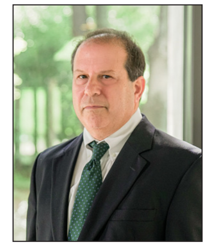
MADISON FUNDS

MADISON MID CAP FUND

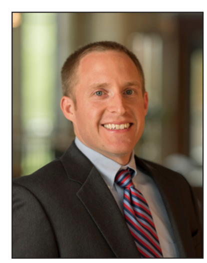
2Q 2021 Investment Strategy Letter

Tickers: MMCRX | MDCIX | GTSGX | MERAX



Rich Eisinger
Portfolio Manager
Industry since 1994

Haruki Toyama
Portfolio Manager
Industry since 1994



Andy Romanowich
Portfolio Manager
Industry since 2004

The major stock market indices continued their march upwards. Although we are likely early in an economic recovery, which means that corporate profits should expand over the coming years, risks for investors are increasing in tandem with the market advance. Perhaps that's a tautology. In fact, we believe that the rise in risks has actually outpaced the rise in the favorable outlook. We continue to search for underappreciated stocks of well-run companies, while remaining hyper aware of the rising risks from heightened valuations.

PORTFOLIO UPDATES

We purchased two new investments and sold one. The sale was of Fastenal, a long-time holding and one of the largest industrial supply distributors in the country. We purchased our stake in 2014, and we near-tripled that original investment through capital appreciation and dividends, handily outpacing our index, the Russell Midcap. It's possibly one of the best-managed companies we've ever had the pleasure of getting to know, but we felt that the valuation ascribed to its shares more than reflected its outlook. This was our second go-around with Fastenal, having invested in it successfully almost two decades ago as well. We're sorry to have to let it go, but perhaps there will be a third bite at the apple somewhere down the road.

Our two new investments were Cannae Holdings and PACCAR.

Cannae Holdings is an investment holding company chaired by Bill Foley, an investor-executive with one of the most impressive long-term entrepreneurial track records in corporate America. Over the past three and a half decades, he has been responsible for buying and growing numerous software, data analytics, and fintech businesses, including four that are publicly traded today, with market caps of $9 billion, $12 billion, $13 billion, and $90 billion. Cannae itself became independently public several years ago, and has amassed a strong record of market-beating results.

We purchased Cannae stock at an approximately 30% discount to its net asset value ("NAV"). As the large majority of Cannae's value is in publicly-traded companies, its NAV can be reliably estimated, which makes the discount

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Past performance does not predict future results. Please refer to the final two pages of this piece which contain current performance information for the fund, the risks of investing in the fund and a complete list of the fund's individual portfolio holdings as of quarter end. Individual portfolio holdings are identified to illustrate our approach to investing the fund's portfolio and are not intended to represent a recommendation to buy or sell any such security.

somewhat puzzling. Two investments account for a substantial portion of the value: minority stakes in Dun & Bradstreet and Ceridian HCM Holding, both of which were acquired by Cannae in leveraged buyout transactions and have returned multiples of the initial equity invested. Ceridian has matured as an investment position, and Cannae has been selling down its stake for the past year and we expect that to continue. Dun & Bradstreet is still in the middle innings of the investment timeline, and we expect Cannae to benefit greatly from further growth in value. We also own a separate position in Dun & Bradstreet in our portfolio. Cannae also has investments in a myriad of venture-stage companies and companies beginning to truly monetize their scale. Some of them look very promising, and one or two winners would add tremendously to growth in NAV.

PACCAR is the second largest manufacturer of heavy-duty trucks in the United States. More importantly, it's by far the most profitable, and has been for many years. It's the sole maker of premium trucks in the U.S., but even among a competitive set that would include the premium truck makers in Europe, PACCAR has best-in-class margins to go along with its superb 20%+ returns on capital. Despite operating in a notoriously cyclical industry, the company has been profitable for 82 consecutive years, and has paid a dividend every year for 50 years.

Management excels at both facets of its job – operations and capital allocation. It has used its premium quality and service reputation to grow market share over the years, and has spent its cash flow wisely, acquiring a strong presence in Europe by purchasing a leading manufacturer out of bankruptcy, and paying out large special dividends on an annual basis, all while maintaining a pristine balance sheet.

PACCAR was ably led by a member of the founding Pigott family for many decades until two years ago, when a non-family member was chosen as CEO for the first time. The family remains heavily involved with a large ownership stake and Mark Pigott is remaining in the chairman role that he's held for a quarter century. We have seen no drop-off in leadership quality, and expect none.

We invested at a price approximating a low-teens Price/Earnings (P/E) multiple on normalized earnings. As important as the low multiple paid, our purchase should be timely as PACCAR's investments in its steady aftermarket parts business and innovative engine technologies are really starting to bear fruit. Both of these areas should be durable sources of high-quality profits for years to come.

MANAGEMENT TEAMS

While both Cannae and PACCAR check the box for two of our three investment pillars – good business model and attractive valuation – they are excellent examples of the third pillar: a high-quality management team. Cannae is nothing but an investment portfolio of companies that will be managed by Foley and his team. PACCAR operates in a so-so industry, but has carved out an exceedingly profitable niche for itself through attention to detail and shrewd investments.

Assessing management is difficult to do. A long and clear track record is the most helpful in establishing our confidence level in management, but those are rare, and in the instances where such records exist, tend to be well-recognized by investors. Of course, we want management to be smart, and that's something we try to assess, but there are many kinds of smart, and certain kinds do well in certain situations while others don't. We're not in the room when CEOs make decisions, and we won't be in the future either. So although good past decisions are indicators of good future decisions, we like to get to the deeper fount of decision-making than just smarts. And what we've found over the years is that the trait that is most conducive to excellent long-term corporate results is having the right mindset. Here are few things we mean when we ask whether management has the right mindset:

- Do they make rational, economically justifiable capital allocation decisions?
- Are they willing to sacrifice profits today, for greater profits tomorrow?
- Do they focus on widening the moat?
- Do they treat employees well?
- Do they understand what the company is good at, and what its limitations are?
- Do they have a culture of doing what's right?

It almost seems absurd to think that management teams would NOT do the above things. And if you talk to company representatives, they will assure you, the prospective or current investor, that they indeed do all of these things. But CEOs are people like anyone else, and have pressures on them to make certain decisions from many directions. For example, we've seen countless cases where a CEO would not sell, shut down, or split off a division even when it made obvious economic sense, because such an action would reduce the CEO's compensation, or the CEO didn't want to face the fury of the manager running the division, or didn't want to have to go through the hassle of the administrative work, or wanted to prop up a single metric like Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) or Earnings Per Share (EPS), or some other reason. Of course, they never said that to us – we either put two and two together, or we found out through other channels.

An orchestra musician friend once told us: "If I miss a day of practice, I can tell. If I miss two days of practice, the orchestra can tell. If I miss three days of practice, the audience can tell." We are all audiences of the publicly traded corporate "orchestras" and if a company isn't being managed with the right framework, we may not know until it's too late. Therefore, our job is to try to hone our ears so that we can tell if executives are skipping a day of practice, or as we remarked above, invest with those that have the right mindset, so that we can be confident that they will continue to practice when we're not around.

Respectfully,

Rich Eisinger *Haruki Toyama* *Andy Romanowich*

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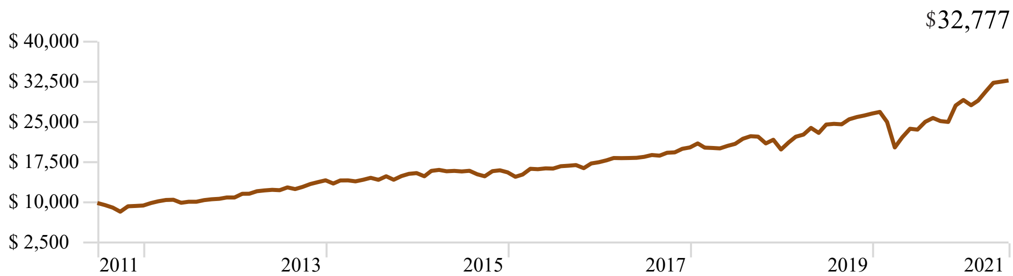
MADISON MID CAP FUND

June 30, 2021

Growth of $10,000 Class Y Shares, Trailing 10 Years[1]



Average Annual Total Returns[2] (%)

		Three Months	YTD	1 Yr	3 Yr	5 Yr	10 yr	Since Inception
Class R6		6.64	12.58	38.94	16.25	15.10	-	13.51
Class I		6.58	12.50	-	-	-	-	27.13
Class Y		6.58	12.42	38.61	16.00	14.85	12.60	10.60
Class A	without sales charge	6.44	12.18	38.06	15.52	14.36	-	12.65
	with sales charge	0.31	5.74	30.13	13.27	13.00	-	11.84
Class B	without sales charge	6.31	11.81	37.01	14.68	13.53	-	11.82
	with sales charge	1.81	7.31	32.51	13.79	13.29	-	11.82
Russell Midcap® Index		7.50	16.25	49.80	16.45	15.62	13.24	-

Calendar Year Returns[2] (%)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Class Y	5.10	15.69	28.96	9.42	0.87	12.06	15.63	-1.91	33.52	9.45
Russell Midcap® Index	-1.55	17.28	34.76	13.22	-2.44	13.80	18.52	-9.06	30.54	17.10

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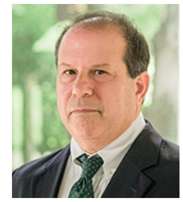
Characteristics

Total Number of holdings	30
Active Share	96.1%
% Assets in Top 10 stocks	46.0%
Portfolio Turnover	24%
Wtd. Average Maket Cap (billions)	$24.8
Total Net Assets (millions)	$694.5

Risk Metrics (%) Class Y vs. Russell Midcap

	3 Yr	5 Yr	10 yr
Upside Capture	88.66	89.26	89.44
Downside Capture	83.05	83.65	84.49
Beta	0.84	0.84	0.85

Experienced Management



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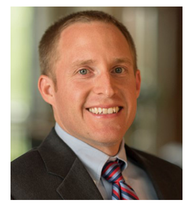

Andy Romanowich, CFA
Portfolio Manager
Industry since 2004

Fund Features

- Fund seeks long-term capital appreciation
- High conviction; 25-40 holdings
- Pursues high-quality companies purchased at a discount[3]
- Focus on risk management

Class	Ticker	Inception Date	Exp. Ratio
A	MERAX	4/19/13	1.40%
B	MERBX	4/19/13	2.15%
Y	GTSGX	7/21/83	0.95%
I	MDCIX	8/31/20	0.85%
R6	MMCRX	2/29/12	0.77%

Expense ratios are based on the fund's most recent prospectus.

Distribution Frequency - Annual

1 Growth of $10,000 is calculated at NAV and assumes all dividends and capital gain distributions were reinvested. It does not take into account sales charges (if applicable) or the effect of taxes.

2 Average annual total returns and calendar year returns assume all distributions are reinvested and reflect applicable fees and expenses. Class A share returns without sales charge would be lower if sales charge were included. Class A share returns with sales charge reflect the deduction of the maximum applicable sales charge of 5.75%. Class B shares have no up-front sales charge. If redeemed within six years, however, B shares are subject to a maximum contingent deferred sales charge ("CDSC") of 4.5%. Class B shares may not be purchased or acquired, except for exchange from Class B shares of another Madison fund, please see the most recent prospectus for details. Class Y and R6 shares do not impose an up-front sales charge or a CDSC. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only, and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance.

3 Madison strives to purchase securities trading at a discount to their intrinsic value as determined by discounted cash flows modeling and additional valuation methodologies.

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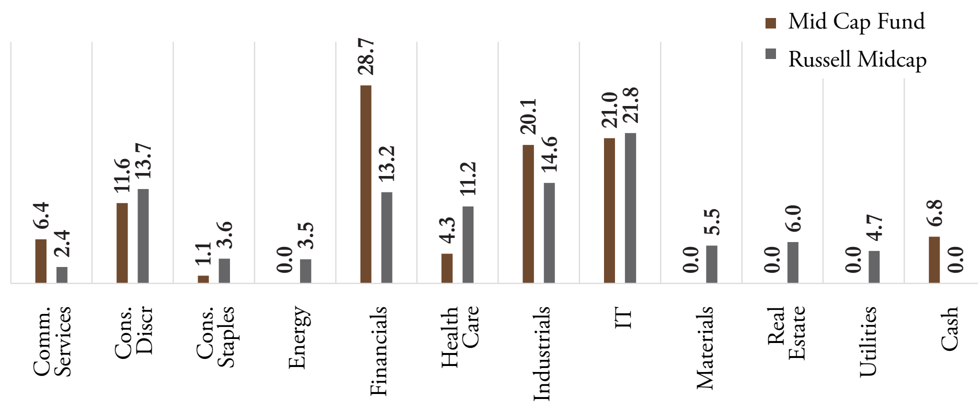
Sector Allocation (%)

Figures are rounded to the nearest 0.1% and may not total 100%.



Complete Stock Holdings (%)

LIBERTY BROADBAND C	6.4	BROOKFIELD ASSET MANAGE CL A	3.0
GARTNER INC	6.0	VONTIER CORP	2.9
DOLLAR TREE INC	4.6	AMPHENOL CORP CL A	2.8
ARCH CAPITAL GROUP LTD	4.5	IHS MARKIT LTD	2.7
MARKEL CORP	4.4	WR BERKLEY CORP	2.3
LABORATORY CRP OF AMER HLDGS	4.3	EXPEDITORS INTL WASH INC	2.3
CARLISLE COS INC	4.1	DUN + BRADSTREET HOLDINGS IN	2.1
CARMAX INC	4.0	ARMSTRONG WORLD INDUSTRIES	2.1
ARISTA NETWORKS INC	3.8	PACCAR INC	2.0
BROWN + BROWN INC	3.8	GLACIER BANCORP INC	1.9
PROGRESSIVE CORP	3.7	MOELIS + CO CLASS A	1.8
COPART INC	3.6	CANNAE HOLDINGS INC	1.6
CDW CORP/DE	3.4	KEMPER CORP	1.6
CLARIVATE PLC	3.3	BROWN FORMAN CORP CLASS B	1.1
ROSS STORES INC	3.0	BROOKFIELD ASSET MANAGEMEN A	0.0

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Downside Capture Ratio: a fund's performance in down markets relative to its benchmark. The security's downside capture return is divided it by the benchmark's downside capture return over the time period. Upside Capture Ratio: a fund's performance in up markets relative to its benchmark. The security's upside capture return is divided by the benchmark's upside capture return over the time period. Active Share: the percentage of a portfolio that differs from its benchmark index. Active Share can range from 0% for an index fund that perfectly mirrors its benchmark to 100% for a portfolio with no overlap with an index. Portfolio Turnover: a measure of the trading activity in an investment portfolio—how often securities are bought and sold by a portfolio. It is calculated at the fund level and represents the entire fiscal year ending 10/31/2020. Avg. Market Cap: the size of the companies in which the fund invests. Market capitalization is calculated by number of a company's shares outstanding times its price per share. Beta: a measure of the fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

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