Baird Aggregate Bond Instl

Core Bond

Key Metrics

Ticker	BAGIX
Inception Date	2000-09-29
Asset Class	Taxable Bond
Peer Group	Core Bond Funds
Max Manager Tenure	24.69
Turnover Ratio	0.34
AUM (Mil.)	$52,557
3M Flows (Mil.)	-$353
Dividend Yield	4.07%
Expense Ratio	0.30%

Fund Description:

The Baird Aggregate Bond Fund (BAGIX) is an actively managed, intermediate-term core bond fund designed to deliver consistent, risk-controlled total returns that exceed the Bloomberg U.S. Aggregate Bond Index. The fund invests at least 80% of its assets in U.S. dollar-denominated, investment-grade debt securities, including U.S. government and agency bonds, corporate bonds, asset-backed, and mortgage-backed securities. By maintaining a duration-neutral approach and focusing on high-quality bonds, BAGIX seeks to provide reliable income and capital preservation for investors seeking a core fixed-income allocation.

Parent

Baird Advisors, the fixed income division of Baird Asset Management, is an independent, employee-owned firm with a reputation for stability, collaboration, and a client-first culture. The firm boasts a deep, experienced research staff and a supportive organizational structure that fosters teamwork and long tenures. Baird Advisors is known for its investment-driven culture-portfolio managers are incentivized based on investment results and research quality, not asset gathering. The firm's sustainable competitive advantage lies in its consistent, risk-controlled process and focus on quality, which has led to a strong history of excellence. Most Baird bond funds have outperformed their benchmarks over the past decade, reflecting a high success ratio. Baird is also known for closing funds to new investors when capacity could threaten performance, always prioritizing existing clients.

People

BAGIX is managed by a seasoned, collaborative team:

- **Mary Ellen Stanek, CFA**: Managing Director, Founding Member, and CIO Emeritus. Over 44 years of experience in fixed income management. BBA and MBA from Marquette University.
- **Warren Pierson, CFA**: Managing Director and Co-Chief Investment Officer. Over 35 years of industry experience. BA from Lawrence University.
- **Jay Schwister, CFA**: Managing Director, Co-Chief Investment Officer, and Research Director. Over 35 years of experience. BS from University of Wisconsin-Madison.
- **M. Sharon deGuzman, CFA**: Managing Director and Senior Portfolio Manager. BA from Marquette University, over 30 years of experience.

- **Jeffrey Schrom, CFA**: Managing Director and Lead Credit Sector Senior Portfolio Manager.
- **Andrew O'Connell, CFA**: Managing Director and Senior Investment Analyst.
- **Abhishek Pulakanti, CFA**: Managing Director and Senior Investment Analyst.
- **Meghan Dean, CFA**: Managing Director, Co-Lead Securitized Sector Senior Portfolio Manager.
- **Patrick Brown, CFA**: Managing Director, Co-Lead Securitized Sector Senior Portfolio Manager.

The team is supported by a broad group of analysts and sector specialists. Nine of the ten managers invest in all their strategies, with several having over $1 million invested, demonstrating strong alignment with shareholders.

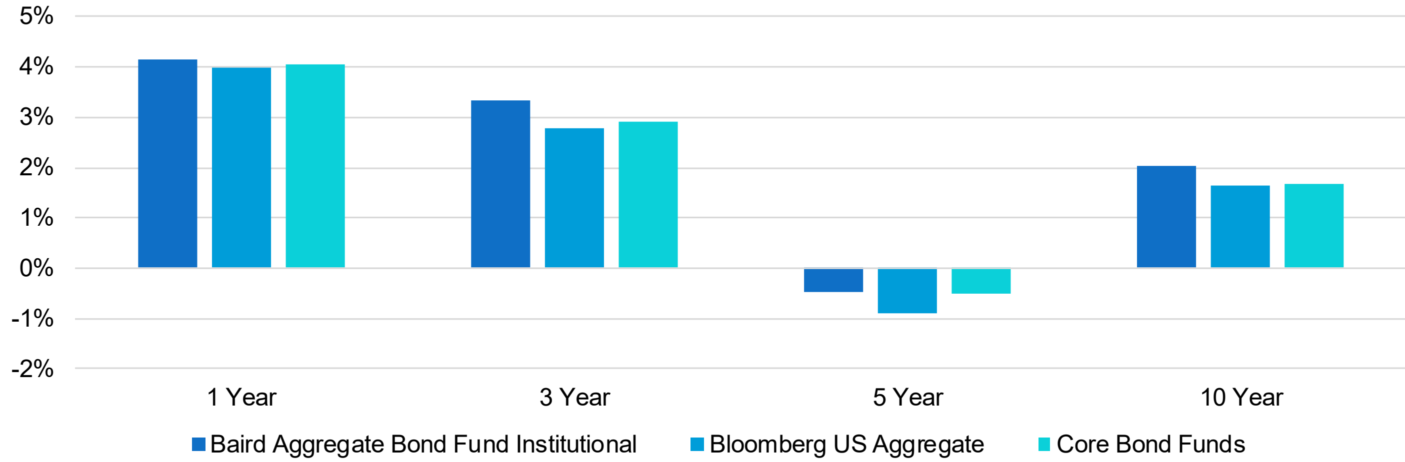
Process

Baird's investment process is disciplined, repeatable, and rooted in risk control:

- **Duration-Neutral Approach**: The fund matches the duration of the Bloomberg U.S. Aggregate Bond Index (currently about 6.08 years), avoiding interest rate bets and focusing on predictability and benchmark tracking.
- **Security Selection**: Only investment-grade, U.S. dollar-denominated bonds are purchased, including government, agency, corporate, asset-backed, and mortgage-backed securities. No derivatives or leverage are used.
- **Sector Allocation**: Active allocation across sectors based on fundamentals, valuations, and liquidity. The fund often overweights BBB-rated bonds (currently 20.9% vs. 11.8% for the index) to enhance yield while maintaining investment-grade quality.
- **Diversification Rules**: The fund holds nearly 2,000 securities, with no position exceeding 5% of NAV. The portfolio is diversified by issuer, sector, and maturity.
- **Turnover**: Annual turnover is moderate (36.39%), reflecting a long-term perspective and focus on minimizing trading costs.
- **Risk Controls**: Strict sector, issuer, and quality limits are enforced. The average portfolio quality is AA, in line with the benchmark.
- **Sell Discipline**: Bonds are sold when their risk/reward profile deteriorates or better opportunities arise.
- **Liquidity and Stress Testing**: The fund is highly liquid, regularly stress-tested, and fully compliant with SEC liquidity rules.

Performance

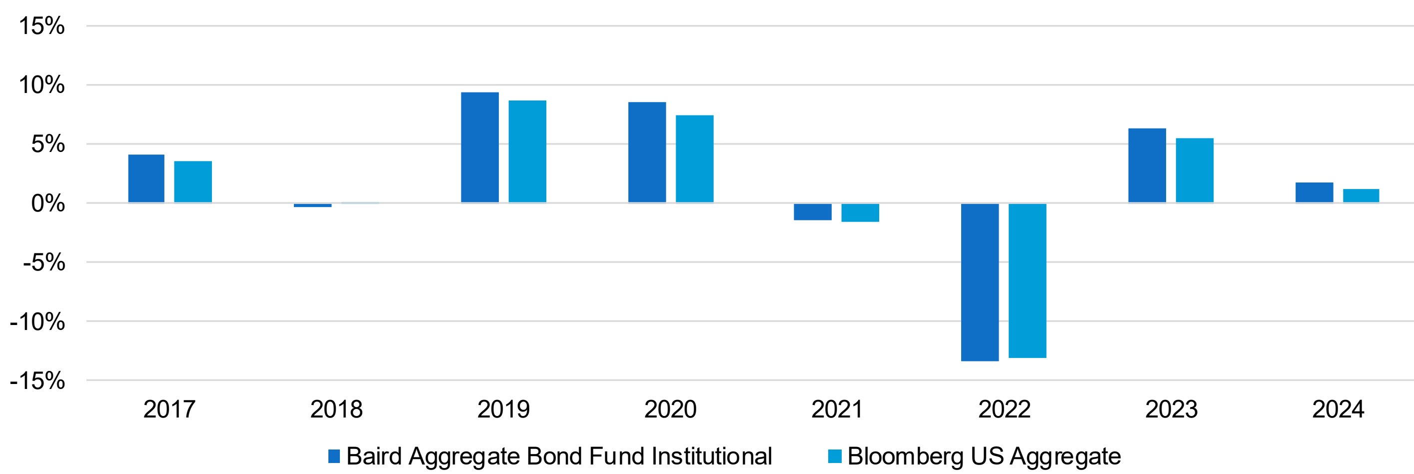
Trailing Returns



	1 Year	Rank	3 Year	Rank	5 Year	Rank	10 Year	Rank
Baird Aggregate Bond Fund Institutional	4.15%	36	3.34%	22	-0.47%	40	2.04%	21
Bloomberg US Aggregate	4.00%	---	2.78%	---	-0.90%	---	1.65%	---
Core Bond Funds	4.05%	---	2.90%	---	-0.50%	---	1.68%	---

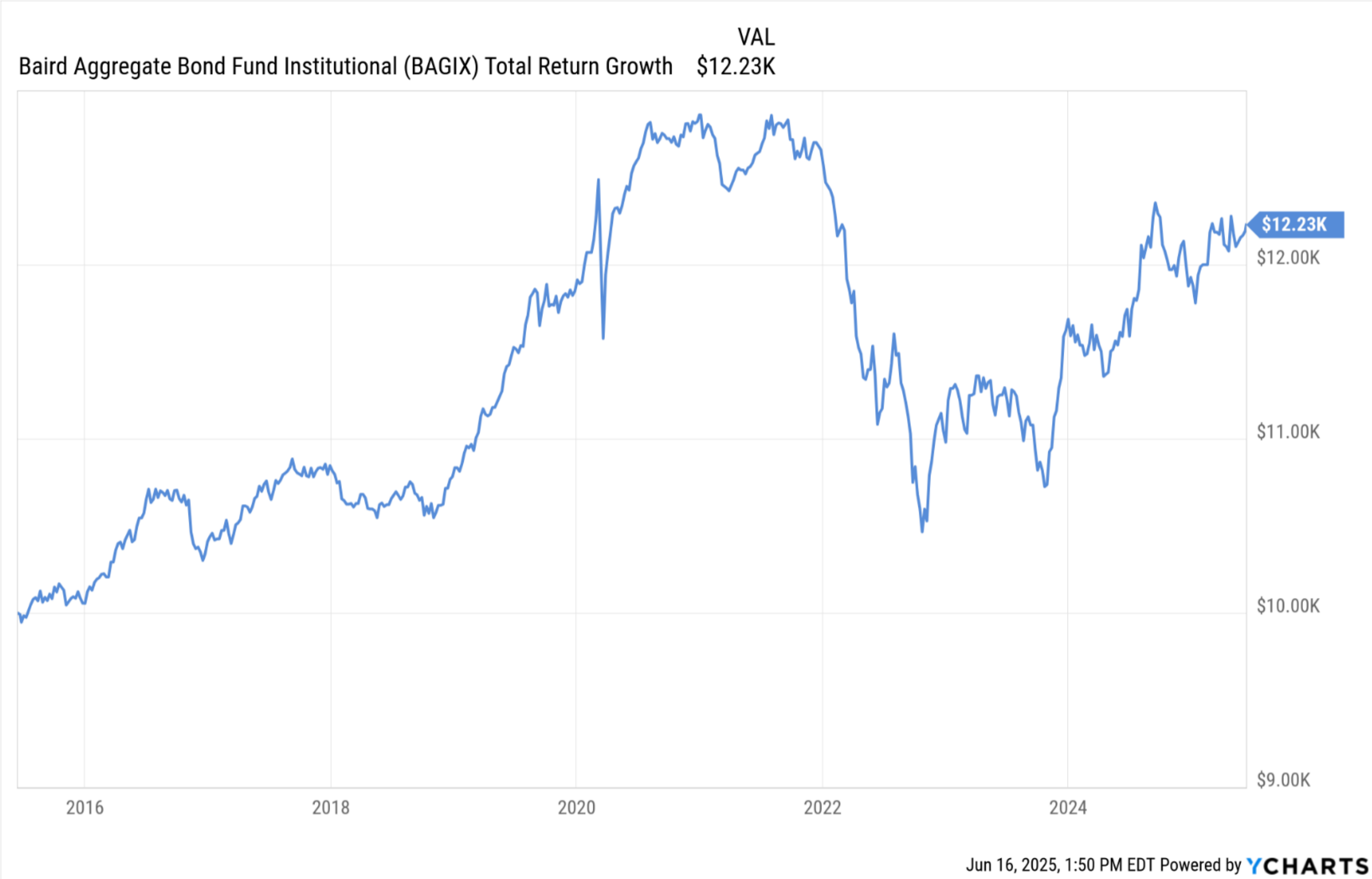
Annual Performance

Annual Returns



	2017	2018	2019	2020	2021	2022	2023	2024
Baird Aggregate Bond Fund Institutional	4.20%	-0.30%	9.48%	8.63%	-1.46%	-13.35%	6.43%	1.85%
Bloomberg US Aggregate	3.54%	0.01%	8.72%	7.51%	-1.54%	-13.01%	5.53%	1.25%

Growth of $10,000 Investment

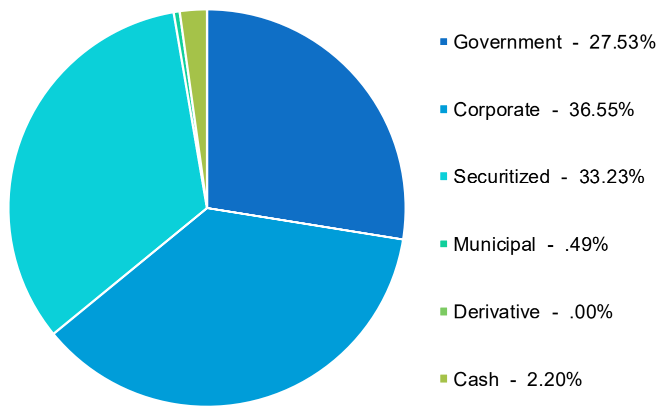


Source: Ycharts. Past performance is no guarantee of future results. All returns shown are historical and reflect the reinvestment of dividends and capital gains. The hypothetical growth of $10,000 is for illustrative purposes only and does not represent an actual investment. Investment returns and principal value will fluctuate, and investors may experience gains or losses. Performance does not reflect the impact of taxes, advisory fees, or transaction costs, which would reduce returns. Please consult a financial professional before making investment decisions.

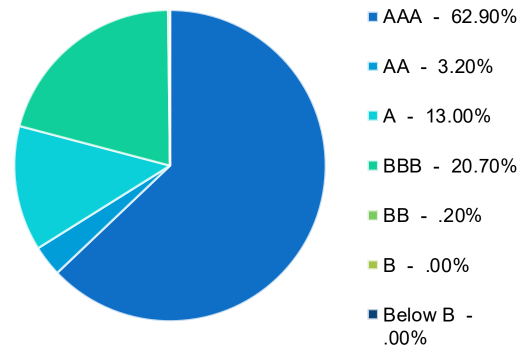
BAGIX has consistently outperformed its benchmark over most standard periods, delivering strong risk-adjusted returns and resilience during volatile interest rate environments.

Current Positioning

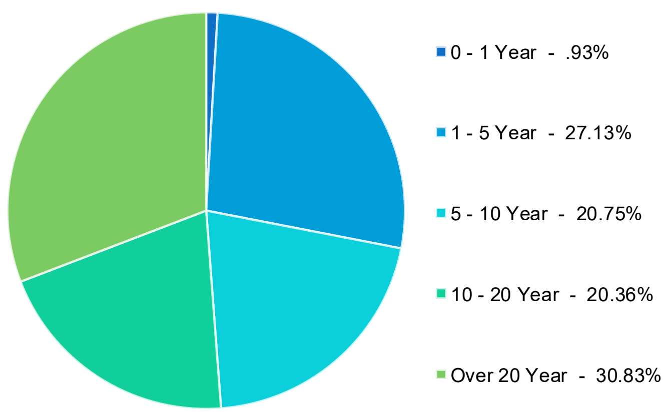
Sector Exposure



Credit Quality Exposure



Maturity Exposure



Fixed Income Statistics

Effective Duration	6.09
Average Credit Quality	A+
Current Yield	4.07%
Yield to Maturity	---
30 - Day SEC Yield	4.38%
Average Coupon	3.86%
Number of Bond Holdings	1910

The fund maintains an effective duration of 6.08 years and an average maturity of 8.10 years, closely matching the benchmark. Sector allocations show a modest overweight to BBB-rated and securitized bonds for incremental yield, while maintaining high overall credit quality.

Price

The institutional share class expense ratio is 0.30%, which is extremely competitive for an actively managed core bond fund. There are no sales loads or redemption fees. Given the fund’s strong performance, robust risk controls, and experienced management, the expense ratio is highly appropriate and delivers excellent value for investors seeking a core fixed income allocation.

Risk

	Sharpe			Standard Deviation			Max Drawdown		
	3 Year	5 Year	10 Year	3 Year	5 Year	10 Year	3 Year	5 Year	10 Year
Baird Aggregate Bond Fund Institutior	-0.36	-0.51	0.00	7.00%	6.22%	5.17%	18.62%	18.62%	18.62%
Bloomberg US Aggregate	-0.44	-0.59	-0.08	6.90%	6.14%	5.02%	18.41%	18.41%	18.41%

Key risks for BAGIX include:

- **Interest Rate Risk**: The fund's duration is matched to the benchmark, but rising rates can still negatively impact returns.
- **Credit Risk**: The fund's overweight to BBB-rated bonds increases exposure to credit risk, though all holdings are investment-grade at purchase.
- **Liquidity Risk**: The fund is highly liquid, but certain asset-backed or corporate securities may be less liquid in stressed markets.
- **Sector Risk**: Allocations to corporate and securitized securities can lead to underperformance if those sectors experience stress.
- **Prepayment and Extension Risk**: Mortgage- and asset-backed securities are subject to prepayment or extension risk, which can affect returns.
- **Foreign Issuer Risk**: The fund may invest in U.S. dollar-denominated securities issued by foreign entities, which can introduce political and economic risks.
- **Active Management Risk**: Performance depends on the managers' ability to identify relative value and manage risk; there is no guarantee of outperformance.

Baird mitigates these risks through diversification, rigorous credit analysis, and a disciplined, duration-neutral approach. The fund's risk-aware culture and robust stress testing further support capital preservation.

Conclusion

The Baird Aggregate Bond Fund (BAGIX) stands out as a high-quality, low-cost solution for investors seeking a core, diversified fixed income allocation. Its experienced management team, disciplined process, and consistent long-term performance make it a strong candidate for the heart of a bond portfolio. While the fund carries modest credit and sector risk due to its active approach, its robust risk controls and commitment to investment-grade quality provide a reassuring foundation for investors. BAGIX is well suited for those seeking reliable income, capital preservation, and a proven track record in their core bond allocation.

Sources

- Baird Asset Management, Baird Aggregate Bond Fund official page and fact sheet
- Baird Aggregate Bond Fund SAI and Prospectus
- Baird Advisors - Nebraska Investment Council Presentation
- Baird Aggregate Bond Fund Analyst Report

Disclosures:

Investing involves risk*, including the potential loss of principal. Past performance is not indicative of future results. Investment returns will fluctuate, and investors may receive more or less than their original investment upon redemption.*

ETF shares are bought and sold at market price (not NAV) and may trade at a premium or discount. Brokerage commissions and trading costs may apply. ***Diversification does not guarantee a profit or prevent loss.***

Before investing, investors should carefully review the fund's prospectus, which includes information about investment objectives, risks, charges, and expenses. ***Prospectuses are available from the fund provider's website*** *and should be read carefully before investing.*

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