

Madison Mid Cap Fund

Investment Strategy Letter | March 31, 2025



The Madison Mid Cap Fund (class I) decreased 4.15% in the first quarter of 2025, compared to the 3.40% decrease in the Russell Midcap Index.

Portfolio Performance

The top five contributors for the quarter were Brown & Brown, W.R. Berkley, Arch Capital, Liberty Broadband, and Teledyne Technologies. Given negative market returns during the quarter, it is no surprise to see three insurance companies top our list of contributors. Industry fundamentals remain sound, but investors no doubt also found favor with their defensive demand profiles and limited tariff exposure. Brown & Brown continues to benefit from strong organic growth and margin expansion. Premium growth at both Arch Capital and W.R. Berkley has slowed from the high levels of the last couple of years, but remains solid. Both insurers also benefited from better-than-expected reserve development, bucking industry trends.

Liberty Broadband shares gained from better results at Charter, as core subscriber and profitability metrics appear to be stabilizing. Teledyne outperformed as organic growth outpaced industrial peers and management provided a solid growth outlook.

The bottom five detractors for the quarter were Ross Stores, Gartner, MKS Instruments, Arista Networks, and Thor Industries. Ross Stores lagged largely on macroeconomic concerns. While sales and profits from their most recent quarter were good, investors are worried about a slowdown in discretionary spending among Ross' customer base. While this is certainly possible, we believe that Ross' flexible business model and strong value proposition position the company well for whatever economic climate develops. Gartner underperformed as concerns arose regarding possible subscription cancellations from the US Federal government as a result of broad cost cutting measures. While some lost business does seem likely, Gartner's overall exposure here is limited and this headwind appears manageable.

MKS Instruments continues to suffer from very weak end market demand for its instruments and systems, primarily sold to semiconductor manufacturers, but also to electronics and industrial manufacturers. Arista Networks shares got caught up in the technology sell-off during the quarter as growing fears around the size of AI-related capex soured investor sentiment. Finally, Thor Industries underperformed as RV demand continues to be stymied by affordability challenges.

Portfolio Activity

We added two new investments in the quarter, Kinsale Capital Group and Trex. Kinsale is a fast-growing excess and surplus (E&S) insurance company. The company is managed by its founder and is run as a true owner-operator. Kinsale's proprietary technology systems produce tremendous efficiencies and give the company a low-cost advantage. The company's strong entrepreneurial culture and insistence on doing things in-house and their own way (as opposed to industry convention) results in superior underwriting performance. With only ~1-2% market share within the E&S industry today, the growth runway is long. The stock had underperformed due to a combination of slowing premium growth and concerns over the insurance industry pricing cycle, resulting in a reasonable valuation given the quality of the business and potential for long-term compounding.

Trex is the world's largest manufacturer of composite decking and railing. Historically, decking was made mostly of wood materials, but decking made from composite materials have steadily taken market share over the past two decades due to its superior durability and lower maintenance needs. Trex is by far the dominant brand in composites, and its scale has allowed it to build significant cost and distribution advantages. The company should benefit from the ongoing conversion of wood decks, as only around a quarter of decks today are composite. The management team is seasoned and well-regarded, and the company has a clean balance sheet, high returns on capital, and good free cash flow generation. The stock has traded down recently as the housing market remains stubbornly weak.

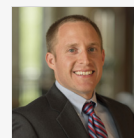
Tickers

Class R6: MRCRX	Class I: MDCIX
Class Y: GTSGX	Class A: MERAX

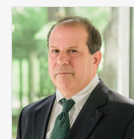
Portfolio Management



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Industry since 1994



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Industry since 2004



Rich Eisinger
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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.



We sold one holding during the quarter, Armstrong World Industries. Armstrong is the leading manufacturer of ceiling products, including a dominant position in ceiling tiles. We purchased the stock in the throes of the Covid pandemic, when the stock became cheap given its exposure to the office real estate market. It derives the majority of its revenue from replacement and renovation demand, rather than new construction, and thus, the company has done well despite the continuation of a weak office building market. Both its profits and its share price have risen strongly since our investment, and the resulting increase in valuation is more reflective of its good prospects.

We added to two stocks during the quarter. Carlisle shares were weak given concerns over residential and non-residential real estate demand given interest rates and economic uncertainty. However, valuation looks compelling given the solid long-term outlook for demand and earnings. We also added to MKS Instruments. End market demand remains difficult, as described above, but there are some green shoots forming. Perhaps more importantly, MKS' competitive positioning remains very strong and its earnings power once the semiconductor industry rebounds is quite appealing.

Finally, we trimmed Arista Networks during the quarter given heightened valuation.

Respectfully,

Haruki Toyama

Andy Romanowich

Rich Eisinger

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Madison Mid Cap Fund

Fact Sheet | March 31, 2025



Why Madison Mid Cap Fund?

High-quality, concentrated portfolio of 25-40 stocks

Focused on risk management and downside protection

Long-tenured management

Average Annual Total Returns¹ (%)

	3-Months	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Class R6	-4.15	-4.15	-3.47	8.20	16.12	10.40	11.72
Class I	-4.15	-4.15	-3.53	8.14	--	--	11.64
Class Y	-4.16	-4.16	-3.57	8.04	15.92	10.17	10.29
Class A without sales charge	-4.26	-4.26	-3.98	7.56	15.41	9.71	10.75
Class A with sales charge	-9.78	-9.78	-9.53	5.46	14.05	9.07	10.21
Russell Midcap	-3.40	-3.40	2.59	4.62	16.28	8.82	--

Calendar Year Returns¹ (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class Y	0.87	12.06	15.63	-1.91	33.52	9.45	26.32	-13.60	26.50	10.30
Russell Midcap	-2.44	13.80	18.52	-9.06	30.54	17.10	22.58	-17.32	17.23	15.34

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Sector Allocation (%)

	Madison	Index
Comm Services	2.86	2.58
Cons Discr	16.46	10.73
Cons Staples	4.62	5.14
Energy	--	5.45
Financials	25.50	17.31
Health Care	5.99	8.92
Industrials	18.04	15.61
Info Tech	21.46	14.69
Materials	--	5.28
Real Estate	--	7.59
Utilities	--	6.68
Cash	5.07	--

5-Year Risk Metrics (%) - Class Y

	Madison	Index
Standard Deviation	17.55	19.19
Up Capture	92.64	100.00
Down Capture	89.12	100.00
Beta	0.87	1.00

10-Year Risk Metrics (%) - Class Y

	Madison	Index
Standard Deviation	15.98	17.70
Up Capture	92.97	100.00
Down Capture	83.86	100.00
Beta	0.87	1.00

Investment Objective

The Madison Mid Cap Fund seeks long-term capital appreciation.

Class	Ticker	Inception	Exp. Ratio
R6	MMCRX	2/29/12	0.73%
I	MDCIX	8/31/20	0.81%
Y	GTSGX	7/21/83	0.95%
A	MERAX	4/19/13	1.40%

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

Fund Characteristics

Number of Holdings	33
Active Share (%)	96.3
% Assets in Top 10 Stocks	47.9
Annual Portfolio Turnover (%)	16
Wtd. Avg. Market Cap (\$ billions)	27.7
Net Assets (\$ millions)	2,096.3
Distribution Frequency	Annual

Portfolio Management

Haruki Toyama

Head of Mid & Large Cap Equity, Portfolio Manager
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Complete Stock Holdings (%)

Arch Capital Group Ltd	8.07	Dollar Tree Inc	3.02	Kinsale Capital Group Inc	1.96
Brown + Brown Inc	5.93	Liberty Broadband C	2.86	Liberty Media Corp Formula A	1.77
Gartner Inc	5.71	Waters Corp	2.82	Moelis + Co Class A	1.76
Ross Stores Inc	5.03	Teledyne Technologies Inc	2.74	Microchip Technology Inc	1.74
Copart Inc	4.54	Trex Company Inc	2.74	Brown Forman Corp Class B	1.60
Carlisle Cos Inc	4.19	Mks Instruments Inc	2.71	Expeditors Intl Wash Inc	1.59
Paccar Inc	3.95	Brookfield Asset Mgmt A	2.28	Liberty Media Corp Formula C	1.33
Amphenol Corp Cl A	3.94	Floor + Decor Holdings Inc A	2.14	Arista Networks Inc	1.25
CDW Corp/De	3.36	Thor Industries Inc	2.07	Cullen/Frost Bankers Inc	1.17
WR Berkley Corp	3.19	Lithia Motors Inc	2.07	Glacier Bancorp Inc	1.13
Labcorp Holdings Inc	3.17	Asbury Automotive Group	2.06	Graco Inc	1.03

Shareholder Services

Madison Funds

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1. 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.

The management fee is 0.75% on assets up to \$500 million, and reduced annually by 0.05% on assets exceeding \$500 million, and by another 0.05% on assets exceeding \$1 billion.

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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. Investments in midsize companies may entail greater risks than investments in larger, more established companies. Midsize companies tend to have narrower product lines, fewer financial resources, and a

more limited trading market for their securities, as compared to larger companies. They may also experience greater price volatility than securities of larger capitalization companies because growth prospects for these companies may be less certain and the market for such securities may be smaller. Some midsize companies may not have established financial histories; may have limited product lines, markets, or financial resources; may depend on a few key personnel for management; and may be susceptible to losses and risks of bankruptcy. More detailed information regarding these risks can be found in the Fund’s prospectus.

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

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.

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Active Share: the percentage of a portfolio that differs from its benchmark index. It 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. The range represents the typical turnover of the portfolio.

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.

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.

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.

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.

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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