

Baird Institutional Equities and Research

Form ADV Part 2A Brochure

October 24, 2023



Institutional Equity Research Services

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Member FINRA & SIPC
SEC File No. 801-7571

This brochure ("Brochure") provides information about the qualifications and business practices of Robert W. Baird & Co. Incorporated ("Baird") and its Institutional Equities and Research Department's Institutional Equity Research 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 email address 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.

Material Changes

Robert W. Baird & Co. Incorporated ("Baird") updated the Form ADV Part 2A brochure for its Institutional Equities and Research Department (the "Brochure") on October 24, 2023. The following summary discusses the material changes that Baird has made to the Brochure since March 24, 2023, the date of the last annual update to the Brochure.

- Baird updated information about Baird's affiliates. See the Section of the Brochure entitled "Other Financial Industry Activities and Affiliations" for more information.
- In September 2023, Baird entered into an Offer of Settlement with the SEC (the "Settlement"), in which it admitted that it violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder for failing to maintain records of certain business-related communications made by Baird associates when they used their personal devices ("off-channel communications") and for failing to supervise its associates' business-related communications. The Settlement was related to an SEC risk-based initiative, whereby the SEC investigated a large number of financial services firms to determine whether those firms were properly retaining business-related text and instant messages and other off-channel communications sent and received on employees' personal devices. Following the commencement of the SEC's initiative, Baird cooperated with the SEC and conducted voluntary interviews of a sampling of Baird supervisors to gather and review messages found on their personal devices. While Baird had policies and procedures in place prohibiting such off-channel communications, it was discovered that certain Baird supervisors communicated off-channel using non-Baird approved methods on their personal devices about Baird's broker-dealer and investment adviser businesses, and the findings were reported to the SEC. Baird took steps prior to and after the SEC's review, including implementing a new communication tool designed for Baird associates' personal devices, conducting training, and periodically requiring requisite associates to provide an attestation relating to their business-related communications. As part of the Settlement, Baird was censured and ordered to cease and desist from future violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder and to pay a civil monetary penalty of \$15 million. In addition, Baird agreed to certain undertakings, including retaining an independent compliance consultant to conduct a review of Baird's policies and procedures, training, surveillance program, technology solutions and similar matters related to off-channel communications.

A client should note that the foregoing summary only discusses material changes made to the Brochure since March 24, 2023. The updated Brochure contains changes that are not listed above.

Table of Contents¹

Material Changes	ii
Table of Contents	iii
Advisory Business	1
Robert W. Baird & Co. Incorporated	1
Description of Research Services.....	1
Additional Service Information.....	1
Fees and Compensation	2
Fees for Research Services.....	2
Other Fees and Expenses.....	2
Other Compensation Received by Baird	2
Performance-Based Fees and Side-By-Side Management	2
Types of Clients	2
Methods of Analysis, Investment Strategies and Risk of Loss	2
Research Services Risks.....	3
Investment Risks	4
Disciplinary Information	4
Other Financial Industry Activities and Affiliations	6
Broker-Dealer Activities	6
Investment Management Activities.....	6
Certain Affiliations.....	6
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	8
Code of Ethics	8
Participation or Interest in Client Transactions	8
Brokerage Practices	9
Review of Accounts	9
Client Referrals and Other Compensation	9
Custody	10
Investment Discretion	10
Voting Client Securities	10
Financial Information	10

¹ The SEC requires all investment advisers to organize their Form ADV Part 2A Brochure according to specific categories of information, even though some categories of information may not apply to the business of certain investment advisers. Where a required category is not relevant to its business, Baird Institutional Equities and Research has listed the category below and stated that it does not apply to its business.

Advisory Business

This Brochure describes the Institutional Research Services that the Institutional Equities and Research division of Robert W. Baird & Co. Incorporated ("Baird") offers to its clients. Baird is registered with the Securities and Exchange Commission ("SEC") as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

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.

Robert W. Baird & Co. Incorporated

Baird is a privately-held, employee-owned global investment and wealth management firm formed in the State of Wisconsin in 1919.

Baird is owned indirectly by its associates through several holding companies. Baird is owned directly by Baird Financial Corporation ("BFC"). BFC is, in turn, owned by Baird Financial Group, Inc. ("BFG"), which is the ultimate parent company of Baird. Associates of Baird own substantially all of the outstanding stock of BFG.

Through its Private Wealth Management and Asset Management divisions, Baird offers various investment advisory services to retail and institutional clients, including services not described in this Brochure. These investment 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 not described in this Brochure and it provides portfolio management services in connection with those programs. Baird receives a portion of the wrap fee paid by clients for providing portfolio management services under those wrap fee programs.

As of December 31, 2022, Baird had approximately \$247.7903 billion in regulatory assets under management, approximately \$177.1042 billion of which was managed on a discretionary basis and approximately \$70.6862 billion of which was managed on a non-discretionary basis.

Description of Research Services

Baird offers the equity research services described in this Brochure (the "Research Services") to institutional clients through its Institutional Equities and Research ("IER") division. The Research Services made available to clients include equities-based research reports, surveys and analyses about companies, industries, sectors, markets and macro-economic developments produced by Baird IER research analysts, other research-related communications from IER research analysts, and access to research analysts including via attendance at industry conferences. Some of the Research Services may also be provided by other Baird IER representatives in selected circumstances as requested by a client and agreed upon by Baird. The specific Research Services provided to a particular client vary based upon the client's needs and will be set forth in the client's agreement with Baird (the "Agreement").

Baird's investment advisory relationship with a client is strictly limited to Research Services provided to the client in exchange for a cash fee. To the extent a client receives research or other advice incidental to brokerage services such as in consideration of commissions or other trading-related compensation, the client should note that such research or advice is not an investment advisory service. See "Additional Service Information – Brokerage and Other Services" below for more information.

Baird research analysts provide Research Services with respect to over 700 individual companies or securities categorized within five broad market sectors: (i) Consumer and Retail, (ii) Financials and Real Estate, (iii) Healthcare and Life Sciences, (iv) Industrial, and (v) Technology and Services. In connection with its provision of the Research Services, Baird does not tailor such services to the individual needs of specific clients and the Research Services are not customized to meet the specific investment objectives, goals, strategies, financial needs or risk profile of any client who receives the Research Services (nor any customers of such clients).

Additional Service Information

Brokerage and Other Services

Baird is dually registered as an investment adviser and a broker-dealer, and offers both investment advisory and brokerage services. Although Baird acts as investment adviser when it provides the Research Services for a cash fee, the investment advisory relationship does not extend to other services we or our affiliates provide or other arrangements we or our affiliates have with clients. These non-advisory services may include invitations to industry conferences and other corporate access services, custody, trade execution or other brokerage services, the provision of investment advice solely incidental to brokerage services, including market color, analysis, perspectives, opinions, commentaries or ideas provided by IER representatives or affiliates of Baird. Baird's investment advisory relationship with a client is

strictly limited to Research Services provided to the client in exchange for a cash fee.

Specifically, where Baird provides research or other advice in consideration of commissions or other trading-related compensation, Baird is acting in its capacity as a broker-dealer and not an investment adviser. Brokerage services are regulated under different standards than those that apply to investment advisory services and differ in terms of the types of investment assistance provided, fees charged and the rights and obligations of the parties involved. Any securities transactions or orders that may be executed, routed or otherwise processed through Baird will be handled by Baird solely in its capacity as a broker-dealer.

Fees and Compensation

Fees for Research Services

Fees for provision of the Research Services are separately negotiated with each client based upon the nature of the services provided and other factors. Fees are payable as agreed upon by the parties, typically in arrears. Baird generally does not solicit or accept pre-paid fees for provision of the Research Services unless requested by the client. The specific fee and terms of payment will be set forth in the client's Agreement.

Other Fees and Expenses

The fees paid to Baird by the client only cover the Research Services provided by Baird. A client may also pay for other services, such as securities trade execution and custody, separately when effecting securities trades.

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 in such capacity, Baird provides 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 receives 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. Should a client use Baird or an affiliated broker-dealer to execute trades, the client will incur transaction costs such as commissions, mark-ups or mark-downs and spreads payable to Baird or the affiliated broker-dealer. Such costs are exclusive to and in addition to the fee for the Research Services.

The compensation received by Baird or an affiliate of Baird presents a conflict of interest because it gives Baird an incentive to recommend investment products based upon the compensation received rather than on a client's needs. Baird addresses the conflict through disclosure in this Brochure. In addition, IER research analysts are not compensated based upon the sale of any security, including those that are the subject of the Research

Services. See "Participation in Client Transactions – Research Activities" below for more information.

A client has the option to obtain execution of trades, including the purchase of investment products that Baird may recommend, through broker-dealers and other brokers or agents that are not affiliated with Baird.

Performance-Based Fees and Side-By-Side Management

Baird does not charge any fees or maintain other arrangements involving the payment of fees based upon the capital gains or capital appreciation of a client's assets (i.e., performance-based fees) in connection with provision of the Research Services.

Other divisions of Baird do, however, advise client accounts that are subject to performance-based fee arrangements.

Types of Clients

Baird offers the Research Services to institutional clients including but not limited to investment advisers, pension and retirement plans, corporations and other entities, mutual funds, insurance companies, hedge funds, private equity funds, trusts and banks. Clients are not required to open or maintain a trading account with Baird or an affiliated broker-dealer to receive the Research Services.

Methods of Analysis, Investment Strategies and Risk of Loss

The Research Services consist of impersonal investment advisory services that analyze a broad range of securities and companies. When analyzing a specific company (i.e., "fundamental research"), written research reports will generally contain one of the three investment ratings detailed below with respect to the subject company:

- **O – Outperform.** An "Outperform" rating means, in the research analyst's opinion, the subject company is expected to outperform, on a total return, risk-adjusted basis, the broader U.S. equity market over the next 12 months.
- **N – Neutral.** A "Neutral" rating means, in the research analyst's opinion, the subject company is Expected to perform in line with the broader U.S. equity market over the next 12 months.
- **U – Underperform.** An "Underperform" rating means, in the research analyst's opinion, the subject company is Expected to underperform on a total return, risk-adjusted basis, the broader U.S. equity market over the next 12 months.

In addition, written research reports will generally assign one of the four Risk Ratings detailed below with respect to the subject company:

- *L-Lower Risk.* A Lower Risk rating means, in the research analyst's opinion, the covered company represents a higher-quality company for investors seeking capital appreciation or income with an emphasis on safety. Company characteristics may include: stable earnings, conservative balance sheets, and an established history of revenue and earnings.
- *A- Average Risk.* An Average risk rating means, in the research analyst's opinion, the covered company represents a growth situation for investors seeking capital appreciation with an emphasis on safety. Company characteristics may include: moderate volatility, modest balance-sheet leverage, and stable patterns of revenue and earnings.
- *H-Higher Risk.* A Higher Risk rating means, in the research analyst's opinion, the covered company represents a higher-growth situation appropriate for investors seeking capital appreciation with the acceptance of risk. Company characteristics may include: higher balance-sheet leverage, dynamic business environments, and higher levels of earnings and price volatility.
- *S- Speculative Risk.* A Speculative Risk rating means, in the research analyst's opinion, the covered company represents a high-growth situation appropriate only for investors willing to accept a high degree of volatility and risk. Company characteristics may include: unpredictable earnings, small capitalization, aggressive growth strategies, rapidly changing market dynamics, high leverage, extreme price volatility and unknown competitive challenges.

All Risk or Investment ratings are determined without regard to any client's particular situation, needs or objectives.

Any risk or investment rating assigned in a report is based solely on the analyst's evaluation of the merits of investing in the security without regard to other factors. Any such recommendation does not consider a client's particular circumstances or needs.

Research analysts perform analysis based on publicly-available economic, industry, market and company data, which include financial statements and financial ratios as well as information regarding a company's products and services, market and management.

In providing the Research Services, research analysts or others may use various forms of security analyses, including the following:

- *Fundamental Analysis.* Fundamental analysis involves a detailed analysis of specific companies using financial statements and financial ratios, information regarding management, competitive advantages and markets, in an attempt to determine the value or develop an opinion regarding the expected value of a security. Fundamental analysis may include qualitative and quantitative analyses.
- *Qualitative Analysis.* Qualitative analysis involves the use of subjective judgment to analyze factors that may be difficult to quantify or measure objectively.
- *Quantitative Analysis.* Quantitative analysis is a method of evaluating securities by analyzing a large amount of data through the use of algorithms or models.
- *Technical Analysis.* Technical analysis is a method of analyzing past price and volume patterns and trends in the trading markets or an individual security to attempt to predict the direction of both the overall market and specific investments.

Research reports and research analyst commentaries may be modified from time to time without notice and may express opinions or provide investment perspectives that are inconsistent with prior opinions or perspectives of the research analyst preparing the report or opinions or perspectives of other Baird representatives. Clients must consider their particular circumstances and needs and make their own independent investigation before making an investment decision. Baird expressly disclaims any responsibility for the completeness, accuracy or timeliness of the Research Services provided and Baird is under no duty to update or revise the Research Services, the contents thereof or analyses, recommendations or opinions expressed therein. Nothing contained in this paragraph or elsewhere in this document shall constitute a waiver by clients of any of their legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be waived.

Baird may rely on third-party sources for information that it believes to be reliable in providing the Research Services, but it does not guarantee the quality, accuracy or completeness of any third party information or any information or data. Baird makes no express or implied warranties with respect to the Research Services or any other information or data.

Research Services Risks

The analyses, perspectives, opinions and commentaries included in the Research Services reflect the good faith, personal views of the research analysts and others providing the Research Services at the time such services are provided and are based upon information available to them. It is possible that such analyses, perspectives,

opinions and commentaries, predictions or beliefs about future outcomes may prove to be incorrect.

Investment Risks

Risk is inherent in any investment in securities that clients should be prepared to bear. Clients should be aware of the following risks associated with respect to an investment in equity securities:

Equity Securities Risks. Equity securities may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect the securities markets in general, such as adverse changes in economic conditions, the general outlook for corporate earnings, interest rates or investor sentiment. Equity securities may also lose value because of factors affecting an entire industry or sector, such as increases in production costs, or factors directly related to a specific company, such as decisions made by its management.

Common Stock Risks. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political events, such as economic and banking crises. Holders of common stocks are generally subject to greater risk than holders of preferred stocks and debt obligations of the same issuer because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders and other creditors.

Industry/Sector Risks. An investment in one or more securities operating in an individual industry or sector are subject to industry-specific risks. Any factors detrimental to the performance of such industries as a whole will disproportionately impact investment returns of these securities. Investments focused in a particular industry are subject to greater risk and a more impacted by volatility than less concentrated investments.

Capitalization Size Risks. Small and mid cap stocks, are often more volatile and less liquid than investments in larger companies. The frequency and volume of trading in securities of such companies may be substantially less than is typical of larger companies. Therefore, the securities of such companies may be subject to greater and more abrupt price fluctuations. In addition, small- and mid-size companies may lack the management experience, financial resources and product diversification of larger companies, making them more susceptible to market pressures and business failure.

Short Sales Risks. Short selling runs the risk of loss if the price of the securities sold short does not decline

below the price at which they were originally sold. This risk of loss is theoretically unlimited, as there is no cap on the amount that the price of a security may appreciate. In addition, a lender may request, or market conditions may dictate, that securities sold short be returned to the lender on short notice, which may result having to buy the securities sold short at an unfavorable price. A client should not engage in short sales unless the client is prepared and able to sustain significant losses.

Disciplinary Information

In April 2016, Baird, without admitting or denying the findings, consented to the sanctions and findings of FINRA that it violated NASD Conduct Rule 3010, FINRA Rule 3110, and FINRA Rule 2010, by failing to establish and maintain a supervisory system and procedures reasonably designed to ensure that customers who purchased mutual fund shares received the benefit of applicable sales charge waivers. In May 2015, Baird began a review to determine whether Baird had provided available sales charge waivers to eligible customers. Based on this review, in May 2015, Baird self-reported to FINRA that various eligible customers had not received available sales charge waivers. Baird was found to have disadvantaged certain retirement plan and charitable organization customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings also stated that these customers were instead sold Class A shares with a front-end sales charge or Class B or C shares with higher ongoing fees and the potential application of a contingent deferred sales charge. Baird was censured and required to pay restitution to affected customers estimated to be approximately \$2.1 million including interest.

In July 2016, Baird, without admitting or denying the findings, consented to the sanctions and to the entry of findings of FINRA that the firm and a firm supervisor within its Private Wealth Management business did not reasonably supervise a former Financial Advisor who misused a customer's funds. The findings stated that the supervisor did not reasonably follow-up on red flags associated with a trade correction request submitted by the Financial Advisor that should have alerted him to the Financial Advisor's misuse of a customer's funds. The supervisor also did not follow certain of Baird's written supervisory procedures ("WSPs") relating to trade corrections. After the supervisor realized that the Financial Advisor misused the customer's funds, Baird reimbursed the customer for the loss. The findings also included that Baird did not establish and maintain a supervisory system, including WSPs, for correcting trade errors that was reasonably designed to ensure compliance with applicable securities laws, regulations and rules. Baird was censured and fined \$200,000.

In September 2016, the SEC announced that Baird, without admitting or denying the findings, consented to the sanctions and findings of the SEC that it violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder by failing to adopt and implement adequate

policies and procedures to track and disclose trading away practices by certain of the subadvisors participating in Baird's wrap fee programs offered through its Private Wealth Management Department. Through these programs, Baird's advisory clients pay an annual fee in exchange for receiving access to select subadvisors and trading strategies, advice from Baird's financial advisors, and trade execution services through Baird at no additional cost. However, if a subadvisor chooses not to direct the execution of particular equity trades through Baird in order to fulfill its best execution obligation and the executing broker charges a commission or fee, Baird's advisory clients often are charged additional commissions or fees for those transactions, which is often embedded in the price paid or received for the security. This practice is referred to as "trading away" and these types of trades are frequently called "trade aways." Baird was found to have failed to adopt or implement policies and procedures designed to provide specific information to Baird's clients and financial advisors about the costs of trading away. Baird agreed to provide additional disclosure to clients and review and, as necessary, update its policies and procedures. Baird also was ordered to cease and desist committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder and pay a civil money penalty in the amount of \$250,000.

In March 2019, Baird, without admitting or denying the findings, consented to an order of the SEC, which found that it violated Sections 206(2) and 207 of the Advisers Act for making inadequate disclosures to advisory clients about mutual fund share classes. The order was part of a voluntary self-reporting program initiated by the SEC called the "Share Class Selection Disclosure (or SCSD) Initiative." Under the program, investment advisory firms were offered the opportunity to voluntarily self-report violations of the federal securities laws relating to mutual fund share class selection and related disclosure issues and agree to settlement terms imposed by the SEC, including returning money to affected investment advisory clients. The central issue identified by the SEC was that, in many cases, investment advisory firms bought for or recommended to their investment advisory clients mutual fund share classes that had distribution or service fees (commonly known as 12b-1 fees) paid out of fund assets to the firms when lower-cost share classes were available to those advisory clients, and the investment advisory firms did not adequately disclose their receipt of 12b-1 fees and/or the conflict of interest associated with those 12b-1 paying share classes. Baird and many other firms self-reported under the program and entered into substantially identical orders. By self-reporting and consenting to the order, Baird agreed to a censure and to cease and desist from committing or causing any violations and future violations of Sections 206(2) and 207 of the Advisers Act. Baird also agreed to establish a distribution fund and to deposit into that fund the improperly disclosed 12b-1 fees received by Baird plus prejudgment interest, which will be paid to affected advisory clients. More information about the order is

contained in Baird's Form ADV, which is available on the SEC's Investment Advisory Public Disclosure website at <https://www.adviserinfo.sec.gov/IAPD/Default.aspx> or in the SEC's press release about the SCSD Initiative at <https://www.sec.gov/news/press-release/2019-28>.

In June 2019, Baird, without admitting or denying the findings, consented to the sanctions and to the entry of findings of FINRA that between late April 2013 and early July 2013 it published research reports about an issuer without disclosing that the research analyst who authored the reports was engaged in employment discussions with the issuer that constituted an actual, material conflict of interest and that the failure to disclose the research analyst's employment discussions with the issuer in the research reports made those reports misleading. Baird was censured and fined \$150,000.

In September 2023, Baird entered into an Offer of Settlement with the SEC, in which it admitted that it violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder for failing to maintain records of certain business-related communications made by Baird associates when they used their personal devices ("off-channel communications") and for failing to supervise its associates' business-related communications. The settlement was related to an SEC risk-based initiative, whereby the SEC investigated a large number of financial services firms to determine whether those firms were properly retaining business-related text and instant messages and other off-channel communications sent and received on employees' personal devices. Following the commencement of the SEC's initiative, Baird cooperated with the SEC and conducted voluntary interviews of a sampling of Baird supervisors to gather and review messages found on their personal devices. While Baird had policies and procedures in place prohibiting such off-channel communications, it was discovered that certain Baird supervisors communicated off-channel using non-Baird approved methods on their personal devices about Baird's broker-dealer and investment adviser businesses, and the findings were reported to the SEC. Baird took steps prior to and after the SEC's review, including implementing a new communication tool designed for Baird associates' personal devices, conducting training, and periodically requiring requisite associates to provide an attestation relating to their business-related communications. As part of the settlement, Baird was censured and ordered to cease and desist from future violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder and to pay a civil monetary penalty of \$15 million. In addition, Baird agreed to certain undertakings, including retaining an independent compliance consultant to conduct a review of Baird's policies and procedures, training, surveillance program, technology solutions and similar matters related to off-channel communications.

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 with the SEC as a broker-dealer under the Exchange Act and as an investment adviser under the Advisers Act. Baird is also affiliated with certain broker-dealers, investment advisors, other financial services firms and investment products that are identified below. Certain Baird associates and certain management persons of Baird may invest in those investment products.

Broker-Dealer Activities

Baird is engaged in a broad range of broker-dealer 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 associates 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.

Investment Management Activities

Baird Advisors and Baird Equity Asset Management are investment management departments of Baird, and Chautauqua Capital Management ("CCM") is a division of Baird Equity Asset Management.

Certain Affiliations

Affiliated Broker-Dealers

Baird is affiliated, and may be deemed to be under common control, with Strategas Securities, LLC ("Strategas Securities"), which is registered with the SEC as a broker-dealer and investment adviser, by virtue of their common indirect ownership by BFG.

Affiliated Investment Advisors

Baird is affiliated, and may be deemed to be under common control, with Riverfront Investment Group, LLC ("Riverfront") by virtue of their common indirect ownership by BFG.

Baird is affiliated, and may be deemed to be under common control, with Greenhouse Funds LLLP ("Greenhouse") and Greenhouse Fund GP LLC ("Greenhouse GP") by virtue of BFG's indirect minority ownership of Greenhouse and BFG's representation on the board of managers of Greenhouse GP.

Baird is related to LoCorr Fund Management, LLC ("LoCorr") by virtue of BFG's indirect minority ownership of the holding company of LoCorr and BFG's representation on such holding company's board of managers.

Baird is affiliated, and may be deemed to be under common control, with Strategas Asset Management, LLC ("Strategas"), by virtue of their common indirect ownership by BFG.

Baird is affiliated, and may be deemed to be under common control, with GAMMA Investing, LLC ("GAMMA") by virtue of BFG's and Riverfront's indirect minority ownership of Gamma and BFG's and Riverfront's representation on the board of directors of Gamma.

Affiliated Mutual Funds, ETFs and Investment Companies

Baird is the investment adviser and principal underwriter for Baird Funds, Inc. (the "Baird Funds"). Baird Advisors provides investment management, administrative, and other services to certain Baird Funds investing primarily in fixed-income securities (the "Baird Bond Funds"). Baird Equity Asset Management provides investment management and other services to certain Baird Funds investing primarily in equity securities (the "Baird Equity Funds") and Greenhouse is the investment subadvisor to one of those Funds, the Baird Equity Opportunity Fund. CCM provides investment management and other services to certain Baird Funds pursuing global or international investment strategies (the "Chautauqua Funds"). As compensation for its services, Baird receives fees from each Baird Fund, which fees are disclosed in each Fund's prospectus and statement of additional information available on Baird's website at bairdassetmanagement.com/baird-funds.

Baird Advisors serves as investment sub-adviser to a mutual fund series of the Bridge Builder Trust and Baird receives compensation for those services. Additional information about that mutual fund, including information relating to the fees paid by that fund for investment management services, is available in the fund's prospectus and statement of additional information.

Baird Advisors also serves as investment sub-adviser to two sub-funds of PrivilEdge, a Société d'Investissement à Capital Variable (SICAV) (an investment company with variable capital) organized under the laws of Luxembourg. Baird receives compensation for the services provided to those sub-funds.

Baird Equity Asset Management serves as investment sub-adviser to a mutual fund series of the Principal Funds, Inc. and Baird receives compensation for those services. Additional information about that mutual fund, including information relating to the fees paid by that fund for investment management services, is available in

the fund's prospectus and statement of additional information.

CCM serves as investment sub-adviser to a mutual fund series of the Pace® Select Advisors Trust and Baird receives compensation for those services. Additional information about those mutual funds, including information relating to the fees paid by those funds for investment management services, is available in the funds' prospectus and statement of additional information.

Baird acts as a portfolio consultant for certain UITs that are part of the FT Series, including the DIT Global Portfolio Series, the Dividend Income Trust Series, the Automated Quantitative Analysis (AQA®) Portfolio Series and the AQA® Large-Cap Portfolio Series. Baird also acts as administrator for certain closed-end funds sponsored by Duff & Phelps Investment Management Co., including DNP Select Income Fund, Inc., Duff & Phelps Utility and Corporate Bond Trust, Inc., and DTF Tax Free Income Fund Inc. Additional information about those investment products, including information relating to the compensation paid to Baird is available in the applicable prospectus and other fund documents.

LoCorr acts as investment advisor to the LoCorr Funds, a mutual fund series of LoCorr Investment Trust. Additional information about those mutual funds is available in each fund's prospectus and statement of additional information.

Riverfront acts as investment sub-adviser for certain mutual fund series of the Financial Investors Trust and certain ETFs that are part of the ALPS ETF Trust and First Trust Exchange-Traded Fund III. Additional information about those mutual funds and ETFs, including information relating to the compensation paid to Riverfront by those funds for investment management services, is available in each fund's prospectus and statement of additional information.

Strategas acts as investment adviser to the Strategas Global Policy Opportunities ETF and the Strategas Macro Thematic Opportunities ETF and acts as investment sub-adviser for the Destinations Large Cap Equity Fund. Strategas Securities is a sponsor of Strategas Trust, a unit investment trust organized in series, which series currently consists of Strategas Trust, Series 1-1 (Strategas Policy Basket Portfolio). Additional information about those investment products, including information relating to the compensation paid to Strategas and Strategas Securities, is available in the applicable prospectus.

Affiliated Private Funds

CCM acts as investment manager for, and Baird is the general partner or manager of, the Chautauqua International Growth Equity QP Fund, LP, the Chautauqua Global Growth Equity QP Fund, LP and the Chautauqua

New World Growth Equity Series (a series of Chautauqua Series Fund, LLC) (the "Chautauqua Private Funds"). Those funds are private pooled investment vehicles that are not required to be registered with the SEC as investment companies.

Affiliated Private Equity Funds

Baird is also engaged in a private equity business through Baird Capital ("Baird Capital"), Baird's global private equity group. Baird and its representatives may refer clients to Baird Capital. The private equity funds offered through Baird Capital make venture capital, growth equity and private equity investments primarily in the healthcare, technology and services, and products sectors. The private equity funds offered through Baird Capital and the investment adviser entities that manage them are set forth below.

Certain Baird Capital-Related Entities

Investment Advisor Private Equity Fund(s)

Baird Venture Partners Management Company I, L.L.C.

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 Limited Partnership

Baird Venture Partners Management Company V, LLC

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 Management Company, LLC

Baird Venture Partners GP VI, LLC

Baird Venture Partners VI LP

BVP VI Affiliates Fund LP

BVP VI Special Affiliates Fund LP

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

Certain Baird Capital-Related Entities

Investment Advisor Private Equity Fund(s)

Baird Capital Global Fund II Limited Partnership
BCGF II Affiliates Fund Limited Partnership
BCGF II Special Affiliates Limited Partnership

*Baird Capital Partners Europe Limited**

Baird Capital Partners Europe Fund L.P.
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, 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

Affiliated Hedge Funds

Greenhouse acts as investment manager for, and Greenhouse GP is the general partner of, the Greenhouse Master Fund LP and the Greenhouse Onshore Fund LP. Greenhouse also acts as investment adviser for the Greenhouse Overseas Fund Ltd. Those funds are hedge funds that are not required to be registered with the SEC as investment companies.

Other Affiliated Financial Services Firms

Baird is affiliated, and is under common control, with Baird Trust Company, a Kentucky-chartered trust company, by virtue of their common indirect ownership by BFG.

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 in the same or related securities that are the subject of the Research Services. 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 the subject of the Research Services. 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 the Research Services, their supervisors, and certain associates who have access to non-public information relating to the Research Services ("Access Persons"). The Code prohibits Access Persons from using knowledge about the Research Services to profit personally, directly, or indirectly, by trading in his or her personal accounts. In addition, an Access Person 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 provides for certain exceptions deemed appropriate by Baird management or by Baird's Compliance Department. 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 Research Services. In addition, Baird's Compliance Department monitors the personal trading activities of all of Baird's associates providing the Research Services.

Participation or Interest in Client Transactions

Research Activities

Baird does, and seeks to do, business with companies covered by Baird research analysts. Employees of Baird or its affiliates may serve as officers or directors of companies covered by research analysts. In addition, Baird or its affiliates may hold securities of covered companies in the ordinary course of their business such as in connection with market making activities. As a result of the foregoing, Baird will have a conflict of interest in certain instances that could affect the content of its research reports. Baird addresses this potential conflict of interest through disclosure in this Brochure, disclosure on research reports and by ensuring that research analyst compensation does not take into account these factors.

Research analyst compensation is based on: (1) the correlation between the research analyst's

recommendations and stock price performance; (2) ratings and direct feedback from investing clients, institutional and retail sales force (as applicable) and from independent rating services; (3) the research analyst's productivity, including the quality of such analyst's research and such analyst's contribution to the growth and development of our overall research effort; (4) compliance with all of Baird's internal policies and procedures; and (5) other considerations, such as Baird's assessment of the prevailing market rates for talent in the sector the research analyst covers, but excluding the analyst's contributions to Baird's investment banking services activities. This compensation criteria, which does not include revenue from specific investment banking transactions, and actual analyst compensation is reviewed and approved on an annual basis by Baird's Research Oversight Committee.

Baird's Other Broker-Dealer and Related Activities

As a registered broker-dealer, Baird may buy or sell securities for its own account in the ordinary course of its market making activities. Baird also effects transactions in securities and receives and retains compensation for such services. In such capacity, Baird may act as agent or principal in executing trades for client accounts, some of whom may be clients who receive the Research Services. Those securities trades and market making activities involve buying or selling securities that are the same as those discussed in reports and commentaries included in the Research Services. However, Baird does not intentionally buy or sell securities as a result of any discussions about them in the Research Services and the personnel providing such services do not receive copies or drafts of research reports or commentaries before they are delivered to clients.

In connection with the provision of the Research Services, Baird does not have discretion over client accounts and does not have discretion to select and does not recommend the use of any particular broker-dealer to implement research recommendations, although Baird in its capacity as a broker-dealer seeks to provide brokerage services to clients. Clients are not required nor expected to use Baird or any other affiliate to implement recommendations received or otherwise to place orders for securities transactions.

Baird and its associates, by reason of its broker-dealer 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 prohibited by applicable law or agreements from disclosing such information to clients or acting upon such information. Baird's other activities thus present a potential conflict of interest because such activities may limit Baird's ability to provide the Research Services.

Other Conflicts of Interest

Baird offers to clients other investment products and services, including asset management and other products and services that are investment advisory in nature, not described in this Brochure. These investment products and services provide different levels of compensation to Baird. However, it is not a condition or a requirement for clients who pay for the Research Services to accept such services from Baird or any affiliate.

Addressing Conflicts

The foregoing activities could create a conflict of interest with clients. In addition to the measures described above, Baird addresses conflicts posed by those activities through disclosure in this Brochure, via the Research Services, including disclosure on research reports, and in the client's agreements with Baird. Baird has also adopted a Code of Ethics and other internal policies and procedures for Baird and its associates that:

- require them to provide the Research Services in a manner that reflects the analyst's personal views about the companies or securities to which they apply, to confirm that no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in any research report and to certify the same on written research reports;
- prohibit research analysts from owning stock in companies covered by the analyst; and
- address and limit cash and non-cash benefits provided to research analysts by third parties in an attempt to avoid any question of propriety or any conduct inconsistent with Baird's high standards of ethics.

Brokerage Practices

Baird does not recommend or select broker-dealers to effect transactions for client accounts as part of the Research Services.

Review of Accounts

Provision of the Research Services does not require a client establish an account with Baird. Accordingly, Baird does not review client accounts.

Client Referrals and Other Compensation

Neither Baird nor its employees or supervised persons receive any additional economic benefit (including, for example, sales awards or other prizes) from any non-client for providing the Research Services to clients. Baird does not enter into or any agreements or other understanding under which Baird pays, directly or indirectly, any compensation to third parties for client referrals with respect to the Research Services.

Custody

Baird does not maintain custody of client funds or securities in connection with the Research Services.

Investment Discretion

Baird does not have discretionary authority to buy or sell securities for client accounts or otherwise act for client accounts in connection with the Research Services.

Voting Client Securities

Baird does not have authority to vote proxies with respect to the securities held in the client's account or otherwise act for client accounts in connection with the Research Services.

Financial Information

Baird is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has it been the subject of a bankruptcy petition at any time during the past ten years.