

MADISON INTERNATIONAL STOCK FUND

3Q 2022 Investment Strategy Letter

Tickers: MINYX | MINAX

MARKET OVERVIEW

Through the third quarter, international equity markets experienced a rally followed by further declines as the expectations surrounding the direction and level of inflation and degrees of rate increases varied from month to month. As central banks around the globe continue to tackle inflation, there was no lack of headline-worthy events that occurred. The euro zone's economy is extremely challenged with exorbitant energy prices and the cost of living climbing, leading to a likely recession. The resignation of both Italy's and the United Kingdom's (UK) Prime Ministers transpired, and what could not be missed was the passing away of Queen Elizabeth II after reigning for over 70 years. In other sad news, the former Prime Minister of Japan, Shinzo Abe, was shockingly assassinated and the Russia/Ukraine war continued to drag on. Relations between China and the United States (US) were further strained by the visit to Taiwan by Nancy Pelosi, the US house speaker. However, a preliminary audit agreement was reached between the US Public Company Accounting Oversight Board and the China Securities Regulatory Commission and Ministry of Finance, which is a very positive step to avoiding ADR delisting.

Coming back to central banks, large rate increases were announced by many of them including the Bank of England (BOE), the European Central Bank, the US Federal Reserve (Fed), and the Bank of Canada. Additionally, with respect to the Fed, it has embarked on quantitative tightening efforts and with it the concern about its impact on liquidity. Contrastingly, the BOE intervened with the announcement of unlimited long-dated bond buying to hold off a collapse in the gilt market. This situation came about following the announcement by the new government, led by Liz Truss, for new tax-cuts. With the anticipation that higher interest rates will negatively affect growth, the IMF cut its global growth outlook once again, and the selloff of pricier growth stocks resumed because of fears of the impact on higher equity valuations.

Similar to the previous quarter, inflation levels remained above target in the G-10 countries and the US dollar continued to strengthen. Only the Mexican peso and Brazil real among major currencies strengthened relative to the US dollar. The British pound, euro, and the Japanese yen were particularly weak versus historical



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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.

Madison's International Equity Team assumed management of the fund on 3/1/21.



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levels. Recessionary fears and new COVID-related lockdowns in China impacted demand forecasts for several commodities, which led to weaker prices of crude oil, gasoline, and metals like copper. Natural gas prices, however, increased because of supply issues and the war in Ukraine. Gold continued to weaken relating to US dollar strength and interest rate increases. The MSCI ACWI ex-US index declined in the quarter. All regions and sectors realized a negative return. The weakest regions were Emerging Markets and Europe while the weakest sectors were Communication Services, Real Estate, and Consumer Discretionary.

PORTFOLIO PERFORMANCE REVIEW

The Madison International Stock Fund (Class Y) outperformed the MSCI ACWI ex-US index, returning -8.29% for the quarter, compared with -9.91% for the index. Four of five regions positively contributed to relative performance, led by Emerging Markets (Larsen & Toubro) and North America (Cameco). Performance in Emerging Markets was supported by both beneficial allocation and selection effects, while North America was driven by positive stock selection. Japan (Sony Group) was the only detractor because of a negative selection effect. From a sector perspective, seven of eleven were relatively additive. Information Technology (PagSeguro Digital) and Energy (Cameco) were the leading contributors due to strong stock selection. The weakest sector of the four that detracted was Materials (Grupo Mexico, Shin-Etsu Chemical) from a negative selection effect.

Despite the myriad of events that transpired over the quarter, the attention on inflation, rates, and prospect of recession in many geographies remained top of mind. The world is facing many challenges at present; however, this has not deterred our team from remaining confident in our investment process with our primary emphasis on quality growth companies that are resilient and equipped to manage through various economic backdrops. Although interest rates are rising in many countries, we anticipate inflation to stay elevated, although it may begin to moderate. Global growth on the other hand is expected to be weak in the near-term. Our team has been cautiously adding to stocks that we believe are long-term winners but are currently experiencing some volatility and therefore offering attractive valuations. These trades were funded by some stock eliminations whereby confidence in future growth prospects declined, and some profit taking due to strong performance and elevated valuations.

Thomas Tibbles

Patrick Tan

Alyssa Rudakas

3Q 2022 MADISON INTERNATIONAL STOCK FUND - INVESTMENT STRATEGY LETTER

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MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets countries (excluding the US) and 23 Emerging Markets countries. The index covers approximately 85% of the global equity opportunity set outside the US.

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MADISON INTERNATIONAL STOCK FUND

September 30, 2022

Growth of \$10,000 Class A 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 Y without sales charge	-8.29	-28.37	-28.05	-6.65	-3.70	1.36	1.52
Class A without sales charge	-8.47	-28.51	-28.31	-6.92	-3.95	1.09	3.14
Class A with sales charge	-13.76	-32.63	-32.44	-8.74	-5.08	0.50	2.89
Class B without sales charge	-8.48	-28.91	-28.76	-7.57	-4.67	0.49	2.89
Class B with sales charge	-12.60	-32.10	-31.09	-8.29	-4.91	0.49	2.89
MSCI ACWI Ex USA Index (net)	-9.91	-26.50	-25.17	-1.52	-0.81	3.01	-

Calendar Year Returns^{2,3} (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Class A	20.02	20.20	-4.83	1.26	-4.82	21.98	-14.16	20.51	7.89	-1.69
MSCI ACWI Ex USA Index (net)	16.83	15.29	-3.87	-5.66	4.50	27.19	-14.20	21.51	10.65	7.82

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

3 The performance data presented above for all periods prior to March 1, 2021, represents the performance of the previous subadviser. Madison's International Equity Team assumed management of the fund on 3/1/21.

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Experienced Management



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Fund Features

- ▶ Fund seeks to provide long-term growth of capital
- ▶ Portfolio of 60-80 mid to large-capitalization companies from non-US developed and emerging countries
- ▶ Bottom-up stock selection

Class	Ticker	Inception Date	Exp. Ratio
A	MINAX	12/29/97	1.61%
B	MINBX	12/29/97	2.36%
Y	MINYX	6/30/06	1.36%

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

Distribution Frequency - Annual

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P.O. Box 219083
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550 Science Drive
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Portfolio Mix (%)

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



Top Ten Holdings (%)

SHELL PLC	3.6
LARSEN + TOUBRO GDR REG S	3.4
HDFC BANK LTD ADR	2.9
ASTRAZENECA PLC	2.9
CAMECO CORP	2.6
DBS GROUP HOLDINGS LTD	2.3
TORAY INDUSTRIES INC	2.2
MANULIFE FINANCIAL CORP	2.1
AIRBUS SE	2.1
TENCENT HOLDINGS LTD	2.1

Total Net Assets

\$11.3 Million

Portfolio Turnover

120%

Total Number of Holdings

57

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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Portfolio Turnover is 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. MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets countries (excluding the US) and 23 Emerging Markets countries. The index covers approximately 85% of the global equity opportunity set outside the US. The MSCI ACWI ex USA (net) Index is shown above and calculated on a total return basis with dividends reinvested after the deduction of withholding taxes.

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, value investing risk, capital gain realization risks to taxpaying shareholders, and foreign security and emerging market risk. International securities have additional risks, including exchange rate changes, political and economic unrest, relatively low market liquidity and the potential difference in financial and accounting controls and standards. More detailed information regarding these risks can be found in the fund's prospectus.

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