Madison Large Cap Value Fund
Investment Strategy Letter

Performance Review

For the third quarter, the Madison Large Cap Value Fund (Class Y at net asset value (NAV)) returned +1.55%, which outperformed the Russell 1000® Value Index return of +1.36%. Both sector allocation and stock selection were additive relative to the index. For sector allocation, an underweight position in Energy favorably impacted results. In terms of stock selection, there were positive contributions from Health Care, Industrials, Materials, Consumer Discretionary and Consumer Staples, which was partially offset by weakness in Communication Services, Technology and Real Estate. In Materials, gold royalty company Royal Gold (RGLD) was the best performing stock in the portfolio. It benefitted from higher gold prices throughout the period. Within Technology, payment solutions provider First Data (FDC) contributed nicely to performance. It was acquired by rival Fiserv (FISV) during the quarter. In Consumer Staples, consumer product goods firm Procter & Gamble (PG) was additive to results. It reported its fastest organic growth rate in over a decade due in part to successful product innovation. Within Consumer Discretionary, luxury housing manufacturer Toll Brothers (TOL) was an outperforming stock. It reported solid earnings and forward looking bookings. In Financials, exchange operator Cboe Global Markets (CBOE) was another notable outperforming stock. It benefitted from higher volatility in financial markets which increased its overall trading volumes.

John Brown, CFA
Portfolio Manager
Industry since 1983

Drew Justman, CFA
Portfolio Manager
Industry since 2001

On the negative side, in Materials, iron ore producer Cleveland-Cliffs (CLF) was the worst performing stock in the portfolio. The fund sold CLF as we became concerned about the prospect of lower iron ore prices. In Energy, exploration and production firm EOG Resources (EOG) negative impacted results. The company reduced its production guidance due to low oil prices. We believe this is an appropriate strategy and that the thesis remains intact. Within Consumer Discretionary, media company Discovery Communications (DISCK) was detractive to performance. The fund sold the stock as we believe the thesis was no longer valid. In Technology, solar panel producer First Solar (FSLR) was an underperforming stock. The company reported solid order growth in its latest quarter and we think the thesis remains in-tact. Within Financials, life insurance provider Met Life (MET) was another underperforming stock. The fund sold MET due to concerns about the impact of low interest rates on its underlying business. The fund continues to hold all stocks above except for CLF, DISCK, and MET.

On a year-to-date basis, the Fund returned +18.0% which outperformed the Russell 1000 Value Index return of +17.8%. Sector allocation was detractive and stock selection accounted for all of the outperformance. For sector allocation, underweight positions in Health Care and Financials negatively impacted results. In terms of stock selection, there were positive contributions from Industrials, Technology, Materials, Consumer Staples, Financials and Real Estate, which was partially offset by weakness in Communication Services, Utilities and Energy. In Technology, FDC was the best performing stock in the portfolio. Within Industrials, engineering and construction firm Jacobs Engineering (JEC) contributed nicely to performance with a strong earnings report

Please refer to the final two pages of this piece which contains performance data for all share classes offered by 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.

that featured a higher backlog. Within Real Estate, industrial real estate firm Prologis (PLD) was additive to results. The company continues to expand its global portfolio of industrial buildings and warehouses. In Utilities, energy infrastructure and utility company Sempra Energy (SRE) was an outperforming stock. It is in the process of selling off non-core assets, which is a move we believe will create shareholder value. In Consumer Staples, PG was another outperforming stock. On the negative side, in Materials, iron ore producer Vale (VALE) was the worst performing stock in the portfolio. It had one of its tailings dams in Brazil collapse, which resulted in a human and environmental tragedy. The fund sold the stock immediately after this incident occurred. Within Utilities, independent power producer NRG Energy (NRG) negatively impacted results. The fund sold the stock after it reached at what we believe to be a full valuation and following two strong years of returns. In Energy, EOG detracted from performance. Within Industrials, mining equipment manufacturer Caterpillar (CAT) was an underperforming stock due to concerns about global economic growth. We believe CAT is well positioned when economic growth stabilizes and the thesis is intact. Another underperforming stock was MET in Financials. The fund continues to hold all stocks mentioned except for NRG, MET and VALE.

Our Approach to Investing

The Madison Large Cap Value Fund has a goal of achieving long-term outperformance over a cycle on a risk-adjusted basis. To pursue this goal, we employ a process to find stocks with rising return on invested capital (ROIC), which is the most important metric for evaluating stocks, in our view. We believe that owning companies with increasing ROIC and an attractive valuation is the right strategy to generate outperformance. Common characteristics of stocks with rising ROIC include expanding margins, accelerating earnings growth and/or working capital improvement on the balance sheet. Stocks with improving ROIC also tend to benefit from valuation multiple expansion, which helps drive superior performance results. Additionally, our process attempts to manage risks by avoiding value traps and dead money stocks, both of which can damage long-term performance.

This quarter we are highlighting Bank of America (BAC) as an example of a Financial stock that has good prospects for rising ROIC over the next 12-18 months. BAC is one of the biggest financial entities in the U.S. with more than $2.3 trillion in assets. We believe it has a sustainable competitive advantage due to high customer switching costs, its diverse product offerings and leading market share positions across business lines. It has one of the best retail branch networks in banking, a strong credit card business, and it owns Merrill Lynch, which is a leading brokerage and advisory firm. The company also benefits from scale and scope advantages and is able to outspend most competitors on technology, which is increasingly important in banking. For these reasons, we believe BAC has a wide moat.

Our thesis on BAC is that it has transitioned into an efficient bank through simplifying, reducing risks, improving underwriting, cutting costs and investing in technology. Its balance sheet has returned to growth after years of selling assets and de-risking, it has significantly cut expenses and its lending practices have improved. For example, consumer loans are now mostly to customers with average FICO scores above 750, which has reduced the risk of default on its loans. A decade of conservative underwriting has reduced overall credit risks. The company is also using technology to its advantage. In its Consumer Banking segment, there has been a 14% point improvement in the expense ratio over the last several years as revenues have grown while costs have been decreased. As a result, it has an expense ratio of 45%, which is one of the best in all of banking. Another result of its technology spending is that it there has been increasing mobile adoption as customers use digital channels to conduct their banking transactions. This increases customer stickiness and also raises margins. We believe there is room for additional margin gains as mobile adoption grows, which we believe will lead to higher ROIC over time.

In addition to being an efficient, well run bank with a sustainable competitive advantage, BAC has other attributes that make it an attractive stock. It has a strong balance sheet and a consistent record of dividend increases. Dividends per share have grown from $0.04 in 2013 up to $0.66

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in 2019, which is a compound growth rate of 68%. The stock now yields 2.6%, which compares favorably to the S&P 500 dividend yield of 1.9%. We believe additional dividend increases and share repurchases will continue in the future and help drive shareholder value.

We also believe BAC has an attractive valuation. At its current price near $28, the stock trades for just 9x estimated earnings expected over the forward 12 months and at less than 0.6x the S&P 500 which is near the low end of its historical range. We believe this low valuation can grow over time if BAC continues to execute well and generate solid ROIC above its cost of capital.

Risks to our thesis include a consistently inverted yield curve, which could negatively impact BACs net interest margin, a key metric of bank lending profitability. Other risks include a slowdown in economic growth, poor underwriting and increased competition from digital competitors, to name a few. If these risks materialize, our thesis on BAC might not be valid.

John Brown   *Drew Justman*

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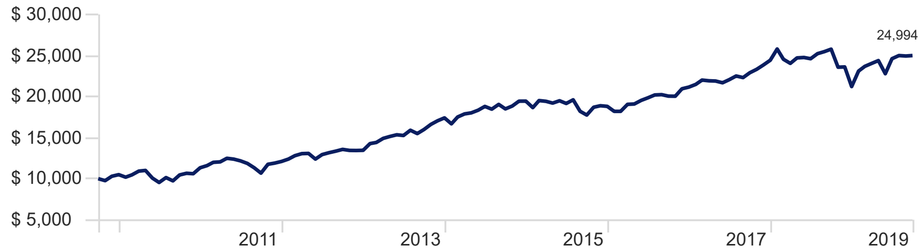
Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index.

Madison Large Cap Value Fund

Madison FUNDS®

The Value of Long-Term Investing

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



Experienced Management

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Portfolio Manager
Industry since 1983

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Average Annual Total Returns[2] (%)

		Three Months	YTD	1 Yr	3 Yr	5 Yr	10 yr	Since Inception
Class Y		1.55	18.02	-2.78	7.88	6.46	9.87	5.77
Class A	without sales charge	1.55	17.81	-3.03	7.62	6.21	9.59	5.30
	with sales charge	-4.31	11.02	-8.59	5.52	4.95	8.95	5.01
Class B	without sales charge	1.36	17.19	-3.71	6.82	5.40	8.94	5.01
	with sales charge	-3.14	12.69	-7.51	5.95	5.18	8.94	5.01
Russell 1000® Value Index		1.36	17.81	4.00	9.43	7.79	11.46	-

Calendar Year Returns[2] (%)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Class A	15.94	7.98	6.80	11.21	29.37	11.72	-3.27	12.47	15.46	-13.14
Russell 1000® Value Index	19.69	15.51	0.39	17.51	32.53	13.45	-3.83	17.34	13.66	-8.27

Characteristics

TTM P/E	19.5x
P/B	2.4x
ROE	13.7%
Active Share	84.1%
Wtd. Avgerage Market Cap	$93.3 B

Risk Measure (10-year) Class A

Standard Deviation	12.02%
Downside Capture	90.37%
Upside Capture	87.39%

Fund Features

- Fund seeks outperformance over a full market cycle while taking lower than average risk
- High conviction of 25-40 holdings
- Seek companies with rising return on invested capital (ROIC)

Class	Ticker	Inception Date	Exp. Ratio[3]
A	MGWAX	12/29/97	1.16%
B	MGWBX	12/29/97	1.91%
Y	MYLVX	6/30/06	0.91%

Distribution Frequency

Annual

Total Net Assets

$66.8 Million

Portfolio Turnover

91%

Total Number of Holdings

31

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 (see Note 2 below) 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 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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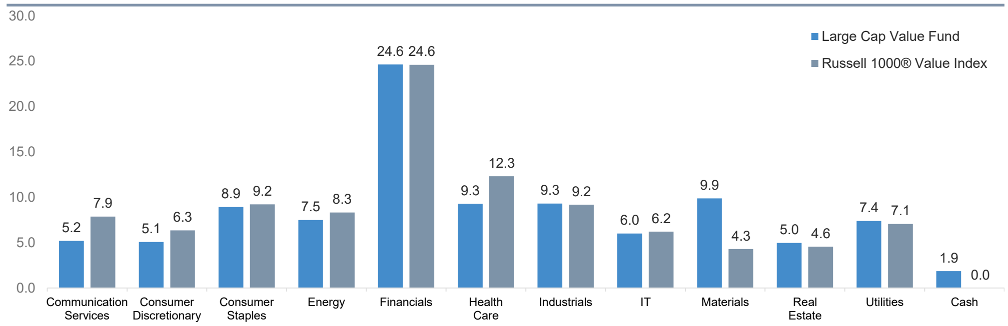
Sector Allocation (%)



Sector allocation is rounded to the nearest 0.1%.

Complete Stock Holdings (%)

JACOBS ENGINEERING GROUP INC	6.3	CBOE GLOBAL MARKETS INC	2.8
PROCTER + GAMBLE CO/THE	5.5	PROLOGIS INC	2.7
SEMPRA ENERGY	5.3	CANADIAN NATURAL RESOURCES	2.6
BAXTER INTERNATIONAL INC	5.3	TOLL BROTHERS INC	2.3
BARRICK GOLD CORP	4.9	BROADCOM INC	2.3
JPMORGAN CHASE + CO	4.8	BOSTON PROPERTIES INC	2.2
AON PLC	4.3	PRINCIPAL FINANCIAL GROUP	2.2
AMERICAN EXPRESS CO	4.1	ONEOK INC	2.1
ZIMMER BIOMET HOLDINGS INC	4.0	DUKE ENERGY CORP	2.1
FIRST SOLAR INC	3.7	DELTA AIR LINES INC	2.1
WALT DISNEY CO/THE	3.6	VERIZON COMMUNICATIONS INC	1.6
ROYAL GOLD INC	3.5	EOG RESOURCES INC	1.6
US BANCORP	3.5	FRANCO NEVADA CORP	1.5
MONDELEZ INTERNATIONAL INC A	3.4	CHEVRON CORP	1.2
BANK OF AMERICA CORP	3.0	CATERPILLAR INC	0.9
LOWE S COS INC	2.8		

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Standard Deviation: the dispersion from an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Higher deviation represents higher volatility. **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. **TTM P/E (Price-to-Earnings Ratio):** measures how expensive a stock is. It is calculated by the weighted average of a stock's current price divided by the company's trailing 12-month (TTM) earnings per share of the stocks in a fund's portfolio. **P/B (Price-to-Book Ratio):** measures a company's stock price in relation to its book value (the total amount raised if its assets were liquidated and paid back all its liabilities). **ROE (Return on Equity):** a profitability ratio that measures the amount of net income returned as a percentage of shareholders equity. **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. **Wtd. 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.

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, special risks associated with dividend paying stocks, option risk, interest rate risk, capital gain realization risks to taxpaying shareholders, and foreign security and emerging market risk. More detailed information regarding these risks can be found in the fund's prospectus.

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