

# MADISON INVESTORS FUND

## 1Q 2022 Investment Strategy Letter

Tickers: MNVRX | MIVIX | MINVX | MNVAX

### MARKET REVIEW

Over 15 months ago, in one of our year-end letters summarizing 2020, we mentioned how so many events were packed into the year; it felt like we experienced a decade’s worth of macro-economic and geopolitical events in one year, including but not limited to, a pandemic, 1960s-style social unrest, a disputed political contest, and extremely volatile stock markets. To that list, we can now add a war involving a major global power.

The question today is what, if any, long-lasting effects this most recent development will have. The inflationary supply shock engendered by Covid was already turning out to be more persistent than most had predicted. The war in Ukraine is exacerbating the shock. If other countries are pulled deeper into the conflict, there will undoubtedly be even further disruption of global trade and supply. As sharp as the direct disruption of an expanded conflict might be, we would view it as relatively temporary in the sense that once the conflict ends, the direct impacts will eventually fade.

However, some of the new economic and political fault lines that are being drawn – the term du jour is “deglobalization” – will have repercussions that might well last many years beyond the end of the war. For some time now, pundits have discussed the possibility that China may expand its “walled garden” beyond the internet and into other spheres of life and economic activity. We must now consider the scenario that the walled garden may include many other countries alongside China; such an economic bloc might include Russia, part of the Middle East, part of Africa, and possibly even India or larger parts of South Asia. That would encompass well over 3 billion people out of the global population of 8 billion. As yet, it’s way too early to even begin to think what the odds may be of such a radical re-alignment of commercial, political, and social linkages. But we can no longer easily dismiss the possibility. The world may be flat, but geopolitical earthquakes may create deep canyons.

One of the potential outcomes of such a shifting of the tectonic plates might be a sustained period of higher inflation than we’ve experienced in the recent past. Milton Friedman said that “inflation is always and everywhere a monetary phenomenon.” While this may be true in a sense, most economists would agree that globalization was a major force in the disinflationary environment of the past three decades. If that is true, then it seems to make sense that the converse must be true – that deglobalization should result in an inflationary environment.



Rich Eisinger  
Co-Head of Investments  
Portfolio Manager/Analyst  
Industry since 1994



Haruki Toyama  
Director of Research  
Portfolio Manager/Analyst  
Industry since 1994



Joe Maginot  
Portfolio Manager/Analyst  
Industry since 2012



Matt Hayner, CFA  
Portfolio Manager/Analyst  
Industry since 2002

*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](http://madisonfunds.com) or call 800.877.6089 to obtain performance data current to the most recent month-end.*

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.



---

## 1Q 2022 MADISON INVESTORS FUND - INVESTMENT STRATEGY LETTER

Tickers: MNVRX | MIVIX | MINVX | MNVAX

As you know, we are reluctant to predict the specific macroeconomic outcomes of theoretical geopolitical events. The way we deal with this uncertainty as a steward of your hard-earned money is to construct all-weather portfolios by investing in a diversified collection of all-weather companies and avoiding tail risks. We rarely trade or try to change en masse our portfolios' "positioning" because of general events; that continued to be the case this past quarter, although we did trim or sell a few investments to keep our aggregate risks in check. We chose not to rapidly re-invest the proceeds; instead, waiting until the "aha" moment strikes us with the many companies in our on-deck circle.

### PORTFOLIO REVIEW

The Madison Investors Fund Class Y declined -5.55% during the first quarter, compared to the S&P 500 Index's return of -4.60%.

The Energy sector was the best performing sector in the S&P 500 during the quarter by far, and our largest detractor on a relative basis as we don't own any investments in this sector.

Our largest individual detractors were Lowe's Companies, Black Knight, PPG Industries, Liberty Broadband, and TJX Companies. Surging mortgage rates likely presage a slowdown in home sales. However, Lowe's and Black Knight are much more insulated from home sales than we believe investors give them credit for. Lowe's gets a large portion of its business from home improvement projects that are independent of home sales. Black Knight is the largest provider of software for the mortgage servicing industry, which relies on the number of mortgages outstanding as a source of revenue, not the number of mortgages originated. The company does have a growing software business for mortgage originations, which will be affected by swings in the housing market. Still, the reduction in market value seems out of proportion compared to the potential impact to its financials. Overall, the two companies' strategic initiatives and profits are tracking nicely against our expectations.

Lingering effects of Covid – and possibly some negative impact from the withdrawal of large government stimulus – are putting a damper on TJX sales. Liberty Broadband's subscriber growth has come back down to earth after a strong 18 months of Covid-triggered demand for broadband access. In both cases, we think that despite some softness in current trends, the longer-term outlooks remain outstanding. We sold PPG in the quarter, and our decision is highlighted later.

The Financials sector was the largest contributor to relative performance in the first quarter, buoyed by our holdings in insurance-related enterprises. Rising rates tend to benefit insurers, and while that's not the primary reason we invested in these companies, we suspect that some nervous investors were attracted to the relative safe havens of these steady, cheaply valued companies in a turbulent rate environment.

Our top individual contributors in the quarter were Dollar Tree, Progressive Corporation, Berkshire Hathaway, Becton Dickinson, and Arch Capital. Dollar Tree reached a settlement with activist investment firm Mantle Ridge that we believe is as good an outcome as we could have hoped for. The board of directors will be refreshed with several new members, and Richard Dreiling has been named as the Executive Chairman. We know Rick from his prior stint as the CEO of Dollar General, where he engineered an astonishing improvement in operations and sales over the course of his eight-year tenure. We look forward to seeing what he can do at Dollar Tree.

At automotive insurer Progressive, profitability is expected to improve as price increases are beginning to take hold. The increases have yet to catch up with cost inflation, but they are well on their way. Berkshire and Arch Capital are two commercial insurers benefitting from rising premium prices. All three insurers benefit from higher rates, as mentioned above. Becton Dickinson completed the spin-off of its non-core diabetes care unit, and we think that will help realize more value.

---

## 1Q 2022 MADISON INVESTORS FUND - INVESTMENT STRATEGY LETTER

Tickers: MNVRX | MIVIX | MINVX | MNVAX

We exited two portfolio holdings during the quarter, PPG Industries and Linde plc.

PPG Industries is a global coatings supplier across industrial, automotive, aerospace, and architectural markets. It is a solid, cash-generating business with wonderful technology and a long runway to gobble up smaller players in its fragmented industry. When we invested in the company, we believed that several of their end markets were poised for above-average growth in the coming years. However, things didn't pan out quite that way, due to various hiccups in both the economic environment and its struggling industrial customer base. Revenues have struggled to grow as much as we projected. With the heightened risk of sustained raw material input cost pressure, we didn't relish the thought of having to fight two battles at once. We sold our investment.

Linde plc is a global industrial gas firm that supplies a broad array of industries, including healthcare, food & beverage, chemicals, and manufacturing. It is an incredibly resilient firm that possesses critical infrastructure assets and generates stable, contracted revenue. While a structurally excellent business, it underperformed to its potential for many years. That changed in 2018, when it merged with Praxair, creating the largest industrial gas supplier in the world. The increased scale was a big boon, but the real benefit was that Praxair and its top-notch CEO, Steve Angel, were put in charge. Praxair was long the gold standard, with the highest operating margins and return on invested capital in the industry. We believed the new management team could "Praxify" Linde. Over the last few years, this has borne out as hoped; Linde's margins and returns on capital have improved substantially. During the quarter, the stock appreciated beyond our intrinsic value estimate, and, in our view, we had more favorably priced alternatives. We will continue to monitor the performance of this terrific company.

We didn't initiate any new investments, but did add to several existing holdings. The volatility in shares of technology companies enabled us to add to our investments in Analog Devices, Adobe, and Amazon. We didn't quite get to add as much as we'd like to, with a sharp rebound in March in technology stocks preventing us from investing as aggressively as we had hoped. Perhaps we'll have another opportunity in the near future.

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

*Rich Eisinger*

*Haruki Toyama*

*Joe Maginot*

*Matt Hayner*

---

## 1Q 2022 MADISON INVESTORS FUND - INVESTMENT STRATEGY LETTER

Tickers: MNVRX | MIVIX | MINVX | MNVAX

### DISCLOSURES

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.

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” and/or “Madison Investments” is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC (“MAM”), and Madison Investment Advisors, LLC (“MIA”), which also includes the Madison Scottsdale office. MAM and MIA are registered as investment advisers with the U.S. Securities and Exchange Commission. Madison Funds are distributed by MFD Distributor, LLC. MFD Distributor, LLC is registered with the U.S. Securities and Exchange Commission as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority. The home office for each firm listed above is 550 Science Drive, Madison, WI 53711. Madison’s toll-free number is 800-767-0300.

Any performance data shown represents past performance. Past performance is no guarantee of future results.

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

Consider the investment objectives, risks, and charges and expenses of Madison Funds carefully before investing. Each fund’s prospectus contains this and other information about the fund. Call 800.877.6089 or visit [madisonfunds.com](http://madisonfunds.com) to obtain a prospectus and read it carefully before investing.

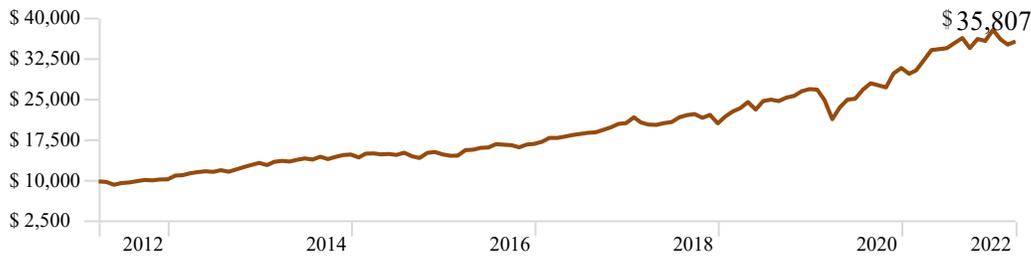
Although the information in this report has been obtained from sources that the firm believes to be reliable, we do not guarantee its accuracy, and any such information may be incomplete or condensed. All opinions included in the report constitute the authors’ judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

Madison Asset Management, LLC does not provide investment advice directly to shareholders of the Madison Funds. Opinions stated are informational only and should not be taken as investment recommendation or advice of any kind whatsoever (whether impartial or otherwise). Madison Funds are distributed by MFD Distributor, LLC, member FINRA.

# MADISON INVESTORS FUND

March 31, 2022

## Growth of \$10,000 Class Y Shares, Trailing 10 Years<sup>1</sup>



## Average Annual Total Returns<sup>2</sup> (%)

	Three Months	YTD	1 Yr	3 Yr	5 Yr	10 yr	Since Inception
Class R6	-5.54	-5.54	10.90	15.24	14.93	-	13.45
Class I	-5.57	-5.57	10.81	-	-	-	16.68
Class Y	-5.55	-5.55	10.72	15.05	14.73	13.60	11.21
Class A without sales charge	-5.63	-5.63	10.45	14.77	14.45	-	12.96
with sales charge	-11.05	-11.05	4.08	12.53	13.10	-	12.17
S&P 500® Index	-4.60	-4.60	15.65	18.92	15.99	14.64	-

## Calendar Year Returns<sup>2</sup> (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Class Y	14.05	29.08	11.54	0.23	12.97	22.51	-0.20	30.48	14.42	22.68
S&P 500® Index	16.00	32.39	13.69	1.38	11.96	21.83	-4.38	31.49	18.40	28.71

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](http://madisonfunds.com) or call 800.877.6089 to obtain performance data current to the most recent month-end.

## Characteristics

		Risk Metrics (%) Class Y vs. S&P 500		
		3 Yr	5 Yr	10 yr
Total Number of holdings	27			
Active Share	87.8%	Upside Capture	88.72	91.12
% Assets in Top 10 stocks	44.0%	Downside Capture	97.10	90.07
Portfolio Turnover	17%	Beta	0.92	0.89
Wtd. Average Market Cap (billions)	\$291.2			
Total Net Assets (millions)	\$370.3			

<sup>1</sup> 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.

<sup>2</sup> 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.

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.

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.

## Experienced Management



Matt Hayner, CFA  
Portfolio Manager  
Industry since 2002



Rich Eisinger  
Portfolio Manager  
Industry since 1994



Haruki Toyama  
Portfolio Manager  
Industry since 1994



Joe Maginot  
Portfolio Manager  
Industry since 2012

## 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
A	MNVAX	9/23/13	1.16%
Y	MINVX	11/1/78	0.91%
I	MIVIX	8/31/20	0.81%
R6	MNVRX	9/23/13	0.73%

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

## Distribution Frequency - Annual

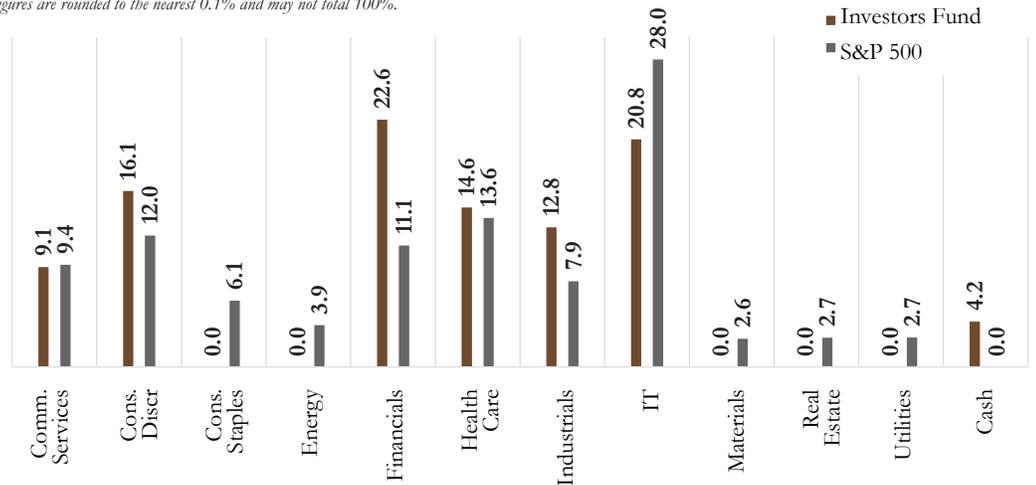


Shareholder Services  
 Madison Funds  
 P.O. Box 219083  
 Kansas City, MO 64121-9083  
 800.877.6089

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

## Sector Allocation (%)

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



## Complete Stock Holdings (%)

ALPHABET INC CL C	5.38	PACCAR INC	3.38
DOLLAR TREE INC	4.86	US BANCORP	3.35
BECTON DICKINSON AND CO	4.75	ALCON INC	3.19
BERKSHIRE HATHAWAY INC CL B	4.41	PROGRESSIVE CORP	3.18
LOWE S COS INC	4.33	ACCENTURE PLC CL A	2.93
BROOKFIELD ASSET MANAGE CL A	4.08	TJX COMPANIES INC	2.86
FISERV INC	4.02	TE CONNECTIVITY LTD	2.79
AMAZON.COM INC	4.01	PARKER HANNIFIN CORP	2.78
ANALOG DEVICES INC	3.97	DANAHER CORP	2.73
JACOBS ENGINEERING GROUP INC	3.96	COPART INC	2.63
NOVARTIS AG SPONSORED ADR	3.88	ADOBE INC	1.96
MARSH + MCLENNAN COS	3.83	BLACK KNIGHT INC	1.66
LIBERTY BROADBAND C	3.76		
ARCH CAPITAL GROUP LTD	3.70		
VISA INC CLASS A SHARES	3.43		

*This material is authorized for use only when preceded or accompanied by the current prospectus. Before investing, please fully consider the investment objectives, risks, charges and expenses of the fund. This and other important information is contained in the current prospectus, which you should carefully read before investing or sending money. For more complete information about Madison Funds® obtain a prospectus from your financial adviser, by calling 800.877.6089 or by visiting <https://www.madisonfunds.com/individual/prospectus-and-reports> to view or download a copy.*

Madison Asset Management, LLC does not provide investment advice directly to shareholders of the Madison Funds. Materials on this document are informational only and should not be taken as investment recommendation or advice of any kind whatsoever (whether impartial or otherwise).

Downside Capture Ratio: a fund's performance in down markets relative to its benchmark. The security's downside capture return is divided 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.

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.

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.

Madison Funds are distributed by MFD Distributor, LLC, member of FINRA and may be purchased directly from the fund or through your investment professional. Portfolio data is as of the date of this piece unless otherwise noted and holdings are subject to change.

"Madison" and/or "Madison Investments" is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC ("MAM"), and Madison Investment Advisors, LLC ("MIA"), which also includes the Madison Scottsdale office. MAM and MIA are registered as investment advisers with the U.S. Securities and Exchange Commission. Madison Funds are distributed by MFD Distributor, LLC. MFD Distributor, LLC is registered with the U.S. Securities and Exchange Commission as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority. The home office for each firm listed above is 550 Science Drive, Madison, WI 53711. Madison's toll-free number is 800-767-0300.

Any performance data shown represents past performance. Past performance is no guarantee of future results.

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

Upon request, Madison may furnish to the client or institution a list of all security recommendations made within the past year.

MSM111467