals have economic interests in other investment funds and investments as well and receive management fees and carried interests relating to those interests.

Certain employees of Baird, the Adviser and their affiliates and other individuals, including Venture Partners, are being offered the opportunity to participate in a loan program to fund their investments in the Fund. These individuals include members of the investment team for the Fund. 1:1, 2:1 and 3:1 loans will be provided by a third party independent financial institution through an agreement between the borrower and the financial institution. The third party independent financial institution is requiring Baird to provide a guarantee for amounts lent to all non-US citizens and for individuals who borrow an amount to create greater than 1:1 leverage.

Baird, as a broker-dealer, investment banker and investment adviser, continually engages in various securities transactions and trading activities, which could create a conflict of interest with clients. Prior to the final closing of the Fund, Baird may warehouse transactions for the Fund as more fully described in the Fund's limited partnership agreement. Each of Baird's investment advisory departments has internal procedures in place to ensure that Baird will not act in a principal capacity for any transaction in a client's account absent appropriate prior client approval of the transaction. Accordingly, when acting as an investment adviser, Baird generally acts only in an agent capacity in transactions effected for client accounts. The advisory agreements entered into by clients for the respective Baird investment advisory departments, where applicable, disclose the possibility of Baird's role in potential transactions and the possible conflicts. Each customer confirmation discloses the capacity in which Baird served in the transaction and whether Baird is a market maker in the issue.

#### ***Item 12. Brokerage Practices***

The Fund typically invests in private companies and generally purchases and sells such companies through privately-negotiated transactions with or without the use of brokers or dealers. Baird may be used as a broker-dealer for such transactions.

The Fund will typically only engage in public securities transactions when disposing of securities that have become publicly traded. In the event that the Fund engages in a public security transaction, the Adviser will consider a number of factors in selecting a broker-dealer, including: (i) the commission charged (taking into consideration the size of the order and the price of the security), (ii) the broker-dealer's execution capabilities with respect to the security and (iii) the broker-dealer's general reputation and ability to execute an order in an appropriate time frame (i.e., the overall responsiveness of the broker-dealer). Although the Adviser generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. The Adviser does not consider, in selecting broker-dealers, the receipt of research from broker-dealers. The Adviser, consistent with its duty to seek best execution, will generally use Baird to effect security transactions. The Adviser does not engage in soft dollar arrangements and therefore did not acquire any products or services with client brokerage commissions within the last fiscal year.

From time to time, the Adviser may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating client of the Adviser is favored over any other client. When an aggregated order is filled in its entirety, each participating client account generally will receive the average price obtained on all such purchases or sales made during such trading day. When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each client account participating in such buy or sell order in accordance with the amount of securities originally requested for such account. Each client account generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to pro rata allocations are permissible provided they are fair and equitable to clients over time.

#### ***Item 13. Review of Accounts***

Investments of the Fund made by the Adviser generally are long-term in nature and illiquid. Accordingly, the review process is generally not directed toward short-term sell decisions. However, the Adviser closely monitors companies in which the Fund invests and generally will maintain an ongoing oversight position in such companies.



The Fund will provide to its investors (i) annual audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each investor's tax return, and (iii) quarterly information describing each new portfolio company investment or the occurrence of any material event relating to any portfolio company investment.

***Item 14. Client Referrals and Other Compensation***

Interests in the Fund will be sold to investors through licensed Baird financial advisors. The Fund's general partner will compensate Baird financial advisors for referring clients who make a commitment to the Fund. The referring Baird financial advisor will earn compensation in the aggregate of 3% of such limited partner's commitment payable as 1% at the time of closing and 0.40% over each of the next five years. All such compensation is paid by the Fund's general partner or an affiliate thereof and is not borne by any limited partner.

***Item 15. Custody***

The Adviser maintains custody of each Fund's assets with Baird, a qualified custodian, to the extent required by the Investment Advisers Act and in accordance with guidance issued by the SEC from time to time. If the limited partner has a Baird account, the limited partner will receive accounts statements from Baird and limited partners should carefully review those statements. Limited partners should also compare the statements received from Baird with the statements received from the Fund's general partner.

***Item 16. Investment Discretion***

As the Adviser provides advisory services to the Fund, the Adviser does not tailor its advisory services to the needs of individual investors nor does it permit individual investors to impose restrictions on investing in certain securities or types of securities. Investors grant discretionary authority to the Adviser to make investments for the Fund. In connection with making a commitment to the Fund, an investor is required to execute a power of attorney granting the Fund's general partner authority to act on the investor's behalf.

***Item 17. Voting Client Securities***

In accordance with SEC requirements, the Adviser has adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how the Adviser will vote proxies for each Fund's portfolio investments. The Fund's limited partnership agreement grants the Fund's general partner the authority to vote proxies on behalf of the Fund. The Policy seeks to ensure that the general partner votes proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The Adviser generally believes its interests are aligned with each Fund's investors through BFC's and the Principals' beneficial ownership interests in the Funds. In the event, however, there is or may be a conflict of interest between the general partner and the Fund in voting proxies, the general partner may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The Fund's general partner does not consider service on portfolio company boards by general partner personnel or the general partner's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines the general partner follows when voting proxies on behalf of the Fund. If you would like a copy of the Proxy Policy or information regarding how the general partner has voted proxies on behalf of the Fund, please contact Scott Skie at (312) 609-4664 and it will be provided to you at no charge.

***Item 18. Financial Information***

The Adviser's financial condition is such that there is no reasonable likelihood that it will impair the Adviser's contractual commitments to the investor.