MADISON SUSTAINABLE EQUITY FUND

1Q 2024 Investment Strategy Letter

Tickers: MFSYX | MFSIX

Maya Bittar, CFA
Portfolio Manager/Analyst
Industry since 1986

Dave Geisler
Portfolio Manager/Analyst
Industry since 2004

MARKET ENVIRONMENT AND PERFORMANCE

Equity markets had a solid start to the year, with the S&P 500 up 10.6%. The Madison Sustainable Equity Fund lagged the S&P 500 for the first quarter. Although growth stocks continued to lead the market, we did see broader participation in the first quarter rally. Equity markets were encouraged by solid economic growth and the expectation that the Federal Reserve (Fed) would begin to lower interest rates later this year. We have seen a modest tick up in GDP growth with a stronger 4Q than expected and GDP growth trending higher for 2024. As we exited the quarter, however, sticky inflation began to put into question the timing and number of rate cuts for 2024. Bond yields have moved up again after the downward shift in the fourth quarter, which was anticipated as we felt it had gone a bit too far, but has not yet had an impact on equity markets or valuations. The job market has remained resilient as has the U.S. consumer.

MORE SPECIFIC PERFORMANCE ATTRIBUTION & ACTIVITY

Communications Services, Energy, Technology, Financials and Industrials all posted double digit returns. Real Estate was the only sector with a negative return during the quarter. Sustainable Equity performance lagged the S&P 500 during the quarter. Both Sector Allocation and Stock Selection were negative contributors in the quarter. Underweights to Real Estate and Consumer Discretionary contributed to relative portfomance, along with an overweight to Financials. Our underweight to Communication Services and Energy detracted from performance, as did our overweights to Consumer Staples and Healthcare. Stock selection was positive in Consumer Staples, Healthcare, and Materials, but offset by stock selection in Technology, Communications Services, and Consumer Discretionary.

The top contributors in the quarter were Eli Lilly, Apple, Target Corporation, Progressive, and Oracle Corporation. Nike Inc., UnitedHealth Group, Amazon, Nestle and Becton Dickinson were the largest detractors.

Eli Lilly continues to move higher as GLP-1 therapies are in strong demand and availability remains limited as capacity increases will be skewed towards year-end. Zepbound for Obesity was approved in the fourth quarter of 2023 and has seen very strong initial demand, but again is limited by capacity constraints. Our underweight to **Apple** was a positive contributor as Apple was down during the first quarter. **Target** has performed well following better than expected earnings driven by improving margins and slightly better comparable store sales. **Progressive** has also remained strong with a solid insurance market with strong operating margins driven by lower losses in personal auto and property. **Oracle** reported a solid fiscal third quarter with strong cloud and infrastructure demand.

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.

Nike's third quarter report was better than Street expectations, however, management commentary and strategy changes disappointed investors as a return to positive sales growth gets pushed out to 2025. Although **UnitedHealth** Group fundamentals have been in line with expectations and earnings per share growth continues in the mid-teens, other headwinds have created stock weakness, including a DOJ investigation and a disappointing final rate for Medicare Advantage plan providers. Our underweight to **Amazon** was also a detractor. We initiated a position as we believe that profitability in its retail business has reached an inflection point. They should also be generating more free cash flow as a large investment program is winding down which should continue to drive the stock higher. We are looking to add to our position at a more attractive price point. **Nestle** has been weak due to mixed results. Fourth quarter showed little growth and 2024 is now expected to be back-end loaded. Longer-term, we continue to like Nestle's category exposure and growth profile. **Becton Dickinson** was also a negative contributor. We eliminated the position during the quarter as we have lost confidence in their ability to return to mid-single digit revenue growth and double-digit earnings growth.

In addition to our purchase of Amazon and our sale of Becton Dickinson, we also sold Cisco Systems. Cisco's product portfolio is expected to generate low single digit growth, we are looking for companies with more interesting growth opportunities.

SUSTAINABLE NOTES

- During its recent Investor Day, UPS announced that it has reduced its greenhouse gas emissions by 14% since 2021 and it continues to make progress towards its 2025 and 2035 sustainability goals.
- During its March Copilot event focused on hardware devices, Microsoft reiterated its long-term goals of being carbon negative, water positive, and achieving zero waste by 2030. Its new Surface devices have more recycled materials in them, which provides waste reduction benefits.
- Agilent was recognized as a Top 5 in this year's annual Barron's 100 Most Sustainable Companies list. Agilent has been in the Dow Jones Sustainability Index for nine years in a row.
- During this year's CAGNY presentation, Pepsi reiterated making sustainability a centerpiece of its strategy. This includes working with its suppliers on regenerative and sustainable farming practices, reducing total water usage, eliminating emissions in its supply chain, and moving the portfolio to positive choices.
- Linde reiterated its target to invest $3 billion in retrofitting and repurposing existing assets with carbon capture facilities to capture CO2. This effort will help its customers reach their decarbonization targets.
- During its fiscal first quarter earnings call, Apple discussed recent progress on its environmental work. Although not quantified, a key effort has been to help its production partner bring more clean energy online for production of Apple products. Management also stated that it is using more recycled materials than ever before and more energy efficient transportation. It also reiterated its target of becoming 100% carbon neutral across all of its products by 2030.
- Microsoft, Google, and Nucor announced that they will work together to aggregate their demand for advanced clean electricity technologies including advanced nuclear, next-gen geothermal, clean hydrogen, and long-duration energy storage.

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OUR OUTLOOK AND POSITIONING

The markets started the year on a strong note, buoyed by solid economic growth, a resilient job market and a consumer that continues to spend. Interest rates have bounced after the shift lower during the fourth quarter. Following solid economic growth during the third and fourth quarters, the first quarter and full year expected GDP growth have moved modestly higher. We have been surprised by the resilience of the consumer despite declining savings and higher credit card balances.

With the changes in expected growth, the markets are now expecting less than three interest rate cuts this year. Recent data has shown that inflation is a bit sticky in a few categories, particularly services. We expect the next several inflation data points will be the key determinants of the timing and magnitude of rate cuts. With a stable U.S. economy and low unemployment, we believe the Fed has flexibility on when it begins to lower interest rates.

We are approaching stock selection cautiously as valuations are above historical averages. Earnings estimates have remained in the range of 12% growth for 2024 and 2025 while the market has moved higher, driving the forward earnings multiple to 21x. We continue to invest in high quality companies with strong growth prospects that are integrating sustainability into their operations and strategies. We will use volatility to add to companies in our portfolio that have become more attractively valued.

Maya Bittar *Dave Geisler*

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Madison's criteria for selecting sustainable investments will vary by industry and company. Madison uses a proprietary scoring system to assign an "above average," "average," or "below average" rating to each company, and monitors these ratings across the portfolio. Madison will only invest in securities it determines are "average" or "above average."

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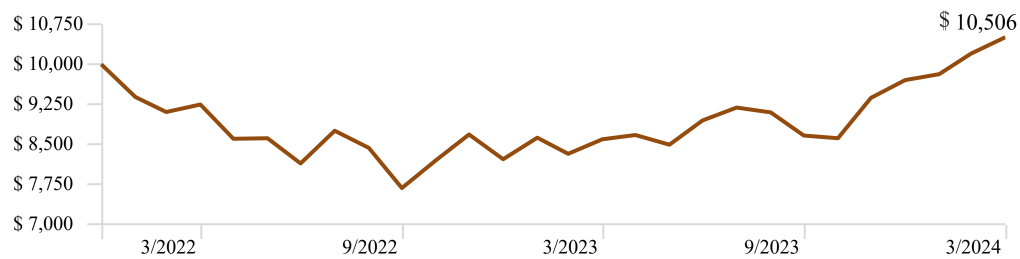
MADISON SUSTAINABLE EQUITY FUND

March 31, 2024

Growth of $10,000 Class Y Shares, Since Inception[1]



Average Annual Total Returns[2] (%)

	Three Months	YTD	1 Yr	3 Yr	5 Yr	10 yr	Since Inception
Class I	8.25	8.25	22.28	-	-	-	2.31
Class Y	8.25	8.25	22.16	-	-	-	2.22
S&P 500® Index	10.56	10.56	29.88	11.49	15.05	12.96	-

Calendar Year Returns[2] (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class I	-	-	-	-	-	-	-	-	-17.63	18.06
Class Y	-	-	-	-	-	-	-	-	-17.72	17.95
S&P 500® Index	13.69	1.38	11.96	21.83	-4.38	31.49	18.40	28.71	-18.11	26.29

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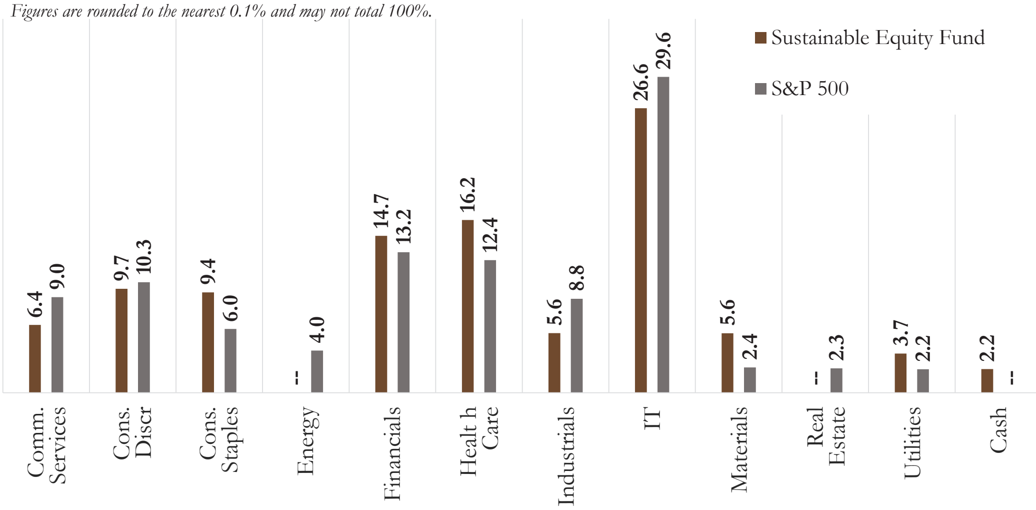
Sector Allocation (%)

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



Experienced Management

Maya Bittar, CFA
Portfolio Manager
Industry since 1986

Dave Geisler
Portfolio Manager
Industry since 2004

Fund Features

- Fund seeks high quality, durable growth companies that incorporate sustainability into their operations and strategy.
- High conviction; 40-70 holdings
- Clear and repeatable investment process

Class	Ticker	Inception Date	Exp. Ratio
Y	MFSYX	12/31/2021	0.91%
I	MFSIX	12/31/2021	0.81%

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

Characteristics

Total Number of holdings	34
Active Share	72.2%
% Assets in Top 10 stocks	47.6%
Wtd. Avg. Market Cap (billions)	$750.0
Total Net Assets (millions)	$10.0

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 (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 Y shares do not impose an up-front sales charge or a CDSC.

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Complete Stock Holdings (%)

MICROSOFT CORP	8.6	QUALCOMM INC	2.5
ELI LILLY + CO	6.7	HOME DEPOT INC	2.5
ALPHABET INC CL C	6.3	TEXAS INSTRUMENTS INC	2.4
COSTCO WHOLESALE CORP	4.5	ECOLAB INC	2.3
VISA INC CLASS A SHARES	4.1	AGILENT TECHNOLOGIES INC	2.2
APPLE INC	3.7	TE CONNECTIVITY LTD	2.1
NEXTERA ENERGY INC	3.7	ACCENTURE PLC CL A	2.1
UNITEDHEALTH GROUP INC	3.5	ANALOG DEVICES INC	2.0
LINDE PLC	3.2	AMAZON.COM INC	2.0
JPMORGAN CHASE + CO	3.2	NIKE INC CL B	1.9
ORACLE CORP	3.1	BLACKROCK INC	1.9
JACOBS SOLUTIONS INC	3.0	UNION PACIFIC CORP	1.4
TARGET CORP	2.9	UNITED PARCEL SERVICE CL B	1.2
DANAHER CORP	2.9	NESTLE SA SPONS ADR	1.1
PROGRESSIVE CORP	2.9	MCDONALD S CORP	0.8
TJX COMPANIES INC	2.6	VERTEX PHARMACEUTICALS	0.8
US BANCORP	2.5	PEPSICO INC	0.7

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There can be no assurance the Fund will achieve its investment objective. The Fund may invest in large cap, mid cap, foreign or emerging market equities which are subject to market volatility. Equity risk is the risk that securities held by the Fund will fluctuate in value due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities held by the portfolio participate, and the particular circumstances and performance of particular companies whose securities the portfolio holds. In addition, while broad market measures of common stocks have historically generated higher average returns than fixed income securities, common stocks have also experienced significantly more volatility in those returns.

The Fund follows a sustainable investment approach by investing in companies that embed sustainability in their overall strategy and demonstrate adherence to sustainable business practices. In pursuing such a strategy, the Fund may forgo opportunities to gain exposure to certain companies, industries or sectors, and may be overweight or underweight in certain industries or sectors relative to its benchmark index, which may cause the Fund's performance to be more or less sensitive to developments affecting those sectors. In addition, since sustainable investing takes into consideration factors beyond traditional financial analysis, the investment opportunities for the Fund may be limited at times. Sustainability related information provided by issuers and third parties, upon which the portfolio managers may rely, continues to develop, and may be incomplete, inaccurate, use different methodologies, or be applied differently across companies and industries. Madison's framework of sustainable investing will vary from other managers. Further, the regulatory landscape for sustainable investing in the United States is still developing and future rules and regulations may require the Fund to modify or alter its investment process. Similarly, government policies incentivizing companies to engage in sustainable practices may fall out of favor, which could potentially limit the Fund's investment universe. There is also a risk that the companies identified through the investment process may fail to adhere to sustainable business practices, which may result in the Fund selling a security when it might otherwise be disadvantageous to do so.