MADISON SMALL CAP FUND

1Q 2022 Investment Strategy Letter

Tickers: BVAOX | MSCIX | MASMX | MSCRX

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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.

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 Small Cap Fund Class Y returned -7.4% in the first quarter versus -7.5% for the Russell 2000 and -5.8% for the Russell 2500. Our investments in Healthcare and Consumer Discretionary stocks contributed to the Fund's performance, but were offset by poor results in Consumer Staples and our lack of investment in the Energy sector which enjoyed strong performance due to rising oil and gas prices in the wake of the Russian invasion of Ukraine. As a reminder, we do not typically invest in energy companies. Historically, energy has been a feast or famine, boom-bust industry with businesses that lack any meaningful durability or quality.

Our Healthcare investments were the strongest contributors to our outperformance in the first quarter, largely driven by stock selection. While Healthcare continued to be out of favor with investors, we are constructive on this sector. Although we have been underweighting this sector for many quarters, we like the defensive nature of the businesses in this uncertain economic environment. Also, health care procedures should continue to recover as the pandemic effect fades and Covid ceases to dominate healthcare services. Our largest position, Encompass Health (EHC), rose in anticipation of a spin-off or sale of its home health business. We believe this is one of the best-managed health care providers in the United States; and the spin-off will create two cleaner investment stories. The recent purchase of LHC Group, a home health competitor, by Optum for 22x cash flow further validates our private market value estimate (PMV) of $117 for Encompass.

Our Consumer Discretionary stocks also held up better than the overall market, while the average stock in the Russell was down 13%. Hillman Group, a recent investment, recovered nicely from a rough 2021. We believe this is a franchise business that has not yet been recognized by investors. Hillman is a distributor and merchandizer of fasteners and other hard-to-inventory products. The company helps merchandize the products and uses its own distribution footprint to serve its customers. This is a unique value proposition for big box hardware retailers such as Home Depot and Lowers, and, in our opinion, the company is well positioned to take share in this stretched supply chain environment. Additionally, the company has an attractive growth opportunity to grow its robotics division of automated services. The company has a dominant share in solutions that automate key duplication. These services are valuable in a tight labor market and drive high incremental sales per square foot for its customers.

Our Consumer Staples investments continued to be challenged, as inflation has become a material issue for this sector. We've written about Hain Celestial Group (HAIN) often and we'll continue here as an illustrative example of the challenges for this group. Hain was one of our weakest stocks and significantly hurt our performance. The main culprit is inflation in energy prices due to the invasion of Ukraine by Russia. Higher energy prices mean higher input costs for foodstuffs and higher transportation costs to get food on the shelves. For the most part, HAIN has successfully passed on cost increases with higher prices. However, it is uncertain if it can continue to do so. That uncertainty has pressured the stock. We continue to believe HAIN has not only the pricing power due to the higher-end nature of their product and customer demographic, but also the opportunity to cut manufacturing costs to maintain profit margins. Our PMV for HAIN is $70 and current prices represent a material discount to the long-term intrinsic value of this vastly improved franchise.

Looking forward, the growth selloff that started in the second half of 2021 continued into 2022. After the last several years of rich returns, investors may be experiencing indigestion, queasy that the flattened yield curve and high inflation will spoil the recovery. While this is undoubtedly a risk, we have observed many rapidly growing franchise companies that are now trading at attractive valuations. We see opportunity in the face of this volatility and are methodically building positions in select companies. We have also used the strong performance of our materials and industrials investments to fund these new ideas. This shift in allocation is patient and disciplined; we think it will take time for these companies to prove their mettle and to come back into favor. Since the start of the year, we've initiated positions in Alteryx, a data analytics software provider; CTS Corporation, an electronic components manufacturer; and Health Catalyst, a data analytics software provider for large health systems. Additionally, we have a long list of other promising companies that we continue to evaluate.

In the quarter we opportunistically trimmed, Huntsman, Chemours, Crane, Kennametal, and Enersys. These were largely opportunistic sells at attractive prices. In the case of Kennametal though, we reevaluated the company's competitive position and concluded that its manufacturing base is still challenged despite a well-executed operational improvement plan. Its transportation business also continues to be challenged by the global chip shortage. While the stock is inexpensive, we see better opportunities elsewhere.

We also fully exited Insperity and Supernus. These two liquidations were not a violation of our five pillars process, but rather a symptom of our relative lower conviction of their opportunity. Insperity could continue to struggle with consistent quarterly results driven by its self-insured healthcare expenses. While its long-term growth prospects are bright, a lack of consistency will be a headwind to its ultimate multiple. Supernus has done an admirable job in building out a suite of CNS and behavioral-focused pharmaceuticals. The company's growth is dependent on continued merger and acquisition activity, in our view. Also, we see healthcare providers and medical device companies as more attractively positioned in the current environment.

There's no panacea for the current economic and geopolitical uncertainty. We know that markets will continue to be challenging in the coming year. Our job is to find the rare companies that can operationally execute in the currently difficult environment and that stand to benefit in a narrowing recovery. We believe we will be successful.

Faraz Farzam *Aaron Garcia*

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The Russell 2500 Index combines a portion of midcap stocks with small cap stocks – forming a "SMID" (small/mid) cap segment of stocks from the Russell 3000®.

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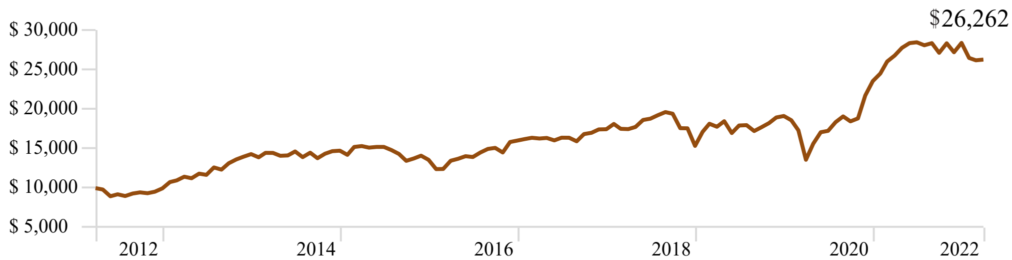
MADISON SMALL CAP FUND

March 31, 2022

Growth of $10,000 Class Y Shares, Trailing 10 Years[1,3]



Average Annual Total Returns[2,3] (%)

		Three Months	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Class I		-7.43	-7.43	-1.80	-	-	-	0.97
Class R6		-	-	-	-	-	-	0.35
Class Y		-7.43	-7.43	-1.90	13.92	10.04	10.14	13.62
Class A	without sales charge	-7.51	-7.51	-2.15	-	-	-	17.46
	with sales charge	-12.84	-12.84	-7.78	-	-	-	14.81
Russell 2000® Index		-7.53	-7.53	-5.79	11.74	9.74	11.04	-
Russell 2500® Index		-5.82	-5.82	0.34	13.79	11.57	12.09	-

Calendar Year Returns[2,3] (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Class Y	13.33	43.48	3.06	-7.90	18.04	8.90	-12.09	24.67	23.09	20.52
Russell 2000®	16.35	38.82	4.89	-4.41	21.31	14.65	-11.01	25.52	19.96	14.82
Russell 2500®	17.88	36.80	7.07	-2.90	17.59	16.81	-10.00	27.77	19.99	18.18

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.

Characteristics

Median Market Cap ($Mil)	$4.3
EPS Growth Rate (3-5 year)	18.2%
P/E (trailing 12 months)	18.4x
P/E (forward 12 months)	16.6x

5-Yr Risk Measure (%)

Class Y vs. Russell 2000® Index

Standard Deviation	20.49
Downside Capture	92.21
Upside Capture	95.14

Experienced Management

Faraz Farzam, CFA
Portfolio Manager
Industry since 1999

Aaron Garcia, CFA
Portfolio Manager
Industry since 2002

Fund Features

- Seeks long-term capital appreciation
- Generally 50-90 holdings
- Seeks to purchase companies at a perceived discount compared to potential future earnings

Class	Ticker	Inception Date	Exp. Ratio
A	MASMX	8/31/19	1.35%
Y	BVAOX	12/16/96	1.10%
I	MSCIX	2/26/21	1.00%
R6	MSCRX	2/28/22	0.92%

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 (see Note 2) 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 shares do not impose an up-front sales charge or a contingent deferred sales charge ("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. The performance shown for the Small Cap Fund (the "Fund") for periods prior to August 31, 2019, for the Class Y shares are based on the performance of the Broadview Opportunity Fund (the "Predecessor Fund") which was the accounting survivor and reorganized into the Class Y shares of the Fund after market close on August 30, 2019 (the "Reorganization"). Periods prior to November 29, 2013 represents the performance of the FMI Focus Fund (the 'FMI Fund') which merged with and into the Predecessor Fund on November 29, 2013. Prior to November 29, 2013, the Adviser of the Predecessor Fund served as sub-adviser to the FMI Fund.

Performance results prior to August 30, 2019 for the Class Y shares are based on the performance of the Predecessor Fund, which was reorganized into the Class Y shares of the Fund on August 30, 2019. Performance for Class A shares was deemed to be new effective August 31, 2019 as a result of the reorganization. Madison waived 0.04% of the Fund's annual services fee from August 31, 2019 through February 27, 2021. Investment returns reflect this fee waiver, without which returns would have been lower.

Madison lists the performance of the Predecessor Fund and accounting survivor of the Reorganization for the following reasons:

- Continuity of Fund portfolio managers through the Reorganization;
- Substantially the same investment objective and investment strategies between the Fund and the Predecessor Fund;
- Substantially similar investment policies between the Fund and the Predecessor Fund;
- A similar expense ratio (excluding acquired fund fees and expenses).

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Total Net Assets

$243.3 Million

Total Number of Holdings

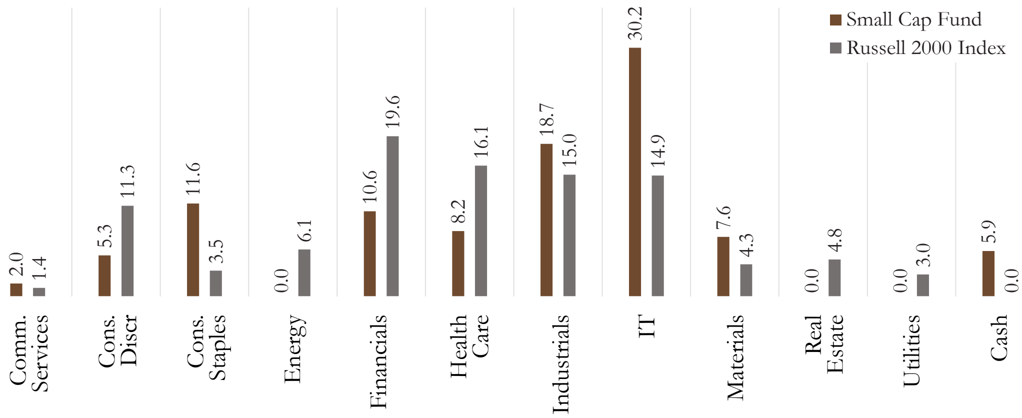
59

Portfolio Turnover

44%

Sector Diversification (%)

Figures are rounded to the nearest 0.1%.



Top Ten Holdings (%)

WILLSCOT MOBILE MINI HOLDING	4.2
HAIN CELESTIAL GROUP INC	3.3
ENCOMPASS HEALTH CORP	3.0
ENTEGRIS INC	2.6
BOX INC CLASS A	2.6
HUNTSMAN CORP	2.5
COMMVAULT SYSTEMS INC	2.3
PTC INC	2.0
NATIONAL INSTRUMENTS CORP	2.0
GOGO INC	2.0

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Standard Deviation: a statistical measurement of dispersion about an average, which, for a portfolio, depicts how widely the returns varied over a certain period of time. Investors may use the standard deviation of historical performance to understand the range of returns for a portfolio. When a portfolio has a higher standard deviation than its benchmark, it implies higher relative volatility. Standard deviation has been calculated using the trailing monthly total returns for the appropriate time period. The standard deviation values are annualized. Downside Capture Ratio measures a fund's performance in down markets relative to its benchmark. It is calculated by taking the security's downside capture return and dividing it by the benchmark's downside capture return over the time period. Upside Capture Ratio measures a fund's performance in up markets relative to its benchmark. It is calculated by taking the security's upside capture return and dividing it by the benchmark's upside capture return over the time period. Market Cap measures the size of the companies in which the fund invests. Market capitalization is calculated by multiplying the number of a company's shares outstanding by its price per share. Growth Rate (3-5 year) is the annual rate at which a company's earnings are expected to grow. 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.

An investment in the fund is subject to risk and there can be no assurance that 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, small cap price volatility risk, small cap illiquidity risk, value investing risk, ETF risk, capital gain realization risks to taxpaying shareholders, and foreign security and emerging market risk. Investing in small, mid-size or emerging growth companies involves greater risks not associated with investing in more established companies, such as business risk, significant stock price fluctuations and illiquidity. More detailed information regarding these risks can be found in the fund's prospectus.

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