Madison Mid Cap Fund
Investment Strategy Letter

3Q 2019

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Madison Mid Cap Fund (Class Y at net asset value (NAV)) had another good quarter, up 3.97%, compared to a fractionally positive Russell Midcap® Index which advanced 0.48%. For the nine months of 2019, the Fund is up 28.14%, compared to the Russell Midcap Index 21.93% and the S&P 500®'s 20.55%.

For the trailing three and five year periods, the Fund's annualized returns are leading its Russell Midcap benchmark by 3.77% and 3.18%, respectively.

The stock market's sprint slowed to a crawl in the quarter with large caps up a little, small caps down a little, and mid caps mostly flat. Although we never claim to know exactly what is driving the market in the short-term, it seems likely that the recent pause stems from a combination of trade concerns, recession concerns, and high valuations. We worry very little about the former (in the sense that most companies we've invested in, or are considering investing in, would see only moderate impact from a protracted trade war), but worry a lot about the latter two items.

We are now over a decade into the economic expansion that began in 2009, breaking the previous record for the longest period of positive growth in our country's history, 1991 to 2001. The longer an expansion lasts, the more our team begins to think about a possible downturn approaching. However, there is no rule that states that expansion must die of old age. Canada had a 17-year expansion in the 1990s and 2000s. Australia has gone 27 years without an official recession. Given the relatively slow pace of our current expansion (2.3% average annual GDP growth, compared to 3.6% averaged in the 1990s growth period), it's entirely possible that it continues for another several years.

When it comes to how we incorporate recession risk, it's never a black or white, yes or no proposition. Our thinking tends to be probability-based – so we neither assume there is going to be a recession, nor assume there won't be. We make judgments based on the conditions extant for the specific company and industry that we are researching. When we evaluate a relatively non-cyclical company, such as Ross Stores or Brown & Brown, we don't usually have to make many cycle-based adjustments to current earnings to get to a normalized or mid-cycle earnings figure. But when we evaluate a cyclical company like Mohawk Industries or TE Connectivity, we try to estimate what its mid-cycle earnings figure might be, so that we're not using a depressed or inflated denominator in the valuation process. This makes it an inherently more difficult exercise, which is why we tend to be more conservative in valuing cyclical companies, which is why they tend to be underrepresented in our portfolio. But the degree of underrepresentation can vary depending on valuation levels.

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.

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When we look at the valuation of the market in aggregate, we don't think it incorporates a near-term recession. The market, including midcap stocks, is on the expensive side after the strong rebound this year. The S&P 500 and Russell Midcap Index trade for P/Es of almost 18x on estimated 2019 earnings. The multiples drop to about 16x if you look out to estimated 2020 earnings, but that implies an ambitious 10% earnings growth rate for the indices next year. Despite these high collective multiples, the dispersion among individual stocks and industries has increased recently with heightened volatility in the capital markets, and we are finding a moderate number of interesting opportunities to investigate. Our research pipeline has more than its fair share of companies in the cyclical-but-high-quality end of our investable spectrum; we will see if anything comes of that.

Portfolio Review

Our top contributors for the quarter were Arch Capital, Floor & Decor, NewMarket, Brookfield Asset Management, and Markel. Each was up double-digits. Arch and Markel benefited from an improving pricing environment for P&C insurance, especially in the excess and surplus lines. Two major players in that market, AIG and Lloyd's of London, have withdrawn capacity due to unsustainable losses, and that is benefiting carriers with plenty of capacity. A third P&C insurer we own, W.R. Berkley, has benefited from this dynamic also. Our three P&C insurer investments are up an average of 40% for the year.

Our bottom contributors were Mohawk Industries, Elanco Animal Health, Kemper, Alliance Data Systems, and LabCorp. Mohawk and Elanco were down double-digits, but the others were down a more modest amount. Mohawk, the world's largest flooring products manufacturer, continues to face difficult macro conditions globally, and has struggled with ramping up production at its new luxury vinyl tile plant. Elanco surprised investors with its announcement of the acquisition of Bayer's Animal Health business. While the deal makes some strategic sense, Elanco has plenty of internal initiatives to keep it busy for a few years, and it will be an enormous undertaking to integrate the fifth largest industry competitor at the same time.

There were some noteworthy developments in a few of our holdings the last few months. In late June, Axalta Coatings commenced a "comprehensive review of strategic alternatives," which is typically corporate-speak for putting the company up for sale. We have had no official updates since then, but expect to hear something soon. Prior attempts at a merger or tie-up didn't work out, but we anticipate that this one will end in a more satisfactory conclusion.

Management at HD Supply, a recent investment, has decided to split the company into two, separating its facilities maintenance supply business from its specialty construction supply business. The industrial logic is sound, as there are no operational synergies between the two units, and we support the move. The stock barely budged after the announcement, and we added to our stake.

O'Reilly Automotive announced that it will acquire a 20-store Mexican retailer of aftermarket automotive parts. While the deal is small, it's the first time that O'Reilly has ventured outside the U.S., signifying an important step for the management team. They have good visibility into another five to six years of store opening growth in the U.S., and they need to pave the way for further growth by going outside our borders.

The Fund sold out of a long-time holding in the third quarter and invested in one new stock.

Liberty Global was sold after 14 years of ownership. During this period, Liberty's excellent executive team has created value through the combination of savvy capital allocation and astute management of their scarce cable assets in several European countries. However, the industry has matured in many of its markets and consolidation has invited tougher regulatory oversight. We think it'll be more difficult for Liberty to grow as in the past, so we exited our investment.

We purchased one new investment, Gartner, a technology research and advisory company. It's the pre-eminent source of advice and forecasts for institutional users of technology. The company made a mid-sized acquisition a few years ago to expand its offerings outside the technology vertical, and it wasn't quite clear to us then whether the strategy would work. It's still not quite clear to us today, but Gartner's core technology research business is an absolute gem. When its stock fell over 25% recently on a disappointing profit report, we were able to buy a small stake.

As always, thank you for your investment with us.

Respectfully,

Rich Eisinger *Haruki Toyama* *Andy Romanowich*

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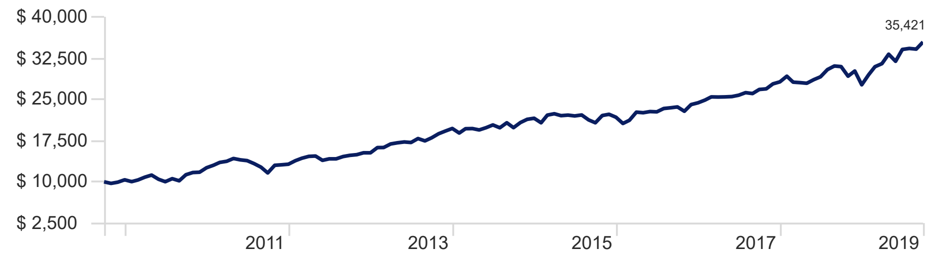
Madison Mid Cap Fund

The Value of Long-Term Investing

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



Average Annual Total Returns[2] (%)

		Three Months	YTD	1 Yr	3 Yr	5 Yr	10 yr	Since Inception
Class Y		3.97	28.14	14.45	14.46	12.28	13.48	10.38
Class R6		4.06	28.26	14.72	14.67	12.59	-	13.06
Class A	without sales charge	3.80	27.72	14.01	13.96	11.87	-	12.08
	with sales charge	-2.15	20.40	7.46	11.73	10.55	-	11.06
Class B	without sales charge	3.69	26.97	13.17	13.14	11.05	-	11.25
	with sales charge	-0.81	22.47	8.67	12.22	10.79	-	11.25
Russell Midcap® Index		0.48	21.93	3.19	10.69	9.10	13.07	-

Calendar Year Returns[2] (%)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Class Y	24.51	21.15	5.10	15.69	28.96	9.42	0.87	12.06	15.63	-1.91
Russell Midcap® Index	40.48	25.48	-1.55	17.28	34.76	13.22	-2.44	13.80	18.52	-9.06

Risk Metrics (%)

		3 Yr	5 Yr	10 yr
Class Y	Upside Capture	100.05	100.93	91.31
	Downside Capture	73.72	78.28	81.06
	Beta	0.80	0.84	0.84

Characteristics

Total Number of holdings	30
Active Share	95.5%
% Assets in Top 10 stocks	46.4%
Portfolio Turnover	27%
Wtd. Average Maket Cap	$19.6 B

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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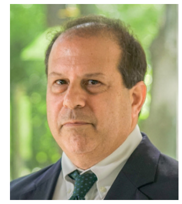
Experienced Management



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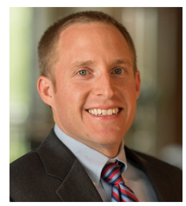


Andy Romanowich, CFA
Portfolio Manager
Industry since 2004

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	9/23/13	1.40%
B	MERBX	4/19/13	2.15%
Y	GTSGX	7/21/83	0.98%
R6	MMCRX	2/29/12	0.77%

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

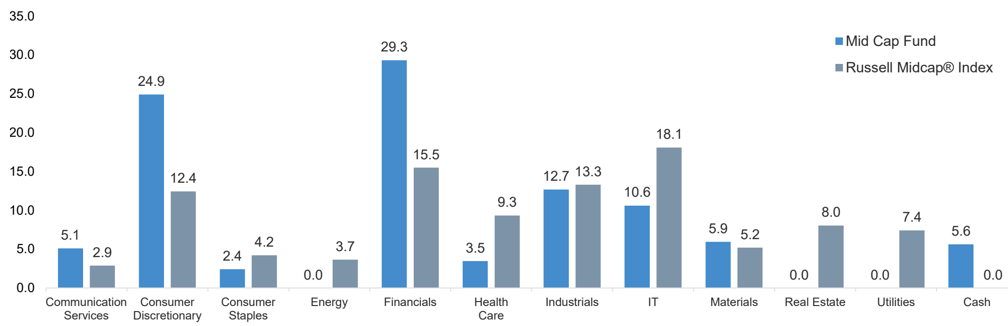
Distribution Frequency

Annual

Total Net Assets

569.8 Million

Sector Allocation (%)



Sector allocation is rounded to the nearest 0.1%.

Complete Stock Holdings (%)

ARCH CAPITAL GROUP LTD	6.4	WR BERKLEY CORP	3.0
LIBERTY BROADBAND C	5.1	PROGRESSIVE CORP	2.7
DOLLAR TREE INC	5.0	HD SUPPLY HOLDINGS INC	2.7
MARKEL CORP	4.9	FASTENAL CO	2.6
CARMAX INC	4.5	AMPHENOL CORP CL A	2.6
BROWN + BROWN INC	4.2	NEWMARKET CORP	2.4
IHS MARKIT LTD	4.2	KEMPER CORP	2.3
COPART INC	4.1	MOHAWK INDUSTRIES INC	2.1
O REILLY AUTOMOTIVE INC	4.0	GLACIER BANCORP INC	1.8
BROOKFIELD ASSET MANAGE CL A	4.0	EXPEDITORS INTL WASH INC	1.7
CDW CORP/DE	3.8	TE CONNECTIVITY LTD	1.6
AXALTA COATING SYSTEMS LTD	3.5	GARTNER INC	1.6
ROSS STORES INC	3.5	BROWN FORMAN CORP CLASS B	1.2
LABORATORY CRP OF AMER HLDGS	3.5	ELANCO ANIMAL HEALTH INC	1.2
FLOOR + DECOR HOLDINGS INC A	3.0	ALLIANCE DATA SYSTEMS CORP	1.0

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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 10/31/2018. **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.

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