

Madison Diversified Income Fund

Investment Strategy Letter

Diversified Income Summary

Diversified Income provides investors with a combination of dividend-paying stocks and high-quality bonds. This asset mix which averages 70% equity and 30% bonds is designed to produce regular income while allowing for capital appreciation with less overall risk than a pure stock investment.

Performance Review

Madison Diversified Income (Class A at NAV) returned 3.72% in the final quarter of 2019, for an annual return of 19.28%. For the fourth quarter, the underlying equity portion of Madison Diversified Income Fund did not keep up with the S&P 500's robust return of 9.07%. Sector allocation and stock selection both detracted from performance. For sector allocation, an underweight position in technology stocks and an overweight position in the Industrials Sector negatively impacted results. In terms of stock selection, there were overall positive contributions from Industrials, Utilities and Materials, which were more than offset by weakness in Technology, Consumer Discretionary, Communication Services, Consumer Staples and Energy. Some of the best performing individual stocks were in Health Care, including pharmaceutical manufacturer Bristol-Myers Squibb (BMY) which was the best performing stock in the portfolio. It closed its acquisition of Celgene in the quarter, which we expect will accelerate its earnings growth in 2020 and beyond. Biotechnology firm Amgen (AMGN) also contributed nicely to performance. The company has a promising drug pipeline which we believe will drive solid long-term earnings growth.

Other notable outperforming stocks were in the Financial Sector including global banks Bank of America (BAC) and J.P. Morgan (JPM). Both banks benefited from higher interest rates in the quarter and a positively sloping yield curve. We wrote about BAC last quarter, and believe each bank is well managed and attractively valued. Within Industrials, mining and construction equipment maker Caterpillar (CAT) was another stock that outperformed the market. On the negative side, there were several stocks that had performed well in prior quarters that lagged the market this quarter. In Consumer Discretionary, global coffee chain Starbucks (SBUX) was the worst performing stock in the portfolio, while global fast food restaurant McDonald's (MCD) and home improvement retailer Home Depot (HD) also underperformed. The Fund sold Starbucks after a period of strong performance. Despite the short-term setbacks with McDonald's and Home Depot, we believe each company is well managed and that our theses remain on track. Within Financials, property and casualty insurer Travelers Companies (TRV) negatively impacted results. While the company reported a disappointing quarter with elevated claims and some margin pressure, it remains a market share leader that should benefit

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 summary 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.



John Brown, CFA
Portfolio Manager
Industry since 1983



Paul Lefurgey, CFA
Co-head of Fixed Income
Industry since 1988



Chris Nisbet, CFA
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Drew Justman, CFA
Portfolio Manager
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from improving commercial pricing. In Consumer Staples, another notable underperforming stock was chocolate snack maker Hershey (HSY). The Fund continues to hold all stocks mentioned above with the exception of Starbucks.

During the fourth quarter, the fixed portion of the Madison Diversified Income Fund discounting fund fees outperformed slightly versus the Bloomberg Barclay's U.S. Aggregate Index. For the trailing 12 months, the fixed portion of the Madison Diversified income Fund outperformed the Bloomberg Barclay's U.S. Aggregate Index's return of 8.73%. The Fund's overweight to longer maturity Treasuries helped performance while the Fund's allocation to securitized products was a detractor to performance given the relative underperformance versus corporate bonds. The sharp move down in interest rates increased prepayment risks and widened spreads on mortgage backed securities (MBS).

The Fund ended the years positioned slightly below benchmark duration and maintaining its overweight to corporate bonds. However, the Fund continues to execute swaps selling credit holdings and moving the proceeds into higher quality Treasury and securitized holdings. We view this as actively raising the overall Fund quality and expect to execute more transactions in the months ahead.

John Brown

Paul Lefurgey

Chris Nisbet

Drew Justman

Following the Participate and Protect® investment philosophy, Madison's goal is to build portfolios so that investors will participate in favorable markets and be protected during market declines compared with investors in portfolios holding more speculative and volatile securities. There is no assurance that this goal will be realized.

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The S&P 500® is an unmanaged index of large companies, and is widely regarded as a standard for measuring large-cap and mid-cap U.S. stock-market performance. Results assume the reinvestment of all capital gain and dividend distributions. An investment cannot be made directly into an index.

The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage backed securities, asset-backed securities and corporate securities, with maturities greater than one year.

Bonds are subject to certain risks including interest-rate risk, credit risk and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds.

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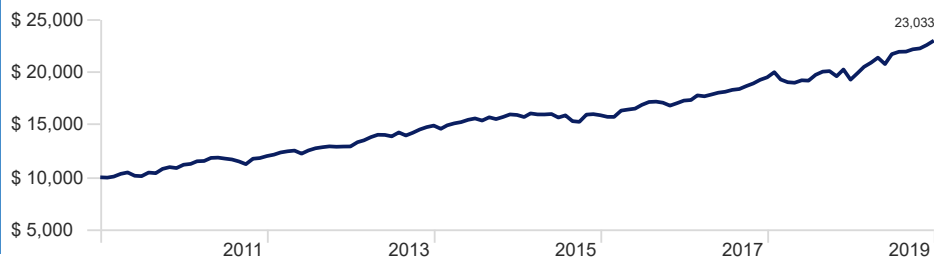
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Madison Diversified Income Fund



The Value of Long-Term Investing

Growth of \$10,000¹
Class A Shares, Trailing 10-yrs



Average Annual Total Returns² (%)

	Three Months	YTD	1 Yr	3 Yr	5 Yr	10 yr	Since Inception
Class A without sales charge	3.72	19.28	19.28	9.98	7.63	8.70	6.15
Class A with sales charge	-2.26	12.41	12.41	7.83	6.36	8.06	5.87
Class B without sales charge	3.50	18.39	18.39	9.17	6.83	8.05	5.87
Class B with sales charge	-0.92	13.89	13.89	8.18	6.52	8.05	5.87
Class C without sales charge	3.51	18.32	18.32	9.17	6.83	-	7.46
Class C with sales charge	2.52	17.32	17.32	9.17	6.83	-	7.46
Custom Blended Index (50% Fixed / 50% Equity)	4.53	20.03	20.03	9.80	7.55	8.82	-
ICE BofAML Corp/Govt & Mtg. Index	0.11	8.96	8.96	4.14	3.11	3.80	-
S&P 500@ Index	9.07	31.49	31.49	15.27	11.70	13.56	-

Calendar Year Returns² (%)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Class A	12.01	7.37	7.61	15.39	6.78	-0.16	8.75	12.83	-1.16	19.28
Custom Index	11.24	5.30	10.24	13.90	10.05	1.23	7.36	12.42	-1.90	20.03

Risk Measures (10-year)

Class A vs. Custom Blended Index

Standard Deviation	6.06%
Downside Capture	98.20%
Upside Capture	98.50%

Distribution History Class A - Per Share

Year	Total	Yr-End Nav
2019	\$1.08	\$16.07
2018	\$1.53	\$14.39
2017	\$0.51	\$16.13
2016	\$0.79	\$14.76
2015	\$0.59	\$14.31
2014	\$0.24	\$14.92

Experienced Management



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Fund Features

- Fund seeks high total return by combining income and capital appreciation
- Focus on dividend paying stocks at attractive prices
- Active management of credit risk, sector allocation and yield curve position
- Target: 60% stocks and 40% bonds

Class	Ticker	Inception Date	Exp. Ratio ³
A	MBLAX	12/29/97	1.10%
B	MBLNX	12/29/97	1.85%
C	MBLCX	7/31/12	1.85%

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

Distribution Frequency

Monthly

¹ Growth of \$10,000 for the years indicated 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 C shares do not have an up-front sales charge, however, C shares are subject to a 1% CDSC on shares redeemed within 12 months of purchase.

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.

Custom Blended Index consists of 50% Bank of America Merrill Lynch U.S. Corp. Govt. & Mtg. Index and 50% S&P 500® Index. ICE Bank of America Merrill Lynch U.S. Corporate, Government & Mortgage Index, "ICE BofAML Corp/Govt & Mtg." is a broad-based measure of the total rate of return performance of the U.S. investment-grade bond markets. Index The S&P 500® Index is a large-cap market index which measures the performance of a representative sample of 500 leading companies in leading industries in the U.S.

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Equity Characteristics

TTM P/E	20.1x
P/B	3.3x
ROE	25.1%
Active Share	77.8%
Wtd. Avg. Market Cap (Billions)	\$176.6

Fixed Characteristics (years)

Effective Duration	5.80
Avg. Maturity	7.92

Yields Class A

30-day SEC Yield	1.37%
Yield to Maturity	2.55%

Other available share classes have yields that may be higher or lower than the class presented.

Total Net Assets

\$170.4 Million

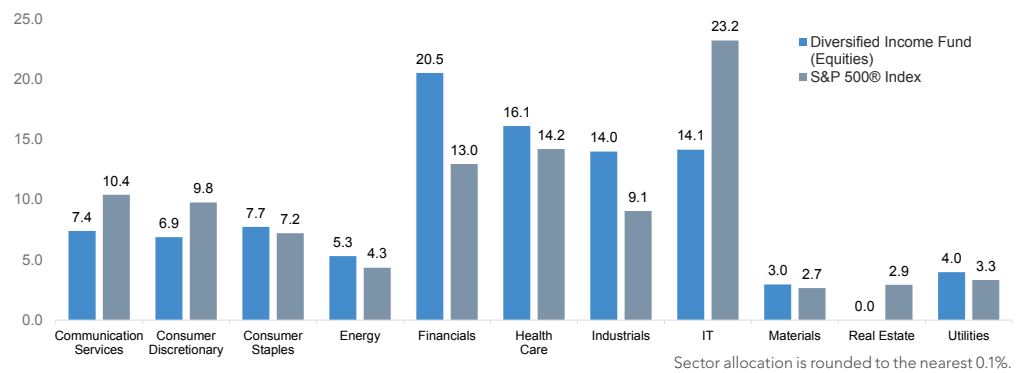
Portfolio Turnover

34%

Total Number of Holdings

235

Sector Allocation (%)



Top Ten Holdings (%)

JPMORGAN CHASE + CO	2.8
COMCAST CORP CLASS A	2.7
BLACKROCK INC	2.6
VERIZON COMMUNICATIONS INC	2.5
CATERPILLAR INC	2.4
US BANCORP	2.3
MEDTRONIC PLC	2.1
LINDE PLC	2.1
BANK OF AMERICA CORP	2.0
MCDONALD S CORP	2.0

Portfolio Mix (%)

Stocks	66.3
U.S. Treasuries	8.7
Corporate Bonds	9.3
Mortgage Backed Securities	9.0
Cash & Short Term Securities	1.4
Asset Backed Securities	4.5
Municipal Bonds	0.8



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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. **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. **Effective Duration** provides a measure of a fund's interest-rate sensitivity. The longer a fund's duration, the more sensitive the fund is to shifts in interest rates. **Average Maturity** is computed by weighting the maturity of each security in the portfolio by the market value of the security, then averaging these weighted figures. **SEC 30-day Yield** represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. It is calculated based on the standardized formula set forth by the SEC. It is designed to standardize the yield calculation so that all mutual fund companies with the same or similar portfolios use a uniform method to obtain yield figures. **Yield to maturity** measures the annual return an investor would receive if they held a particular bond until maturity as of the end of a report period. In order to make comparisons between instruments with different payment frequencies, a standard yield calculation basis is assumed. This yield is calculated assuming semiannual compounding. **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 10/31/2019. **Wtd. Avg. 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.

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, interest rate risk, credit risk, non-investment grade security risk, option risk, capital gain realization risks to taxpaying shareholders, and foreign security and emerging market risk.

Mutual funds that invest in bonds are subject to certain risks including interest rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. More detailed information regarding these risks can be found in the fund's prospectus.

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