

2022 ANNUAL REPORT

BAIRD

Resilience

Discover the *Baird Difference*



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**IN TIMES OF CHANGE LIKE WE'VE
SEEN OVER THE PAST YEAR,
OUR CLIENTS NEED A RESILIENT
FINANCIAL PARTNER.
BAIRD'S RESILIENCE COMES
FROM OUR EXTRAORDINARY
CULTURE, EMPLOYEE OWNERSHIP,
BALANCED BUSINESS MODEL AND,
MOST IMPORTANTLY, OUR TEAM OF
TALENTED, PASSIONATE
ASSOCIATES WHO PUT OUR
CLIENTS FIRST.**

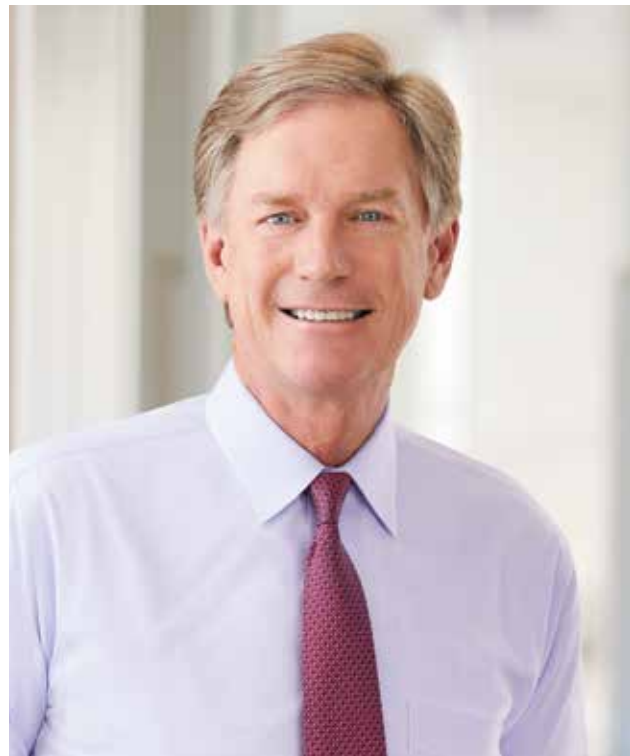
A Message From Steve Booth

Resilience is the sum of focus, determination and a commitment to evolving through changing times.

I recently celebrated my 29th anniversary at Baird. In that time, we've navigated incredible growth and change within our firm while financial markets achieved some of their highest highs and lowest lows in recent memory. Our extraordinary team has enabled us to guide our clients and our firm through these periods of uncertainty, which continued throughout 2022. Along with our associates, our balanced business model, our financial strength and our culture of employee ownership give us stability in the face of change.

Helping our clients effectively navigate uncertainty is essentially the reason why Baird exists. While difficult markets may continue, we know our business and our people are among the very best – and our resilience will strengthen our partnership with our clients in the years ahead.

**“RESILIENCE IS
INHERENT IN
OUR TALENTED,
DEDICATED
AND PASSIONATE
ASSOCIATES.”**



BUSINESS HIGHLIGHTS

Despite some challenging market conditions in 2022, we achieved our second-best year ever as a firm. Our revenues totaled \$2.79 billion, while our operating income was \$477 million¹. Additionally, the firm's return on book value was nearly 20%.²

The cross-currents in the markets affected our businesses in very different ways throughout the year. Our business model includes five complementary businesses serving clients in a variety of end markets. Our revenues are a balance of recurring fee-based revenues in our Private Wealth Management and Asset Management businesses, as well as more market-dependent transactional revenues in our capital markets and private equity businesses.

We've purposefully built a balanced platform of five complementary business units since our founding in 1919. Our diverse end markets and balanced revenue structure adds another powerful dimension of resilience to Baird, as market challenges in one business can be offset by strength or stability in another. Notable results and developments from across Baird include:

Our Private Wealth Management division posted a record year. In a year where markets began at all-time highs but came under stress due to macroeconomic factors and recession risks, we helped clients navigate the increasing economic uncertainty. Approximately 90% of the business' revenues were recurring. We also expanded our capacity to serve our clients with the merger into Baird of Pittsburgh-based Hefren-Tillotson, a privately held wealth management firm whose culture meshes perfectly with our own.

Asset Management remained very focused on delivering long-term performance to our investors across our platform. Declines in both the fixed income and equity markets impacted the group's assets under management as the year progressed, and its combined revenues declined slightly after more than a decade of remarkable growth. I am very pleased to note that Mary Ellen Stanek, President of Baird Funds and Co-Chief Investment Officer of Baird Advisors, was recognized with Morningstar's Outstanding Portfolio Manager Award for 2022.

Equity Capital Markets achieved its second-best year following a significant decline in M&A and equity financing transactions from last year's record levels. Strength in our equity trading and Strategas businesses also helped to balance the group's results.

We were able to make several strategic talent additions that will significantly strengthen our position in key markets and product offerings.

In Fixed Income Capital Markets, revenues declined slightly from the elevated levels of the last two years. Our Public Finance team had another exceptional year, helping offset a slower fixed income sales and trading environment.

After record investment gains in 2021, the environment reverted to more normalized and expected levels in 2022 and our Principal Investments team continued its focus on driving operating performance and long-term value within its portfolio of companies.

Additionally, our businesses are supported by more than 1,000 dedicated associates in our best-in-class Corporate Resource Groups (CRGs). These talented professionals partner with colleagues throughout the firm, delivering efficient and effective subject matter expertise and high-touch service to both internal and external clients. Our CRG teams were instrumental in our highly successful integration of Hefren-Tillotson and the onboarding of their clients onto Baird's platform.

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

² Book value return is inclusive of the dividend paid.

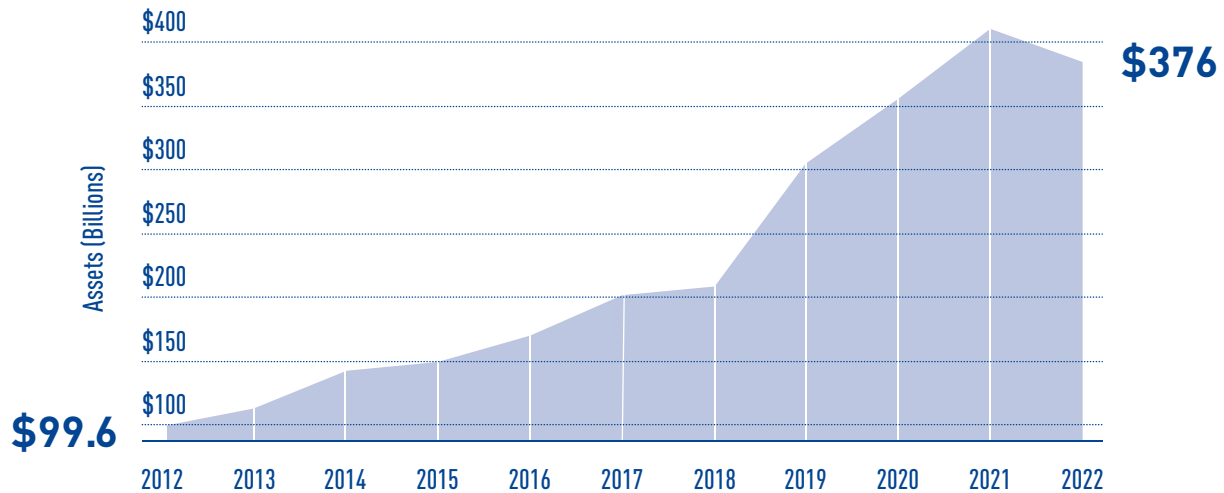


EXPANDING OUR GLOBAL FOOTPRINT

With an eye toward broadening our footprint around the world, Baird continued its global diversification throughout the year. Recognizing how critical our London presence is to our global client base, we doubled the size of our office space in the city. This substantial investment in Baird's European headquarters positions us to optimize opportunities in the region and continue growing the business, ultimately benefiting our clients in Europe and across the globe. Our Fixed Income Capital Markets business also expanded its capabilities to Europe by welcoming talented professionals based in London in early 2023.

Additionally, Baird Capital, our private equity business, opened a new office in Singapore, expanding our footprint and establishing a local presence in an international business hub.

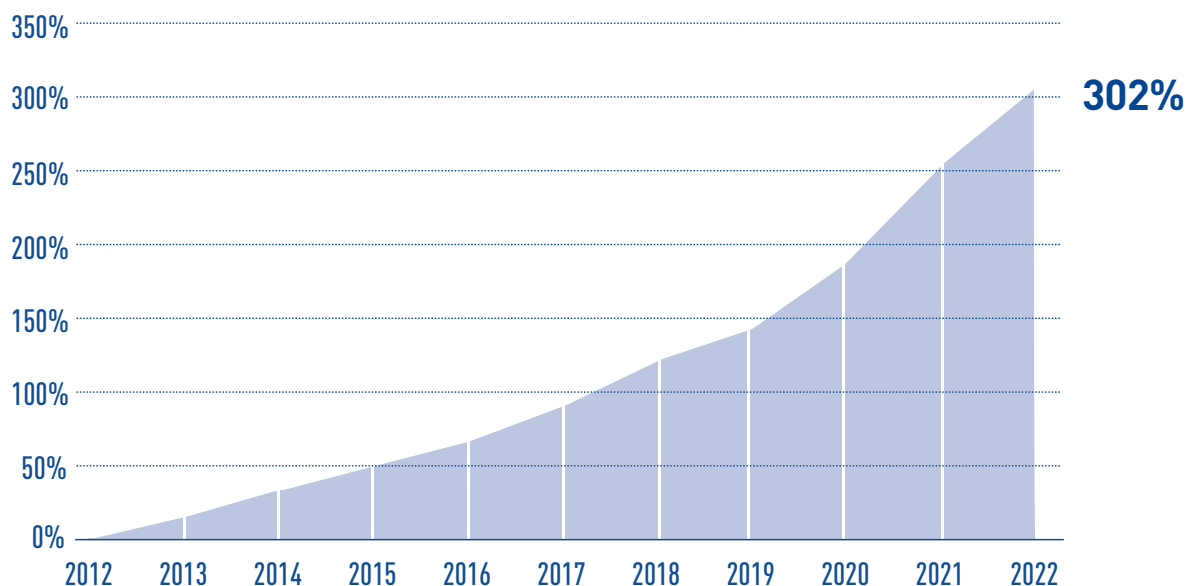
Building on these developments, we launched a comprehensive marketing campaign in concert with The 150th Open at St Andrews, one of professional golf's major tournaments. This platform helped us to reinforce and grow awareness of Baird's deep global financial expertise, capabilities and connections while also highlighting the qualities that make Baird different. Our continued growth outside the U.S. extends the balance of our businesses, providing further resilience through global diversification.



Baird managed or oversaw more than \$375 billion in client assets at the end of 2022, an increase of more than 277% over the past decade.

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Our stock value has increased more than 300% over the past 10 years.³



FOSTERING A GREAT PLACE TO WORK

Another way in which we build long-term stability into our business is to ensure that Baird continues to be a place where our associates thrive and succeed. We're proud to have an unusually long-tenured team with low turnover. When our associates want to be a part of Baird for the long term, they provide exceptional continuity and service to our clients. This creates additional resilience in our business model, as our clients know the people they work with at Baird are likely to be with them for the long term.

Our commitment to being an exceptional place to work culminated in several recognitions in 2022. For the 19th consecutive year, Baird was named one of the *Fortune* 100 Best Companies to Work For[®]. The firm also landed on several other top workplace lists, including:

- *Fortune* Best Workplaces for Millennials™
- *Fortune* Best Workplaces for Women™
- *Fortune* Best Workplaces in Financial Services & Insurance™
- Best Workplaces for Parents™ by Great Place to Work[®]
- *People* magazine's 100 Companies That Care[®]
- *Pensions & Investments*' Best Places to Work in Money Management

All these recognitions underscore our commitment to our associates and our clients, who know they are working with a firm of people who are engaged and driven, and who will be there for the long term. It's the kind of consistency and long-term thinking that allows us to support our clients through good years and bad. It also creates resilience that will enable Baird to serve our team, our communities and our clients for years to come.

All my best,

Steve Booth,
Chairman & CEO

³ Baird stock performance is based on the change in book value per share for Baird Financial Group common stock and includes cumulative cash dividends per share of \$0.55, \$0.62, \$0.67, \$2.50, \$0.70, \$0.83, \$1.83, \$2.50 and \$1.50 paid in 2013, 2014, 2015, 2016, 2017, 2019, 2020, 2021 and 2022, respectively. Baird is privately held and no public market exists for its shares. Baird can repurchase shares of Baird stock at book value when associates leave the firm. Past performance does not guarantee future results.

Key Figures from 2022

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

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

BAIRD NET REVENUES¹
(MILLIONS)



PRIVATE WEALTH MANAGEMENT

Provides comprehensive financial advice, investment consulting and planning services to individuals, families and institutions across the United States.

ASSET MANAGEMENT

Baird Advisors
Baird Equity Asset Management

Delivers disciplined investing and superior service to individual and institutional investors via customized portfolios and mutual funds.

FIXED INCOME CAPITAL MARKETS

Fixed Income Sales & Trading
Public Finance

Provides investment ideas, timely analysis and trading execution to institutional clients, as well as premier debt underwriting and advisory services to public, private and nonprofit clients.

EQUITY CAPITAL MARKETS

Global Investment Banking
Equities

Delivers a comprehensive platform of equity research, sales and trading, equity underwriting, and M&A and capital advisory capabilities to clients around the world.

PRINCIPAL INVESTMENTS

Baird Capital
Baird Principal Group
Strategic Investments

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



PRIVATE WEALTH MANAGEMENT REVENUES (MILLIONS)



More than
\$255 BILLION
in client assets

ASSET MANAGEMENT REVENUES (MILLIONS)



More than
\$120 BILLION
in assets under
management

FIXED INCOME CAPITAL MARKETS REVENUES (MILLIONS)



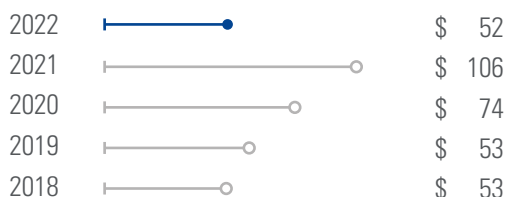
No. 2
Municipal underwriter
in the U.S.²

EQUITY CAPITAL MARKETS REVENUES (MILLIONS)



No. 1
For “overall quality in
sales, corporate access
and research”³

PRINCIPAL INVESTMENTS REVENUES (MILLIONS)



More than
\$4 BILLION
raised and managed since inception

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

² According to Ipreo MuniAnalytics as of December 31, 2022. Based on number of issues. Does not include Private Placements or Notes.

³ Coalition Greenwich 2022 surveys of North American Equity Investors. Surveys conducted with 94 small-cap and mid-cap fund managers, 241 generalist portfolio managers and 241 traders. Rankings for qualitative metrics based on leading research firms in surveys. Based on number of issues.



MIKE SCHROEDER,
CHAIRMAN OF PRIVATE
WEALTH MANAGEMENT



ERIK DAHLBERG,
PRESIDENT OF PRIVATE
WEALTH MANAGEMENT

**“ANYONE CAN MAKE A PLAN
FOR GOOD TIMES, BUT WE
WANT TO ENSURE OUR CLIENTS
ARE PREPARED FOR CHALLENGING
TIMES AND THAT THEY KNOW
WE’LL ALWAYS BE HERE FOR
THEM WHEN THEY NEED US MOST.”**

– MIKE SCHROEDER

\$255+
BILLION

*in assets under
management*



Private Wealth Management

In a year when the markets and the economy presented our clients with many challenges, the people of Baird's Private Wealth Management business responded with thoughtful advice, guidance and a steady eye toward the future.

As employee-owners of our firm, Baird Financial Advisors keep their focus on the long term and always do what is in the best interests of our clients. Benefiting from Baird's century of experience in helping investors get through changing and challenging market environments, our Financial Advisors provided confidence and stability in this time of financial uncertainty.



The year also brought significant enhancements to the ways we serve you.

Among our clients' top priorities are protecting family wealth and establishing lasting legacies. Baird has consistently invested in these capabilities for years and, as of September 2022, Baird Trust has made its full suite of services available to all of our clients through your Baird Financial Advisor. This represents a significant expansion of our offerings in the areas of estate planning, trusts, investment management and estate settlement. We also augmented our financial planning talent with the introduction of Baird Family Wealth, a team of experts dedicated to helping our advisors provide specialized advice for wealthy individuals, families and organizations concerned about protecting and preserving their legacies. These sophisticated solutions are designed to help you navigate every financial decision at any life stage, including multigenerational planning for your family.

Knowing our clients are also looking for expert analysis and interpretation of the economy, financial markets and government policy, our Financial Advisors draw on the resources of Strategas, a Baird company and one of the world's leading macroeconomic research firms.

Their expertise complements our Wealth Solutions Group, with more than 130 specialists in areas ranging from tax and estate planning to retirement savings, while our Business Owner Solutions team provides focused expertise to help small business owners with everything from valuations to succession plans.

We took several steps in 2022 to further develop our deep roster of diverse advisors. Our NextGen Advisory Council hosted a summit meeting for advisors with three to seven years of service, to help ensure that Baird is equipped to meet the needs of our clients well into the coming generations. Our Baird Women Advisors group continued to nurture talent, hosting a summit of its own and sharing business development resources and mentoring sessions.

We also took steps in 2022 to enhance our services and create greater convenience for you. The new Baird Online app offers a more intuitive design, additional security and improved features for accessing your account and monitoring your complete financial picture anytime and anywhere. At the same time, we invested heavily in technology that allows us to deliver on the plans that will help safeguard your family's future with even more consistency and efficiency. Our Baird Wealth Strategies webinars continue to provide timely information on the topics most important to you.





<h1>1,300+</h1>	<h2>Financial Advisors</h2>
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In 2022 Baird acquired the Pittsburgh-based Hefren-Tillotson, a Midwestern, client-focused privately held wealth management firm whose culture meshes perfectly with ours. The merger grows our presence in the market significantly and brings the strength and broader capabilities of Baird to more individuals and families in Greater Pittsburgh, while raising the total number of Baird Financial Advisors to more than 1,300.

While our priority and focus is always our clients' needs, 2022 was a remarkably successful year for our Private Wealth Management business. Our assets under management grew to more than \$255 billion. More importantly, it was a year that gave us ample opportunity to continue earning your trust, something we remain committed to every day. Thank you for your confidence in us and in giving us the opportunity to serve you.

Protecting family wealth
and establishing lasting
legacies are among our clients'
top priorities, and Baird has
consistently invested in these
capabilities for years.





\$120+
BILLION

*in assets under
management*

Asset Management

Baird's Asset Management division consists of Baird Advisors, our fixed income asset management business, Baird Equity Asset Management, and Baird Funds, our no-load family of 10 bond and five equity funds.

For the 11th consecutive year, the combined businesses have been named to *Pensions & Investments'* list of the Best Places to Work in Money Management. Baird is one of only five companies to have appeared on the list every year since its introduction in 2012. The firm was also nominated for Morningstar's Exemplary Stewardship award.

While 2022 was a challenging year in both the bond and equity markets, we stuck to what we do best and helped our clients weather the storm. Our portfolio managers have always maintained a long-term focus, understanding that there will be disruptions along the way as we help guide our clients. That is crucial to the success of our offerings in years that prove to be difficult for investors.

29

*Chartered
Financial
Analysts
on the
Baird
Advisors
team*

BAIRD ADVISORS

Baird Advisors' suite of actively managed taxable and tax-exempt fixed income products delivered competitive results relative to our benchmarks and peers in 2022.

In challenging times for the bond market, Baird Advisors continued to focus on managing risk, maintaining liquidity and providing the high level of client service we have been known for over the past several decades.

Our team consists of 72 highly experienced professionals with an average of nearly 20 years of experience, including 29 individuals who have earned their Chartered Financial Analyst (CFA) designation. Several of our senior portfolio managers have been with Baird Advisors since its inception in 2000.

We continued to add depth to our professional team over the course of 2022 in our investment, operations, and technology areas. We are proud to have hosted our largest and most diverse group of interns – nine in total. We will continue to intentionally add talent to the team, keeping our clients' interests foremost as our business continues to grow.

We are proud to note that Mary Ellen Stanek, the President of Baird Funds and Co-Chief Investment Officer of Baird Advisors, received Morningstar's Outstanding Portfolio Manager Award for 2022. Additionally, for the third consecutive year, the Baird Short-Term Municipal Bond Fund (BTMIX) earned the Refinitiv Lipper Award for outstanding fund performance. The fund was named "Best Fund Over Three and Five Years" in the short municipal debt category.

Our two newest municipal bond funds marked their three-year anniversary in November with strong track records for clients. The municipal bond funds continue to benefit from our strong team of investment professionals, with remarkable cohesion and integration with our broader taxable fixed income team.





BAIRD EQUITY ASSET MANAGEMENT

Baird Equity Asset Management continued to deliver unmatched service and strong long-term investment performance relative to our benchmarks and peers for our clients through our actively managed equity portfolios. Even in the difficult investing environment we faced this year, our business proved resilient as net inflows were positive; our assets under management ended the year at \$7.9 billion.

- Our U.S. Growth team, which manages small/mid and mid-cap growth strategies and mutual funds, continued its record of competitive long-term performance and longstanding client relationships. In its ongoing commitment to deliver superior results for clients, the group added two new professionals to its investment team.
- Our international and global growth team, Chautauqua Capital Management, continued to deliver strong long-term results, and business growth among both institutional and RIA clients remains positive.
- The Specialized Asset Management team continues to strengthen and expand its offerings to Baird's Financial Advisors through investments in technology and people.
- The Baird Equity Opportunity Fund appointed Greenhouse Funds LLP as a sub-advisor at the end of 2021. Relative performance has been solid, and we anticipate increased interest in this fund as the Greenhouse team builds a competitive track record.

Overall, our business remains well positioned given our strong, stable teams, our solid long-term performance, the presence we have built in each of the markets we serve, and the strength of Baird's brand. In addition, the tumult in the market may enhance the need for active management. We remain focused on being a respected investment firm, a trusted partner to our clients and the best place to work for our associates.

11

Straight years on the list of Best Places to Work in Money Management¹

¹From *Pensions & Investments* "The Best Places to Work in Money Management," 2022.



**“THE TEAM’S DEDICATION TO
ITS CLIENTS AND CONSISTENT
PERFORMANCE HAS BEEN
KEY TO THEIR SUCCESS,
AND TO BAIRD’S SUCCESS,
IN ALL TYPES OF MARKETS.”**

– MARY ELLEN STANEK,
PRESIDENT OF BAIRD FUNDS
AND CO-CHIEF INVESTMENT
OFFICER OF BAIRD ADVISORS

Fixed Income Capital Markets



140+

*Fixed income traders,
salespeople and analysts
across the country*



Baird's Fixed Income Capital Markets group is composed of our Sales & Trading and Public Finance teams, including more than 140 institutional sales, trading and analytical professionals working in 25 offices across the U.S. Our institutional clients turn to our Sales & Trading team for fixed income bond investment products, analysis and trade execution while our Public Finance professionals offer underwriting, advisory, consultant and placement agent services to clients in the public, private and nonprofit sectors.

Together they provide deep product expertise and differentiated execution to our clients, working with them through several market cycles and over many years to build deep relationships and deliver a comprehensive range of products.

In 2022, fixed income investors faced challenging conditions, including steeply rising interest rates, high inflation and unprecedented volatility. Our long-term focus and experienced team enabled us to ease the way for our clients, and our Fixed Income Capital Markets business had a solid year.

SALES & TRADING

In the end, 2022 proved to be a successful year for our Sales & Trading team. We continued to provide value-added insights, exceptional service and quality trading execution for our clients who are buying and selling bonds. The face value of the taxable and tax-exempt bonds we traded reached \$255 billion.

With an eye toward developing a stronger infrastructure for our clients, we continued building out our team in 2022, and broadened our trading capabilities in such areas as generalist sales. Our team of professionals now stands at more than 140, including a newly opened office in Memphis.

The year also saw the growth of structured products, an investment vehicle linked to an underlying asset such as a basket of securities or index, as an important area of trading for us. In 2022, Baird Sales & Trading completed more than 60 SP New Issue mandates, including roles of Structuring Lead, Joint Bookrunner, Co-Manager and Bond Placement Agent.



NO.
2

*Municipal
Underwriter
in the U.S.*

PUBLIC FINANCE

In the tumultuous bond market environment, municipalities, school districts, charter schools, and state and local government agencies, turned to Baird to refinance existing bond issues and access lower costs of capital to fund new investments in public facilities, a reflection of the team's commitment to delivering innovative, tailored solutions that resulted in issues from 43 different states. This contributed to Baird's ranking as the No. 2 municipal underwriter in the U.S. in 2022, based on number of issues.¹ We were also ranked among the top five municipal advisors to municipal and government entities around the country, also based on number of issues.

We added 11 new professionals to our team in 2022, bringing our total headcount to 85. We also opened new offices in Philadelphia, Boston and Sarasota, Florida, expanding our ability to serve our clients in those regions.

¹ According to Ipreo MuniAnalytics as of December 31, 2022. Based on number of issues. Does not include Private Placements or Notes.



Equity Capital Markets

GLOBAL INVESTMENT BANKING

Our Global Investment Banking division, which provides advisory and financing services to clients around the world, enjoyed our second-best year ever for revenues in 2022, following only our record-setting 2021.





While both the M&A and financing markets were challenged in 2022, Baird maintained a strong position, successfully advising on a broad range of transactions across our global industry teams. We completed 153 advisory and financing transactions worth a combined \$67.8 billion, and our backlog of future deals remains at record levels.

INVESTING IN OUR PLATFORM

At the end of 2022, we launched a new GP Solutions team to advise the General Partners of our private equity clients in the secondary market. Leveraging our well-regarded global financial sponsor coverage alongside our independent, industry-driven advisory model, this expansion allows us to offer our private equity clients additional services and expertise in the rapidly growing secondary market.

The investments we have been making in our European team, including doubling the size of our flagship London office, continue to pay off. We formed an alliance with Arcano, a leading M&A advisory firm in Spain and Portugal, to extend our presence in southern Europe. We also expanded our coverage in certain growth sectors in Europe, welcoming senior Healthcare and Technology & Services bankers in London and Frankfurt.

Most importantly, we continued to invest in and expand our services and offerings to clients. Enhancing our already deep group of professionals, we added seasoned, industry-focused Equity Capital Markets bankers to our team. With their deep knowledge of both sector dynamics and the nuances of raising capital in the public equity markets, we were able to guide corporate and financial investors to more favorable outcomes amidst the market volatility. Additionally, our growing Capital Advisory and Restructuring Advisory groups were able to help clients navigate complex financing challenges in the private markets as well.

We also continued to establish ourselves as a global destination for top investment banking professionals, devoting time and resources to keeping our top talent engaged and excited about their work, which ultimately leads to longer tenures with the firm and better outcomes for our clients. With a strong focus on inclusion and diversity, our associates work in a welcoming environment that develops and enhances our global team. It is no surprise that Baird has placed among the *Fortune* 100 Best Companies to Work For® as well as the *Fortune* Best Workplaces for Women™.



GLOBAL EQUITIES

Our Global Equities business spent the year focused on enhancing our research, sales and trading services so we could continue to serve as a trusted, effective equities partner to our clients in an exceptionally volatile year.

We also continued to build meaningful connections between companies and investors in the post-COVID, “new normal” environment, which is so different from our landscape of just two years ago. We arranged more than 20,000 connections for companies and investors during 2022 via our institutional conferences and other investor meetings. We have now doubled our conference company participation over the past several years.

The strength of our client relationships was also bolstered by our continued investment in our talent. Our Sales & Trading team grew to a total of 110 associates in 2022, doing business in 35 countries around the globe. Meanwhile, our Equity Research team, consisting of 90 analysts, covered more than 710 stocks at year-end, and its research is leveraged internally by divisions all across Baird. Our analysts’ wide range of industry-leading research is complemented by insights

20,000+

Connections between
companies and
investors in 2022

generated by the team at macroeconomic research firm Strategas, a Baird company, which has been named the No. 1 macro-only research firm by *Institutional Investor*. Our team once again received high marks in the 2022 Coalition Greenwich survey¹, our 19th consecutive year of recognition.

No. 1 small/mid-cap important
research advisory firm

No. 1 best trading for small/
mid-cap equities among all
full-service firms

No. 1 small/mid-cap
corporate access

No. 1 greatest knowledge of
companies and industries

¹ Coalition Greenwich 2022 surveys of North American Equity Investors. Surveys conducted with 94 small-cap and mid-cap fund managers, 241 generalist portfolio managers and 241 traders. Rankings for qualitative metrics based on leading research firms in surveys.

**“WE’VE BEEN ABLE TO BE MORE
RESILIENT BECAUSE OUR TEAMS
HAVE BEEN FOCUSED ON WORKING
TOGETHER TO SERVE OUR CLIENTS’
NEEDS, AND AVOIDING ALL THE
DISTRACTIONS THAT MORE
DIFFICULT MARKETS BRING.”**

– JON LANGENFELD,
HEAD OF GLOBAL EQUITIES



Principal Investments

Baird's Principal Investments group consists of three units with their own investment strategies:

1 BAIRD CAPITAL

Baird Capital makes direct investments through proprietary funds in emerging and lower middle-market companies. Since 1989, Baird Capital has raised and invested capital in high-potential companies through a series of private equity and venture capital partnerships. Baird is a meaningful investor in the Baird Capital funds, whose other investors include third-party institutions, high-net-worth clients and qualified Baird associates.

2 BAIRD PRINCIPAL GROUP

Baird Principal Group makes minority co-investments in middle-market private companies.

3 STRATEGIC INVESTMENTS

Strategic Investments makes equity investments in third-party financial services entities that complement Baird's capabilities and strategic limited partner investments in third-party funds.



ABOUT BAIRD CAPITAL

Our global platform, focused on business-to-business technology and services investments, allows us to leverage our knowledge, capital and resources on behalf of our clients. As with many financial entities, 2022 presented many challenges, but our long-term focus and dedicated professionals helped us make progress on many fronts during these challenging times.

Altogether, we have 40 investment, operating and support professionals in the United States, United Kingdom, and Asia managing active portfolio companies with combined annual revenues of \$1.9 billion and more than 15,000 employees. Since inception, Baird Capital and related legacy entities have raised and managed more than \$4 billion and invested in 337 companies.

Although the current economic headwinds have impacted the private markets, we are continuing to see opportunities in end-markets with secular growth. To that end, we have expanded our investment teams in each of our three geographic territories, the U.S., U.K. and Asia. In August 2022, we completed the move of our Asia operations from China to Singapore with the opening of a new office.

We understand the power of elevating diverse perspectives and creating an inclusive environment that enables our team members to deliver strong results. We are particularly proud that Joanna Arras, Investment Partner, was named one of the “39 Most Important VCs in the Midwest” and Becca Schlagenhauf, Investment Principal, was named a 2022 “Women to Watch” honoree by The Wall Street Journal Pro: Private Equity. Further, Baird Capital is led by Gordon Pan, who was named a Notable Executive of Color in Finance by *Crain’s Chicago Business* last summer.

GLOBAL PRIVATE EQUITY

In July 2021, our Global Private Equity team held the final close of its second global fund (“Global Fund II”). The fund has since completed six portfolio investments and continues to pursue new investment opportunities. The latest investments were in Subsea Technology & Rentals (STR) and UGSI Solutions, Inc., companies in the renewable energy and clean water sectors, reflecting the team’s focus on sustainable industries.

The global platform took advantage of market opportunities, completing two exits during the year. In June, we sold portfolio company Crisp Thinking Group, a business helping corporations protect their brand/image online. Crisp’s revenue rose by 250% during our investment period.

VENTURE CAPITAL

The Venture Capital team successfully finished deploying its fifth fund in September 2022 through its investment in Tellius, a leading decision intelligence platform headquartered in Reston, Virginia.

We supported the growth of our portfolio companies through numerous add-on investments this year, such as with Flash Parking, Forj, HSP Group, SourceDay and Upfront. In addition to Tellius, the Venture team also made new investments in Quiq, an AI-powered conversational platform that enables brands to engage customers on the most popular messaging channels with bots and human agents, and Zylo, an enterprise leader in SaaS spend management and optimization services.

337
COMPANIES

invested in
since inception

Corporate Resource Groups



Our five core businesses at Baird are supported by our best-in-class Corporate Resource Groups (CRGs), which provide the framework that allows us to offer the highest level of service to our clients. The past year saw them working diligently on special projects as well as driving even greater efficiencies for our business units.

Our CRGs' primary contribution is to make our services more effective for our clients. In 2022, our Finance team implemented a new technology platform to provide enhanced reporting to our Financial Advisors as well as a complex data project that provides new insights to the Global Investment Banking business. Across our businesses, the Information Technology team has been making focused investments in core customer relationship management (CRM) and data & analytics platforms in order to better focus our efforts, inform our decision-making and serve our clients.

Our Marketing & Communications group launched a significant upgrade to our Financial Advisors' social media capabilities that provides them with new, more comprehensive ways to communicate with their clients.





In the face of ever-evolving business, market, and cyber risks, Risk Management invested in data analytics, tools, and diverse talent to provide stronger insights to the team's partners across Baird.

Our Human Resources team kept its focus on maintaining Baird's standing as a great place to work for our associates, through such factors as keeping the cost of our medical plan below industry trends and allowing associates to share in the firm's success through our Total Rewards program. And after some years lost to COVID, Compliance brought back its Annual Baird Compliance Roundtable to an in-person format, hosting nearly 100 individuals from 25 firms across the industry to share ideas and approaches for navigating the financial services industry's regulatory landscape.

Perhaps the most prominent development our CRGs were involved with in 2022 was Baird's merger with the wealth management firm Hefren-Tillotson. The Legal team stepped up first, working on the due diligence involved in the merger, then coordinating with others across the firm to structure and negotiate the transaction.

Our Corporate Real Estate and Workplace Solutions team (CREW) was also heavily involved in integrating the firm's six locations across the greater Pittsburgh area, totaling more than 100,000 square feet of office space. Our Operations team was instrumental in seamlessly converting its 22,000 households and 55,000 accounts onto Baird's platform. And throughout the entire process, the Strategic Change Office provided overall project management support, partnering closely with all teams involved, to keep the integration on track.

We gathered for our Come Together celebration, which brought Baird associates from around the world to our headquarters to see many of their fellow employee-owners for the first time since the pandemic struck. This gathering was coordinated by our Corporate Events team for nearly 7,000 Baird associates and their guests on the Milwaukee lakefront. The Culture team made sure we were all connected across the globe, celebrating our associates and their guests with "behind the scenes" Baird walking tours, a putting contest for charities, a Baird Times Square showcasing our culture through the years, and a personal welcome for our new shareholders.



Impacting Our Communities

For more than 100 years, Baird has focused on building stronger communities in the places where we live and work.

\$5.4
MILLION

*Donated
in 2022*

The success of our businesses becomes especially meaningful to us when we are able to use it to support the greater good of the world we live in. Baird’s community efforts revolve around our associates, who can participate each year in Baird Gives Back Week, request a matching gift from Baird Foundation and be a part of an Associate Resource Group. All these initiatives reflect and support the diverse communities we share.

BAIRD FOUNDATION

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

In 2022, Baird was proud to continue the legacy of our former chairman and CEO with the Paul Purcell “Kids Win!” Annual Baird Education Grant. More than \$800,000 was awarded to nine nonprofit education organizations across the communities we serve. Paul was passionate about making sure that every child had access to quality education, and the awards we established in his name carry out that legacy.

To support our associates’ personal giving, Baird Foundation provides matching gifts to deserving charities as well as direct donations to organizations where our associates are actively involved. In 2022, Baird Foundation contributed more than \$5.4 million to qualified nonprofits, including more than \$3 million to match our associates’ charitable donations – a new record for Baird Foundation. In addition, our annual United Way campaign raised over \$4.1 million, with contributions from 66 participating offices.



BAIRD GIVES BACK WEEK

Our annual Baird Gives Back Week, held this year in May, saw more than 1,800 Baird volunteers donate 5,866 hours of service. Our associates supported more than 120 charitable organizations across 91 participating locations globally, from Louisville to Milwaukee, and from Seattle to London.

THE 2022 RECIPIENTS OF PAUL PURCELL "KIDS WIN!" ANNUAL BAIRD EDUCATION GRANT

Academy for Urban School Leadership, Chicago

ACE Scholarships, Denver

All-In Milwaukee, Inc., Milwaukee

BUILD, Chicago

City Forward Collective, Milwaukee

Invest in Youth, Seattle

Journey House, Inc., Milwaukee

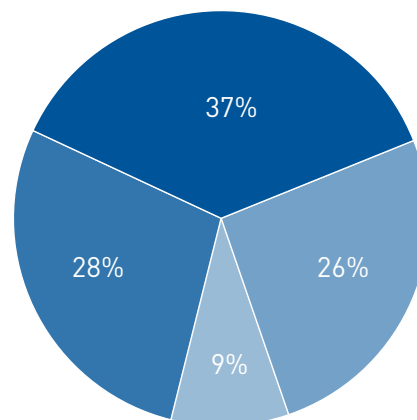
Junior Achievement of Kentuckiana, Louisville

Junior Achievement of Wisconsin, Milwaukee

SUPPORT FOR DIVERSE ASSOCIATES

As a firm, we are focused on serving an increasingly diverse client base and searching for the best talent globally, which means providing support and resources for associates with a wide variety of interests. Our Associate Resource Groups (ARGs) help provide associates with networking and professional development opportunities while emphasizing meaningful community outreach. Among their most notable efforts in 2022, Ascend, our women’s resource group, continued its work for our Women at Baird Initiative, which is a platform for stories, podcasts and other resources devoted to women’s success stories at Baird. PRISM, our multicultural resource group, offered a three-day multicultural community conference attended by more than 350 Baird associates in May 2022. “The conference added a new dimension to Baird’s efforts to bolster the engagement of associates of color,” said Gordon Pan, President of Baird Capital and Executive Sponsor of PRISM, “to raise awareness of multicultural issues, educate allies and create a healthy, firmwide dialogue.”

2022 BAIRD FOUNDATION GIVING AREAS OF FOCUS



- Health & Human Services 37%
- Education 26%
- Arts 9%
- Other* 28%

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



Financial Information

Baird Financial Group is the ultimate parent company of all of Baird's global operations. Our primary businesses are wealth management, capital markets, asset management and private equity. We are privately held and employee-owned.

BAIRD FINANCIAL GROUP: FINANCIAL HIGHLIGHTS

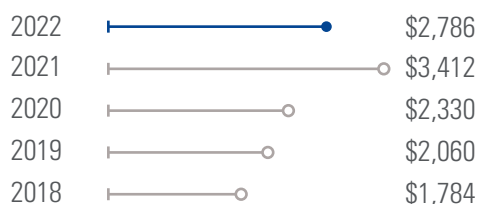
	OPERATING RESULTS		BOOK VALUE (FULLY DILUTED)	PER-SHARE DATA	FINANCIAL POSITION		OTHER DATA
	NET REVENUES (MILLIONS)	OPERATING INCOME (MILLIONS)		DIVIDEND	TOTAL ASSETS (MILLIONS)	ASSOCIATES	FINANCIAL ADVISORS
2022	\$ 2,786	\$ 477	\$ 27.14	\$ 1.50	\$ 4,455	5,077	1,393
2021	\$ 3,412	\$ 609	\$ 23.88	\$ 2.50	\$ 4,600	4,703	1,309
2020	\$ 2,330	\$ 360	\$ 19.77	\$ 1.83	\$ 3,507	4,512	1,292
2019	\$ 2,060	\$ 262	\$ 17.74	\$ 0.83	\$ 3,343	4,641	1,298
2018	\$ 1,784	\$ 244	\$ 16.26	—	\$ 3,235	3,642	937
2017	\$ 1,533	\$ 199	\$ 13.26	\$ 0.70	\$ 3,114	3,410	858
2016	\$ 1,390	\$ 155	\$ 11.56	\$ 2.50	\$ 2,613	3,410	877
2015	\$ 1,286	\$ 154	\$ 12.49	\$ 0.67	\$ 2,793	3,312	872
2014	\$ 1,202	\$ 135	\$ 11.62	\$ 0.62	\$ 2,635	3,172	816
2013	\$ 1,069	\$ 117	\$ 10.59	\$ 0.55	\$ 2,259	2,935	727

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

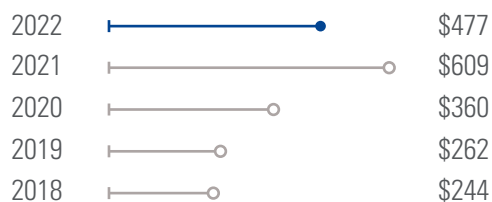
Book Value: All years have been restated for the three-for-one stock split effective August 24, 2021. Cash dividends per share have a corresponding decrease in book value per share.

NET REVENUES

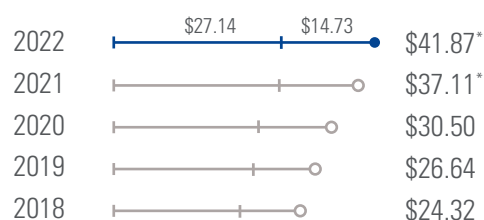
(MILLIONS)

**OPERATING INCOME**

(MILLIONS)

**BOOK VALUE**

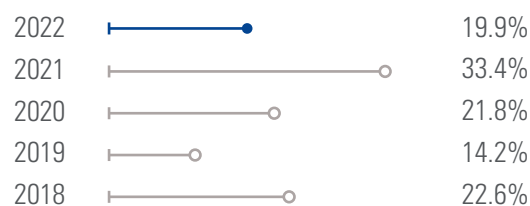
(PER SHARE / INCLUDING CUMULATIVE DIVIDENDS)



*Represents the book value per share of Baird stock at December 31, 2022 of \$27.14 plus cumulative cash dividends per share of \$14.73, representing cumulative dividends per share of \$8.07 prior to 2018 plus annual dividends per share of \$1.50, \$2.50, \$1.83, and \$0.83 in 2022, 2021, 2020, and 2019, respectively. All years have been restated for the three-for-one stock split effective August 24, 2021.

RETURN ON BOOK VALUE**

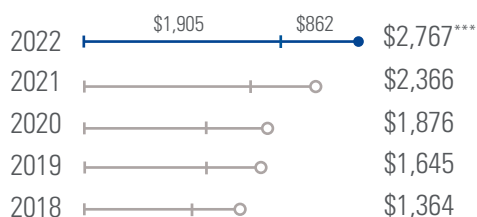
(PER SHARE)



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

STOCKHOLDERS' EQUITY

(MILLIONS / INCLUDING CUMULATIVE DIVIDENDS)



***Represents Stockholders' Equity at December 31, 2022 of \$1,905 million plus cumulative cash dividends of \$862 million, representing cash dividends prior to 2018 of \$414 million plus annual dividends of \$105 million, \$169 million, \$119 million, and \$55 million in 2022, 2021, 2020, and 2019, respectively.

ASSOCIATES

To learn more about Baird, visit rwbaird.com.

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2022 Leadership

The members of Baird's Executive Committee average nearly 25 years at the firm, representing a significant continuity of leadership and advocacy for the core values Baird was founded on in 1919.

EXECUTIVE COMMITTEE

*Director of Baird Financial Group

STEVEN G. BOOTH*

Chairman & Chief Executive Officer

JAMES R. ALLEN

Vice Chair

TIMOTHY P. BYRNE

Chief Information Officer

ERIK C. DAHLBERG

President of Private Wealth Management

BRIAN S. DOYAL

Co-Head of Global Investment Banking

KIM TILLOTSON FLEMING

Vice Chair

RODNEY JONES-TYSON

Chief Human Resources Officer

JON A. LANGENFELD

Head of Global Equities

PATRICK S. LAWTON*

Director of Fixed Income Capital Markets

TERRANCE P. MAXWELL*

Chief Financial Officer

BRIAN P. MCDONAGH

Co-Head of Global Investment Banking

GORDON G. PAN

President of Baird Capital

MICHAEL J. SCHROEDER*

Chairman of Private Wealth Management

PAUL L. SCHULTZ

General Counsel and Secretary

MARY ELLEN STANEK*

Director of Asset Management

JOHN G. TAFT

Vice Chair

LAURA K. THUROW

Executive Director of Wealth Solutions and Operations

JASON DE SENA TRENNERT

Chairman and Chief Executive Officer of Strategas

**EXECUTIVE
MANAGEMENT
AND MANAGING
DIRECTORS**

A full listing of Baird's Managing Directors can be found in the online version of this report at bairdannualreport.com.

bairdannualreport.com



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