

Important Information for Retirement Investors Regarding U.S. Department of Labor Investment Advice Exemption

March 21, 2025

The following disclosures apply to Retirement Investor accounts. For purposes of this document, a “Retirement Investor” is defined as (i) a participant or beneficiary of an employee benefit plan described in ERISA Section 3(3) or any plan described in Internal Revenue Code Section 4975(e)(1)(A) (collectively a “Plan”); (ii) the beneficial owner of an IRA (defined below) acting on behalf of the IRA; or (iii) a fiduciary of a Plan or IRA. The term “IRA” is defined as any plan that is an account or annuity described in Internal Revenue Code Sections 4975(e)(1)(B) through (F). These include traditional and Roth IRAs, SEP and SIMPLE accounts, retirement plan (or 401(k)) accounts, Coverdell Education Savings accounts and Health Savings Accounts. Collectively, we will refer to these as “Retirement Accounts.”

This disclosure is required for compliance with Prohibited Transaction Exemption 2020-02, Improving Investment Advice for Workers & Retirees, adopted by the Employee Benefits Security Administration of the U.S. Department of Labor. Throughout this document, we will refer to this exemption as the “DOL Investment Advice Exemption.”

The DOL Investment Advice Exemption provides relief from applicable prohibited transactions to firms such as Baird that provide fiduciary investment advice under the retirement laws to Retirement Accounts, so long as certain conditions are met. Baird intends to rely on this exemption from time to time when providing fiduciary investment advice and recommendations to Retirement Accounts unless another exemption is available.

ACKNOWLEDGEMENT OF FIDUCIARY STATUS

When Baird and your Baird Financial Advisor (“we”) provide investment advice to you regarding your Retirement Account(s), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code (Code), as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule (the DOL Investment Advice Exemption) that requires us to act in your best interest and not put our interest ahead of yours.

Self-Directed Accounts

Please note that we generally provide investment advice and recommendations for both brokerage and investment advisory Retirement Accounts unless the account is designated as “self-directed,” meaning that you do not seek and you will not receive investment advice from us with respect to activities in that account. Baird does not acknowledge that we are fiduciaries with respect to self-directed brokerage Retirement Accounts (or the transactions that you choose to self-direct).

Baird Underwritten Equity Offerings

There may be circumstances in which we may solicit your interest in purchasing common stocks and other equity securities in offerings for which Baird is an underwriter (each, a “Baird Underwritten Equity Offering”) for your Baird accounts (which may include your Retirement Account). The DOL Investment Advice Exemption has certain limitations that prevent us from offering investment advice or recommendations to you about purchasing securities in Baird Underwritten Equity Offerings. Therefore, you should be aware that we will only provide you with information and education regarding the possibility and availability of purchasing securities in Baird Underwritten Equity Offerings for your Retirement Account, and such information is not intended to be and should not be construed as investment advice or a recommendation that you purchase such securities in your Retirement Account. By purchasing such securities for your Retirement Account, you acknowledge that you are making your own independent decision and did not receive investment advice or a recommendation from Baird or your Baird Financial Advisor regarding the use of your Retirement Account assets for the purchase.

If you believe that you received a recommendation from Baird or your Baird Financial Advisor with respect to a Baird Underwritten Equity Offering for your Retirement Account, please contact Baird Private Wealth Management Compliance at 1-414-298-2312 prior to directing the purchase.

Limitations to Our Acknowledgement of Fiduciary Status

This fiduciary acknowledgment does not create an ongoing duty to monitor your accounts or create or modify a contractual obligation or fiduciary status under any state or federal laws other than the retirement laws. Not all services or activities that we provide to your Retirement Accounts constitute fiduciary investment advice subject to the provisions above. As examples, we are not fiduciaries under the retirement laws when we provide:

- General information and education about the financial markets, asset allocations, financial planning illustrations and the advantages and risks of particular investments;
- General information and education about issues and options that should be considered when deciding whether to rollover or transfer retirement assets to us;
- Recommendations about investments held in accounts that are not Retirement Accounts (i.e., taxable accounts) or held in accounts at financial institutions other than Baird and for which we do not act as broker of record;

- Recommendations you execute or implement at another financial institution;
- Transactions or trades you execute without a recommendation from us (e.g., unsolicited trades), or that are contrary to, or inconsistent with, our recommendation;
- Episodic or sporadic recommendations and interactions that are not provided as part of an ongoing or regular basis advice relationship, or recommendations made when there is no mutual understanding that our investment advice will serve as a primary basis for your investment decisions; and
- Recommendations that do not meet the definition of fiduciary “investment advice” in DOL regulation section 2510.3-21. For your information, fiduciary investment advice means investment advice for a fee or other compensation rendered on a regular basis pursuant to a mutual understanding that such advice will serve as a primary basis for your investment decision, and that is individualized to the particular needs of your Retirement Account.

REQUIREMENTS OF THE DOL INVESTMENT ADVICE EXEMPTION

Under the provisions of the DOL Investment Advice Exemption, when providing certain investment recommendations, we must also:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

CONFLICT OF INTEREST

For detailed information about conflicts of interest that apply to your Retirement Account, please see our Client Relationship Summary and our Client Relationship Details that are a part of Baird’s Client Relationship Booklet. The Client Relationship Booklet can be found at <https://bairdwealth.com/retailinvestor>. There is a caption entitled “Conflicts of Interest” contained in the Client Relationship Details document. The conflicts of interest applicable to your relationship will differ depending on whether your account is a commission-based brokerage account or a fee-based investment advisory account. Other conflicts are common to both account types.

DESCRIPTION OF SERVICES BAIRD PROVIDES

For information about the brokerage and investment advisory services Baird provides, please see our Client Relationship Summary and our Client Relationship Details that are a part of Baird’s Client Relationship Booklet. These can be found at <https://bairdwealth.com/retailinvestor>.

Your account agreement with Baird (e.g., the Client Relationship Agreement and, as applicable, the Advisory Program Supplement) will also describe the services you have requested.

DESCRIPTION OF COSTS, FEES AND EXPENSES

For information about the costs, fees and expenses that apply to your account and the transactions and other activity in your account, please see our Client Relationship Summary and our Client Relationship Details that are a part of Baird’s Client Relationship Booklet. These can be found at <https://bairdwealth.com/retailinvestor>.

If your account is a brokerage account, you will pay commissions, sales charges or markups on securities trades executed for your account. For certain investments such as mutual funds an ongoing commission or fee will be paid as well. If your account is an investment advisory account, you will pay an ongoing fee based on the value of the assets in your account. Typically, for investment advisory accounts, the fee is a “wrap” fee, which means that the fee covers the provision of investment advisory services as well as non-advisory services such as trade execution, custody of your investments and other account services.

For more detailed information about the costs and fees associated with your accounts, visit <https://bairdwealth.com/retailinvestor>. Additional information about the commissions and markup schedules for brokerage accounts, operating expenses for various investment products (such as mutual funds) and account fees and service charges can be found under the caption “Costs & Fees.” Additional information about ongoing advisory fees that apply to investment advisory accounts can be found under the caption “Investment Advisory Services.”

ROLLOVERS

The DOL Investment Advice Exemption requires firms such as Baird to provide specific reasons to Retirement Accounts for a rollover recommendation and why the recommendation is believed to be in their best interest. These reasons must be provided prior to engaging in the rollover. For purposes of the DOL Investment Advice Exemption, a rollover is defined to include rolling over assets from a Plan to an IRA or other Plan, from one IRA to another IRA or from one type of account (such as a brokerage account) to another type of account (such as a fee-based investment advisory account).

Plan Rollover Decisions

Baird does not make any recommendations or act as a fiduciary under the retirement laws with respect to your decision to roll assets out of or into an employer-sponsored Plan. As a matter of policy, Baird only provides general information and education with respect to such decisions. Baird Financial Advisors can only outline and discuss the benefits and disadvantages regarding your available options so that you can make an informed decision based on your own personal financial needs and savings objectives. For more information about the benefits and disadvantages of Plan to IRA rollovers, please see the document entitled "Important Information About IRA Rollovers: Education of the Potential Benefits and Disadvantages of an IRA Rollover," contained in Baird's Client Relationship Booklet at <https://bairdwealth.com/retailinvestor> or separately in the Important Information About IRA Rollovers document available at <https://bairdwealth.com/retailinvestor> under the heading "Client Relationship Information."

Should you choose to transfer your assets to Baird, you understand and agree that with respect to any assets you decide to roll over from a Plan you: (1) have evaluated the investment and non-investment considerations important to you in making the decision; (2) have reviewed and understood the fees and costs associated with maintaining an IRA at Baird; (3) recognize that higher net fees (if applicable) will substantially reduce your investment returns and ultimate retirement assets; and (4) understand the conflicts of interest raised by the financial benefits to Baird and its employees resulting from your decision to roll or transfer assets to an IRA at Baird. Please read Baird's Client Relationship Booklet at <https://bairdwealth.com/retailinvestor>.

If you believe that you received a recommendation from Baird or your Baird Financial Advisor with respect to your decision to move assets out of, or into an employer-sponsored Plan, please contact Baird Private Wealth Management Compliance at 1-414-298-2312 prior to directing movement of such funds.

IRA to IRA Transfer Decisions

A rollover includes a transfer of an IRA from one firm to another firm, which can occur when a financial advisor or representative at one firm moves his/her business to another firm and a client decides to transfer his/her IRA to the financial advisor's new firm, or otherwise when a client with an IRA at one firm decides to move his/her IRA to another firm.

Baird does not make any recommendations or act as a fiduciary under the retirement laws with respect to your decision to transfer your IRA assets held at another firm to a Baird IRA. As a matter of policy, Baird only provides general information and education with respect to such decisions. Baird Financial Advisors can only outline and discuss the benefits and disadvantages regarding your available options so that you can make an informed decision based on your own personal financial needs and savings objectives.

Should you choose to transfer your assets to Baird, you understand and agree that with respect to any assets you decide to transfer from an IRA at another financial institution now or in the future, you: (1) have evaluated the investment and non-investment considerations important to you in making the decision; (2) have reviewed and understood the fees and costs associated with maintaining an IRA at Baird; (3) recognize that higher net fees (if applicable) will substantially reduce your investment returns and ultimate retirement assets; and (4) understand the conflicts of interest raised by the financial benefits to Baird and its employees resulting from your decision to roll or transfer assets to an IRA at Baird. Please read Baird's Client Relationship Booklet at <https://bairdwealth.com/retailinvestor>.

If you believe that you received a recommendation from Baird or your Baird Financial Advisor with respect to your decision to transfer your IRA assets into a Baird IRA, please contact Baird Private Wealth Management Compliance at 1-414-298-2312 prior to directing movement of such funds.

Traditional to Roth IRAs/Roth Conversions

A rollover includes a transfer or conversion of all or a portion of your traditional IRA into a Roth IRA.

If your Baird Financial Advisor recommends that you transfer or convert your traditional IRA (or a portion of the assets in your traditional IRA) into a Roth IRA, your Baird Financial Advisor has considered the fact that he or she has considered your investment profile, tax bracket, the rules applicable to Roth conversions and other factors, and has determined that, despite paying income taxes on the amount transferred, a Roth conversion is in your best interest for the following specific reasons:

- It is likely that you are in a lower tax bracket today than you will be in the future;
- Withdrawals during retirement from your Roth IRA are not subject to federal income tax;
- Your income may exceed limits imposed to make direct contributions to a Roth IRA; and
- A Roth IRA does not have required minimum distributions during your lifetime, allowing your assets in the Roth IRA to continue to grow tax-free for a longer period of time.

Account Types

A rollover includes a change in account type involving a Retirement Account, such as converting a commission-based brokerage account at a firm to a fee-based investment advisory account, or vice versa.

Brokerage to Advisory Account Recommendation.

When your Baird Financial Advisor makes an account type recommendation that involves recommending that assets in your Retirement Account be placed in a fee-based investment advisory account from a commission-based brokerage account, your Financial Advisor has determined that doing so is in your best interest based on your stated investment profile for the following specific reasons:

- You want or prefer to receive regular and continuous investment advice or professional management of your assets;
- You desire knowing that Baird and your Baird Financial Advisor have fiduciary duties and responsibilities as an investment adviser under the Investment Advisers Act of 1940;
- The investment programs, solutions, services and products available to you in an investment advisory account are not available in a brokerage account;
- The investment advisory program or solution recommended to you meet your investment objectives, goals, time horizon and risk profile;
- The asset-based fees associated with an investment advisory account aligns with your interests and preferences;
- The account services and features include one or more of the following: ongoing account monitoring, discretionary management, holistic investment advice, access to affiliated/third party managers and account rebalancing; and
- The asset-based fees associated with an investment advisory account are justified by the services and features offered in that account.

Advisory to Brokerage Recommendation.

When your Baird Financial Advisor makes an account type recommendation that involves recommending that assets in your Retirement Account be placed in a commission-based brokerage account from a fee-based investment advisory account, your Financial Advisor has determined that doing so is in your best interest based on your stated investment profile for the following specific reasons:

- You do not want or need regular and continuous investment advice from a financial professional or ongoing monitoring of your account;
- You have or expect to have low or no trading activity;
- You prefer or tend to make decisions about investment transactions without recommendations or advice;
- You intend to use an investment strategy, product or solution that is only available in a brokerage account;
- Your account maintains high levels of cash or concentrated positions;
- You do not or cannot maintain certain account minimums; and
- The commission- or transaction-based costs associated with a brokerage account are justified by the services and features offered in that account.

Notwithstanding whether a recommendation has been made, you understand and agree that with respect to any assets you decide to move into a brokerage or advisory account, you must: (1) evaluate the investment and non-investment considerations important to you in making the decision; (2) review and understand the fees and costs associated with the account; (3) recognize that higher net fees (if applicable) will reduce your investment returns and ultimate retirement assets; and (4) understand the conflicts of interest raised by the financial benefits to Baird and its employees resulting from your decision to move assets into the account. Please read Baird's Client Relationship Booklet at <https://bairdwealth.com/retailinvestor>.