Madison Investors Fund
Investment Strategy Letter

Q3 2019

Matt Hayner, CFA
Portfolio Manager
Industry since 2002

Rich Eisinger
Portfolio Manager
Industry since 1994

After several oscillations and sharp moves within the financial markets during the third quarter, the S&P 500® Index ultimately returned 1.70%. The Madison Investors Fund (Class Y shares at net asset value (NAV)) outperformed the S&P 500 in the third quarter with a return of 2.53%.

Portfolio Discussion

The Fund outperformed in the quarter primarily because the Fund's consumer discretionary holdings outperformed the benchmark return. Additionally, Alphabet, Brookfield Asset Management, CDW, and Jacobs Engineering were positive relative performance contributors based on strong revenue and earnings growth. Conversely, the Fund's information technology holdings underperformed. The stocks of TE Connectivity and Analog Devices experienced modest declines during the quarter. These companies' products are exposed to global industrial production, which has slowed in 2019. Ultimately, we expect both companies to benefit from strong competitive positions and good exposure to the secular growth trend of increased digital connectivity, but they will experience effects from economic cyclicality along the way. Cognizant Technology Solutions' stock also declined for the period, despite publishing a quarterly progress report in-line with its guidance. Cognizant continues to underperform its industry peers while it works to return to a better growth profile. We are holding the position in expectation of improvement in Cognizant's end markets and with the company's own execution.

As part of the ongoing monitoring of investments, the Madison investment team often travels to meet with the management teams of the Fund's holdings. During the month of September, we attended investor events at Brookfield Asset Management and Varian Systems. Brookfield has been held in the Fund for eight years and Varian for six. Both businesses are experiencing good demand trends and are executing well strategically, and it's worth providing comments on both.

Brookfield is an owner and operator of real assets, a classification that includes real estate, infrastructure, renewable energy and private equity investments. Its strategy has been to package these assets into portfolios for investors, and to offer its services as an asset manager. In the world of institutional investing, involvement with these classes of assets makes Brookfield into what is known as an alternative asset manager. In today's low-interest rate environment, being an alternative asset manager has been a good thing. Because the returns from real/alternative assets have been far in excess of yields on debt investments (i.e., interest rates),

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.

Performance data shown represents past performance. Investment returns and principal value will fluctuate, so that fund shares, when redeemed, may be worth more or less than the original cost. Past performance does not guarantee future results and current performance may be lower or higher than the performance data shown. Visit madisonfunds.com or call 800.877.6089 to obtain performance data current to the most recent month-end.

the industry has seen real/alternative assets grow from 5% of pension fund allocations in year 2000 to 25% by 2018. We believe the proportion will continue to grow if the interest rate environment remains depressed.

Brookfield boasts a 120-year heritage as an operator of such assets and possesses operational acumen that helps make the company unique. By being a good operator, Brookfield can add value above and beyond that available by just buying and selling assets – it actually improves their cash flow and growth characteristics. This helps Brookfield avoid the worst sin in investment management, which is to lose money on an investment. As an operator, time is on its side. It also has a strong company culture with a shared and deeply held belief in the philosophy of contrarian value investing. In other words, it employs smart and principled people to work hard and with unique patience to find underpriced investments in its targeted areas. Given its size and global scope, it traffics in assets that are very large, often complex, and that may be nearly anywhere in the world. This provides Brookfield with a unique opportunity set, and one with less competition than, say, a traditional equity or debt asset manager. Brookfield is hitting its stride as a top alternative asset manager, and we think that it has years of above-average growth left in front of it. The risks to the investment include a steep rise in interest rates, any reputational impairment, and challenged performance.

Varian Systems is the leading global provider of radiation oncology equipment. These are machines that produce high-energy x-ray and proton-beam radiation, and that precisely direct those beams at cancer tumors. While it has been known for around 100 years that x-ray radiation selectively destroys the DNA of cancer cells, the precision targeting has gotten better and better with each passing decade such that today's instruments are better than ever at hitting cancer cells while sparing surrounding healthy tissues. Radiation remains a highly relevant and necessary weapon in the fight against cancer.

Varian has done an excellent job at including its customers in its product-development efforts. As such, its products often best address customer needs, and this has resulted in Varian garnering in excess of 50% of the global installed base of radiation oncology instruments. Over the past 20 years, an important part of Varian's business strategy has been to sell software and services into its installed base. Back in 2005, services were 19% of Varian's total sales mix, and today services account for around 50% of Varian's total sales. These services are highly profitable and recurring. We think this trend has made Varian's financial results more stable and the stock a higher-quality investment.

Two years ago, Varian introduced a new instrument called Halcyon. Halcyon was designed with a relatively small physical footprint and an automated workflow that helped reduce the human expertise required to operate the machine. As such, it has seen good success penetrating developing markets where these characteristics are important. This increased penetration has helped it grow the installed base into which it can sell its software and service sales. Recently, Varian introduced a new iteration of the Halcyon platform called Ethos. Ethos utilizes artificial intelligence to more precisely track any tumor movement over the course of treatment. In the radiation oncology industry this is known as adaptive therapy, and Varian's Ethos is unique in the industry. The other adaptive therapy instruments today involve integrated magnetic resonance imaging but cost a multiple of Ethos and offer lower patient throughput. We continue to believe that Varian's products are highly relevant in the marketplace and should help them continue their industry leadership. We also like that management is playing offense, not only with product development, but in expanding into adjacent cancer treatment markets via selective bolt-on acquisitions. We think that Varian can remain a good investment from this point forward.

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One of the risks with Varian has been tariffs, which took a bite out of fiscal 2019 earnings before radiation oncology equipment was granted exemptions by both the U.S. and Chinese governments. With tariffs risks now mitigated, Varian is simply subject to the normal business risks attendant to selling large-scale health care equipment into global health systems including cyclical spending patterns, reimbursement risks, and good competition

Portfolio Activity

The fund sold Starbucks stock in the quarter because the stock price reached a level in excess of our fair value estimate for the business. The fund also added to its Varian and Exxon Mobil positions and trimmed Jacobs Engineering.

Outlook

The Madison Large Cap Strategy continues to invest in the stocks of well-managed, high-quality businesses using disciplined valuation criteria and a best-ideas portfolio construction approach. Our view has not changed from last quarter when we wrote, "We are cognizant of the lower-growth environment developing for 2019 and beyond. As interest rates have declined sharply, we are also mindful of the buoyant effects lower interest rates can have on stocks. In the spirit of balancing these two dynamics, we intend to be prudent, but also opportunistic where we assess there to be opportunity with lower risk. While there are plenty of important macroeconomic, political, and financial markets dynamics that must be considered and debated by policy makers currently, we view few of them as permanently disruptive to the value of the portfolio's holdings. Therefore, for the Investors Fund, it's business-as-usual."

We thank you for your trust, and we remain invested alongside you for the long-term.

Matt Hayner *Rich Eisinger*

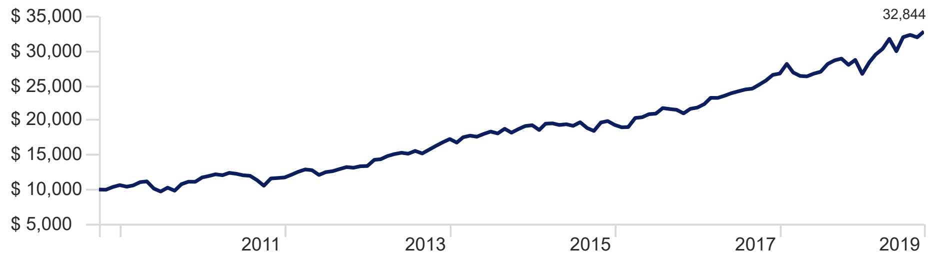
The S&P 500® Index is a large-cap market index which measures the performance of a representative sample of 500 leading companies in leading industries in the U.S.

Madison Investors Fund

Madison FUNDS®

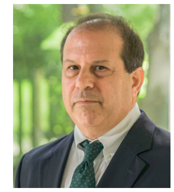
The Value of Long-Term Investing

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



Experienced Management

Matt Hayner, CFA
Portfolio Manager
Industry since 2002



Rich Eisinger
Portfolio Manager
Industry since 1994

Average Annual Total Returns[2] (%)

	Three Months	YTD	1 Yr	3 Yr	5 Yr	10 yr	Since Inception
Class Y	2.53	22.92	13.53	15.12	12.50	12.63	11.01
Class R6	2.55	23.11	13.71	15.32	12.71	-	12.88
Class A without sales charge	2.44	22.69	13.27	14.83	12.22	-	12.38
with sales charge	-3.46	15.62	6.76	12.60	10.90	-	11.28
S&P 500® Index	1.70	20.55	4.25	13.39	10.84	13.24	-

Calendar Year Returns[2] (%)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Class Y	33.73	10.44	0.00	14.05	29.08	11.54	0.23	12.97	22.51	-0.20
S&P 500® Index	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83	-4.38

Risk Metrics (%)

		3 Yr	5 Yr	10 yr
Class Y	Upside Capture	96.84	93.73	88.93
	Downside Capture	79.91	74.86	82.29
	Beta	0.84	0.83	0.87

Characteristics

Total Number of holdings	29
Active Share	90%
% Assets in Top 10 stocks	44.6%
Portfolio Turnover	40%
Wtd. Average Maket Cap	$131.7B

Fund Features

- Fund seeks long-term capital appreciation
- High conviction; 25-40 holdings
- Pursues high-quality growth companies, growth at a reasonable price style (GARP)
- Focus on risk management

Class	Ticker	Inception Date	Exp. Ratio[3]
A	MNVAX	9/23/13	1.20%
Y	MINVX	11/1/78	0.95%
R6	MNVRX	9/23/13	0.77%

Distribution Frequency

Annual

Total Net Assets

$336.6 Million

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

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From February 6, 2009 through February 28, 2016 the investment adviser waived between 0.11% to 0.15% of its management and/or services fees annually for Class Y shares, 0.15% for Class A shares from September 23, 2013 to February 28, 2016; and 0.10% for Class R6 from September 23, 2013 until May 1, 2014. Investment returns reflect these fee waivers, without which returns would have been lower.

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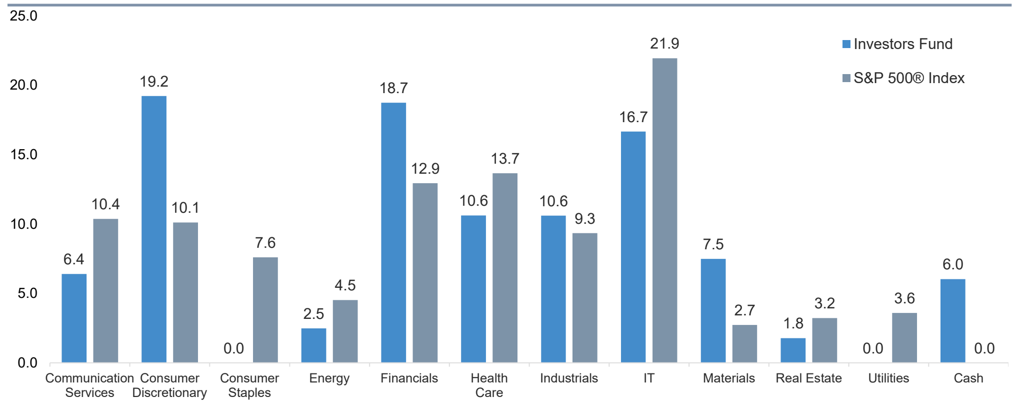
Sector Allocation (%)



Sector allocation is rounded to the nearest 0.1%.

Complete Stock Holdings (%)

JACOBS ENGINEERING GROUP INC	4.8	DANAHER CORP	3.1
LOWE S COS INC	4.7	VISA INC CLASS A SHARES	3.0
PPG INDUSTRIES INC	4.7	TE CONNECTIVITY LTD	3.0
BROOKFIELD ASSET MANAGE CL A	4.6	PACCAR INC	2.9
BERKSHIRE HATHAWAY INC CL B	4.6	COPART INC	2.9
US BANCORP	4.5	LINDE PLC	2.8
ALPHABET INC CL C	4.5	EXXON MOBIL CORP	2.5
CARMAX INC	4.4	BOOKING HOLDINGS INC	2.3
DOLLAR TREE INC	4.2	ANALOG DEVICES INC	2.3
TJX COMPANIES INC	3.6	ACCENTURE PLC CL A	1.9
VARIAN MEDICAL SYSTEMS INC	3.6	OMNICOM GROUP	1.9
NOVARTIS AG SPONSORED ADR	3.5	AMERICAN TOWER CORP	1.8
PROGRESSIVE CORP	3.3	SCHWAB (CHARLES) CORP	1.7
CDW CORP/DE	3.2	ALCON INC	0.5
COGNIZANT TECH SOLUTIONS A	3.2		

Madison FUNDS®

Shareholder Services
Madison Funds
P.O. Box 219083
Kansas City, MO 64121-9083
800.877.6089

Consultant and
Advisor Services
550 Science Drive
Madison, WI 53711
888.971.7135

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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 10/31/2018. **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.

An investment in the fund is subject to risk and there can be no assurance the fund will achieve its investment objective. The risks associated with an investment in the fund can increase during times of significant market volatility. The principal risks of investing in the fund include: equity risk, growth and value investing risk, capital gain realization risks to taxpaying shareholders, foreign security and emerging market risk. More detailed information regarding these risks can be found in the fund's prospectus.

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