

MADISON DIVIDEND INCOME FUND

2Q 2022 Investment Strategy Letter

Tickers: BHBFX | MDMIX | MADAX | MADRX

For the second quarter, the Madison Dividend Income Fund (Class Y) declined -10.1%, which outperformed the S&P 500 and Russell 1000 Value Index declines of -16.1% and -12.2% respectively, and was in-line with the Lipper Equity Income peer group return of -10.1%.

For the first half of the year, the Fund declined -9.9%, which outperformed the S&P 500, Russell 1000 Value Index and Lipper Equity Income peer group returns of -20.0%, -12.9% and -10.8% respectively. To view performance across the 1, 3, 5, and 10-year time periods, see the fact sheet on page 5.

The Dividend Income fund is a conservatively managed equity strategy that owns a high-quality portfolio of above-average dividend yield stocks with strong balance sheets and sustainable competitive advantages (wide moats). We believe that owning high-quality stocks with above-average dividend yields is the best way to provide income and generate attractive long-term returns over a full market cycle while limiting drawdowns in bear markets and market corrections.

In our view, the key to compounding attractive long-term returns is to avoid large drawdowns. As shown in the table below, the larger the drawdown, the higher the return required to get back to even. For Dividend Income, it will require an +11% return to get back to even, which is a lower required return than the +12.2%, +14.8% and +25% returns required to get back to even for the Lipper Equity Income peer group, the Russell 1000 Value Index, and the S&P 500 Index, respectively.



John Brown, CFA
Portfolio Manager/Analyst
Industry since 1983



Drew Justman, CFA
Portfolio Manager/Analyst
Industry since 2000

Exhibit 1: First Half of 2022 Returns and Break Even Returns

	First half of 2022 return	Return required to break even
Madison Dividend Income (Class Y)	-9.9%	11.0%
Lipper Equity Income peer group	-10.8%	12.2%
Russell 1000 Value Index	-12.9%	14.8%
S&P 500 Index	-20.0%	25.0%

We expect the fund to outperform in falling markets, flat markets, and normally rising markets, and we expect the fund to underperform in rapidly rising or speculative markets. We believe the second quarter and first half can be characterized as falling market environments as all three benchmarks mentioned above generated negative returns for the periods.

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.

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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OUR APPROACH TO INVESTING – RELATIVE YIELD STRATEGY

The Madison Dividend Income Fund goal is to achieve long-term outperformance over a full market cycle while taking below average risk. To pursue this objective, we employ a relative yield strategy where we buy stocks that have a dividend yield at least 1.1x the S&P 500. Relative yield is defined as a stock's dividend yield divided by the market dividend yield. An attractive relative yield candidate is a stock with a relative yield near the high end of its historical range and a long dividend-paying history with a consistent record of dividend increases. Once we identify high relative yield stocks, we then analyze a company's business model, balance sheet and cash flow profile to assess its ability to continue paying dividends. We want to find stocks that have low valuations with potential for valuation multiple expansion, while avoiding stocks that may have high dividend yields but face secular challenges.

This quarter we are highlighting **Air Products (APD)** as a relative yield example in the Materials sector. APD is a leading global industrial gas supply company and is the largest supplier of hydrogen and helium in the world. It has a sustainable competitive advantage due to long-term customer relationships and contracts, high customer switching costs, and the mission-critical nature of its products. Industrial gases are a relatively small fraction of customers' overall costs but are crucial to ensure uninterrupted production.

Our thesis on APD is that it appears well-positioned for consistent double-digit growth due to a large multi-year capital allocation plan, and the need for accelerating capital expenditures by its customers. It has a \$25 billion backlog driven by traditional gas investments along with new growth opportunities like gasification, green hydrogen, and carbon capture. APD's gasification technologies help improve energy efficiency and independence, which is a key focus for its customers. The company also has a strong management team with a record of expanding margins and exemplary capital allocation.

The fund purchased APD in June 2022 at \$260. At the time of purchase, APD had a dividend yield of 2.6% and a relative dividend yield of 1.6x the S&P 500, which was near the high end of its historical range. The charts on the next page show the stock's long-term dividend yield and relative dividend yield. The company has an A-rated balance sheet by Standard & Poor's and is a Dividend Aristocrat that has raised its annual dividend 40 years in a row. Over the past five years, APD has increased its dividend by an average of 11.5% per year. We expect similar dividend increases in the future which would help grow income and protect against the impact of inflation.

Primary risks to our thesis include a global economic downturn that reduces APD backlog and project pipeline, lost market share and/or irrational industry pricing of projects, and long-term inflationary effects that erode margin.

John Brown, CFA®

Drew Justman, CFA®

2Q 2022 MADISON DIVIDEND INCOME FUND - INVESTMENT STRATEGY LETTER

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Dividend Yield and Relative Dividend Yield History for Apri Products (APD)



Source:FactSet

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Any performance data shown represents past performance. Past performance is no guarantee of future results.

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This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

The Dividend Aristocrats are S&P 500 index constituents. Qualifications for a stock to be a Dividend Aristocrat are 1) a stock must be a member of the S&P 500 and 2) a stock must have increased their dividend payment for at least the past 25 consecutive years.

Consider the investment objectives, risks, and charges and expenses of Madison Funds carefully before investing. Each fund’s prospectus contains this and other information about the fund. Call 800.877.6089 or visit madisonfunds.com to obtain a prospectus and read it carefully before investing.

Although the information in this report has been obtained from sources that the firm believes to be reliable, we do not guarantee its accuracy, and any such information may be incomplete or condensed. All opinions included in the report constitute the authors’ judgment as of the date of this report and are subject to change without notice.

Following our Participate and Protect® investment philosophy, our 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.

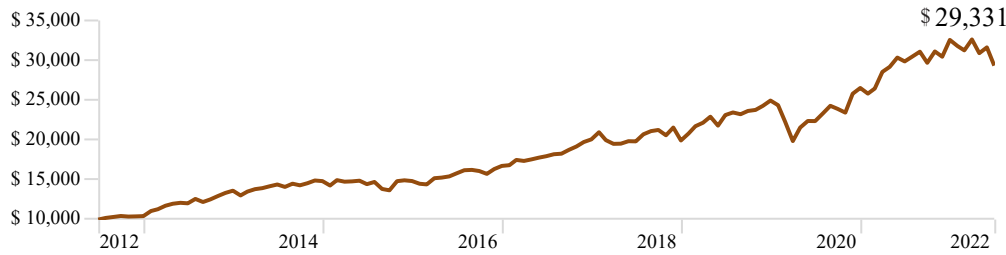
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MADISON DIVIDEND INCOME FUND

June 30, 2022

Growth of \$10,000 Class Y Shares, Trailing 10 Years¹



Average Annual Total Returns² (%)

	Three Months	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Class I	-10.04	-9.85	-1.66	-	-	-	10.98
Class R6	-10.02	-	-	-	-	-	-6.04
Class Y	-10.08	-9.93	-1.77	8.25	10.31	11.36	8.31
Class A without sales charge	-10.11	-9.99	-1.98	-	-	-	13.60
Class A with sales charge	-15.28	-15.15	-7.63	-	-	-	10.41
S&P 500® Index	-16.10	-19.96	-10.62	10.60	11.31	12.96	-
Russell 1000® Value Index ³	-12.21	-12.86	-6.82	6.87	7.17	10.50	-
Lipper Equity Income Funds Index	-10.07	-10.84	-3.02	8.16	8.41	10.33	-

Calendar Year Returns² (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Class Y	10.86	30.59	8.81	0.07	12.79	19.93	-0.70	25.16	6.34	22.76
S&P 500®	16.00	32.39	13.69	1.38	11.96	21.83	-4.38	31.49	18.40	28.71
Russell 1000® Value	17.51	32.53	13.45	-3.83	17.34	13.66	-8.27	26.54	2.80	25.16
Lipper	13.66	28.70	10.69	-2.96	14.30	16.43	-6.62	26.38	4.58	24.20

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5-Yr Risk Measures (%)

	Class Y vs. S&P 500	Class Y vs. R1000V	Class Y vs. Lipper
Standard Deviation	14.47 16.95	14.47 17.35	15.31 13.20
Down Capture	84.30 100.00	82.04 100.00	107.43 100.00
Up Capture	86.58 100.00	97.57 100.00	151.23 100.00
Beta	0.80 1.00	0.80 1.00	1.14 1.00

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.

³ Russell 1000® Value was added as a secondary comparison benchmark as of 6/1/2020.

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.

Prior to March 1, 2012, BHBFX was known as Madison Mosaic Equity Trust Balanced Fund. At that time, the fund changed investment policies. As a result, the manner in which the fund is currently being managed is not similar to the way in which it was previously managed. Therefore, the fund's historical performance data prior to March 1, 2012 may not be relevant to current (and future) investors.

Experienced Management



John Brown, CFA
Portfolio Manager
Industry since 1983



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Industry since 2000

Fund Features

- ▶ Fund seeks current income with an opportunity for capital appreciation
- ▶ High conviction of approx. 50 holdings
- ▶ Relative yield strategy; buy stocks trading at high end of historic dividend yield range
- ▶ Focus on risk management

Class	Ticker	Inception Date	Exp. Ratio
A	MADAX	5/29/20	1.16%
Y	BHBFX	12/18/86	0.91%
I	MDMIX	8/31/20	0.81%
R6	MADRX	2/28/22	0.73%

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

Distribution Frequency - Quarterly

Distribution History

Class Y, Per Share		
Year	Total	Yr-End Nav
2021	\$0.26	\$32.37
2020	\$0.45	\$29.48
2019	\$1.11	\$28.22
2018	\$2.99	\$23.46
2017	\$1.04	\$26.70

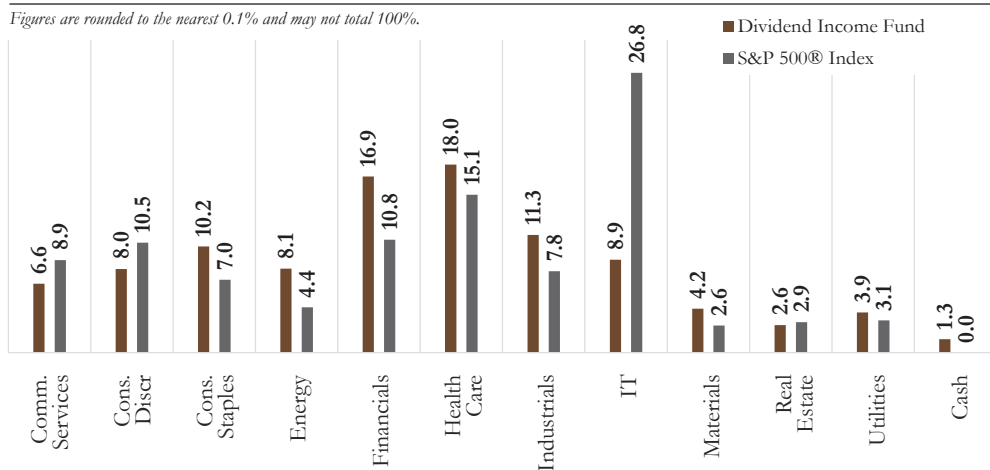


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Sector Allocation (%)

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



Top Ten Stock Holdings (%)

BRISTOL MYERS SQUIBB CO	4.6
JOHNSON + JOHNSON	4.4
DOMINION ENERGY INC	3.9
TRAVELERS COS INC/THE	3.8
MCDONALD S CORP	3.6
VERIZON COMMUNICATIONS INC	3.4
CVS HEALTH CORP	3.3
COMCAST CORP CLASS A	3.2
HOME DEPOT INC	3.2
CME GROUP INC	3.1

Characteristics

TTM P/E	17.1x
P/B	2.8x
ROE	23.8%
Active Share (vs S&P)	84.0%
Dividend Yield	2.8%
30-Day SEC Yield (Class Y)	1.8%
Wtd. Avg. Market Cap (billions)	\$139.9
Portfolio Turnover	31%
Number of Holdings	41
Total Net Assets (millions)	\$290.0

If fees had not been waived and/or expenses reimbursed, the SEC yields would have been lower.

This material is authorized for use only when preceded or accompanied by the current prospectus. Before investing, please fully consider the investment objectives, risks, charges and expenses of the fund. This and other important information is contained in the current prospectus, which you should carefully read before investing or sending money. For more complete information about Madison Funds® obtain a prospectus from your financial adviser, by calling 800.877.6089 or by visiting <https://www.madisonfunds.com/individual/prospectus-and-reports> to view or download a copy.

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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: 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. 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. 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. 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. 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. Dividend Yield: the portfolio's weighted average of the underlying fund holdings and not the yield of the fund. 30-day SEC Yield (Class Y) is a standardized formula designed to approximate the Fund's annualized hypothetical current income from securities less expenses for the 30 day-period ended 12/31/20 and that date's maximum offering price. 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 10/31/2020. 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. 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. The Russell 1000® Value (R1000V) index measures the performance of the Russell 1000's value segment,

which is defined to include firms whose share prices have lower price/ to/book ratios and lower expected long/term mean earnings growth rates. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group. The Lipper Equity Income Fund Index (Lipper) tracks funds that seek relatively high current income and growth of income by investing at least 65% of their portfolio in dividend-paying equity securities.

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. The principal risks of investing in the fund include: equity risk, growth and value investing risk, special risks associated with dividend paying stocks, option risk, interest rate risk, capital gain realization risks to taxpaying shareholders, and foreign security and emerging market risk. More detailed information regarding these risks can be found in the fund's prospectus.

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