Madison Asset Allocation Funds
Investment Strategy Letter

Review – Second Quarter 2019

After experiencing a sudden and dramatic sell-off in late 2018, global equities continued to stage a robust recovery, finishing firmly to the upside in the second quarter of 2019. For the quarter, U.S. stocks (Russell 3000® Index) climbed 4.1%, while foreign equities (MSCI ACWI-ex U.S.) rose 3.0%; meanwhile, U.S. bonds (Bloomberg Barclays U.S. Aggregate Index®), boosted in part by soothing words from the Federal Reserve (Fed), posted solid returns of 3.1%.

David Hottmann, CFA
Portfolio Manager
Industry since 1990

Patrick Ryan, CFA
Portfolio Manager
Industry since 2000

Perspectives

"Nothing is so firmly believed as that which we least know."

- Michel de Montaigne

"As a general rule, the most successful man in life is the man who has the best information."

- Benjamin Disraeli

As you would expect, we choose to believe that ignorance is not bliss. We'd much prefer to know "how the sausage is made" and then deal with our findings accordingly. In these times of unabashed central bank interventions and the growing predominance of price-insensitive, algorithmic trading, sometimes the "sausage" can look a little unappetizing (at least to us).

Our ongoing "remedy" for this potential entanglement is to intently and openly (avoiding too much rigidity) maintain our time-tested disciplines. In short, we are in the habit of practicing intentionality and remaining committed to our process. Importantly, this same process is uniquely research-driven, independent and (holistically) robust. This is no time for complacency. Hope (or ignorance) can never be a strategy. To the contrary, we will persist with our efforts to remain broadly and exceptionally "informed" on all matters relevant to effective and efficient portfolio management. This is a vital undertaking; we believe it is mission critical for achieving our long-term goal of delivering superior risk-adjusted returns over a full market cycle.

Outlook

When it comes to the brewing trade war with China, tariffs get most of the attention. We believe this is misguided. There is more at stake when it comes to this heavyweight face-off between the world's two global economic superpowers. In addition to tariffs, there are also clear and present disruption risks/threats to global supply chains; long-term trade tranquility has been a driver of globalization and expanding profit margins over the past 30 years. Recalibrating supply chains and re-sourcing inputs would negatively impact future earnings and economic growth.

For the past 30 years, the United States hasn't had to deal with an economic adversary that has the global clout and resources/footprint like China. Much is at stake and both sides have rather

Past performance does not predict future results. Please refer to the fund fact sheets included with this piece which contain current performance information for each fund, the risks of investing in each fund and a complete list of each fund's individual portfolio holdings as of quarter end. Individual portfolio holdings are identified to illustrate our approach to investing each fund's portfolio and are not intended to represent a recommendation to buy or sell any such security.

entrenched positions. There is widespread bi-partisan support for the Trump administration to be "tough on China" for unseemly and unfair trade practices. Meanwhile, Chinese leadership has been very intentional in preparing its people for the "Long March" – an unmistakable historical reference to the 1930's when the Communist Party of China persevered and endured during a time of extreme difficulties and existential challenge.

The ongoing dialogue between the U.S. and China indicates that the current dispute represents much more than a simple trade war. Rather, the world's economic "order" is potentially at stake and both countries seem to realize that this is a critical moment in world history. With statements referring to "national security threats" and frequent references to vital "sovereign interests" one would understand how any meaningful and long-lasting resolution could be extraordinarily challenging. The back-and-forth rhetoric is much more than posturing. In our view, the potential for the onset of a long-term economic "cold war" with China cannot be readily dismissed.

Portfolio Positioning

Already historically low global interest rates continue to fall. After first appearing in 2014, negative yielding global debt levels now exceed their 2016 peak. This implies and insinuates a less than healthy world economy that is becoming increasingly dependent and fragile. You could say that the message from global bond markets is the "porridge" is becoming a bit too cold. In our view, further interest rate reductions may also prove to be largely ineffective or even harmful, leading to a potential misallocation of resources and/or financial bubbles.

With this backdrop, we are maintaining a defensive posture across all asset classes. Global economic growth continues to slow. Meanwhile much of the U.S. Treasury yield curve has inverted, often a sign of an approaching recession. Stock valuations are also elevated and provide little margin for error; negative earnings guidance is also on the rise. With equities, we are therefore focused on profitable companies with high levels of free cash flow and low levels of debt. Our quality positioning emphasis should serve our portfolios well when volatility inevitably arrives. In response to the still developing implications of the deepening trade war with China, we have reduced exposures to emerging market equities and U.S. technology stocks. These are two asset classes that could be most negatively affected by disruptions to global supply chains.

We recognize that slowing global growth is likely to continue to put downward pressure on interest rates. However, rising labor costs may have a counterbalancing impact. Wages have been generally suppressed over these past ten years as we have slowly recovered from the longer-term impact caused by the global financial crisis. The 2008-09 crisis created an extraordinary amount of labor slack that has been slowly alleviated, and essentially eliminated. Now that the excess labor slack has been remedied, it would not be surprising to see labor costs continue to rise, putting upward pressure on inflation and interest rates (and hurting profit margins). We will monitor this closely; if labor costs rise disproportionately, this could also harm corporate profitability. This would favor greater utilization of Treasury-Inflation-Protected Securities (TIPS), a reduction in corporate bond allocations, and possibly lower durations.

Summary

We are confident our Multi-Asset managed portfolios remain well-positioned for a growth-challenged global economy. We also understand and embrace our ongoing responsibility to insightfully differentiate between attractive and less attractive asset classes as we strive to deliver superior risk-adjusted returns. As always, we truly appreciate your confidence and your support.

Sincerely,

David Hottmann, CFA *Patrick Ryan, CFA*

See the following page for important information.

The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. 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 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. With 1,843 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. fixed income securities. The U.S. Aggregate Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors.

"Madison" and/or "Madison Investments" is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC, and Madison Investment Advisors, LLC, which also includes the Madison Scottsdale office. Madison Funds are distributed by MFD Distributor, LLC. Madison is registered as an investment adviser with the U.S. Securities and Exchange Commission. MFD Distributor, LLC is registered with the U.S. Securities and Exchange Commission as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority. The home office for each firm listed above is 550 Science Drive, Madison, WI 53711. Madison's toll-free number is 800-767-0300.

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

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

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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.

Principal values of the funds are not guaranteed at any time, including at the time of target date and/or withdrawal. The funds are not a complete retirement program and there is no guarantee that the funds will provide sufficient retirement income to an investor. The funds seek to achieve the stated objectives but there is no guarantee the objectives will be met.

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. 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.

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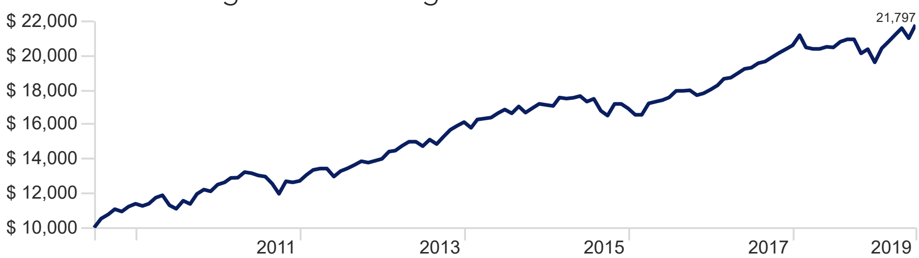
June 30, 2019

Madison Moderate Allocation Fund

Madison FUNDS®

The Value of Long-Term Investing

Growth of $10,000[1]
Class A Shares, Trailing 10-yrs



Experienced Management

Patrick Ryan, CFA
Portfolio Manager
Industry since 2000

David Hottmann, CFA
Portfolio Manager
Industry since 1990

Average Annual Total Returns[2] (%)

		Three Months	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Class A	Without Sales Charge	2.77	11.11	6.40	7.44	5.26	8.10	4.82
	With Sales Charge	-3.12	4.74	0.28	5.33	4.03	7.46	4.34
Class B	Without Sales Charge	2.52	10.60	5.59	6.63	4.46	7.46	4.34
	With Sales Charge	-1.98	6.10	1.21	5.59	4.14	7.46	4.34
Class C	Without Sales Charge	2.52	10.59	5.58	6.62	4.47	7.29	3.90
	With Sales Charge	1.52	9.59	4.61	6.62	4.47	7.29	3.90
S&P 500® Index		4.30	18.54	10.42	14.19	10.71	14.70	–
Moderate Allocation Custom Index		3.62	12.83	7.58	8.62	6.02	9.08	–

Fund Features

- Fund seeks capital appreciation and moderate risk
- Globally diversified fund of funds
- Asset allocation with managed risk
- Target: 60% stocks, 40% bonds

Class	Ticker	Inception Date	Exp. Ratio[3]
A	MMDAX	6/30/06	1.16%
B	MMDRX	6/30/06	1.91%
C	MMDCX	2/29/08	1.91%

Distribution Frequency

Annual

Calendar Year Returns[2] (%)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Class A	20.49	9.78	1.72	10.10	15.27	6.19	-1.22	6.51	14.29	-4.80
S&P 500® Index	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83	-4.38
Moderate Allocation Custom Index	21.70	12.28	1.23	11.72	15.12	6.92	-0.37	7.35	14.84	-4.58

Risk Measures (5-year) Class A

vs. Moderate Allocation Custom Index

Standard Deviation	6.50%
Downside Capture	93.28%
Upside Capture	90.59%

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 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. They do, however, carry a 1% contingent deferred sales charge 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. 3 The fund's expense ratios are based on the most recent prospectus and include the weighted average expenses of the underlying funds in which the fund invests.

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. 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. Moderate Allocation Custom Index consists of 42% Russell 3000® Index, 18% MSCI ACWI ex-USA Index and 40% Bloomberg Barclays US Aggregate Bond Index. The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market. 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. With 1,843 constituents, the index covers approximately 85% of the global equity opportunity set outside the US. Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. fixed income securities. The U.S. Aggregate Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS,and CMBS sectors.

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.

Total Net Assets

$137.4 Million

Portfolio Turnover

75%

Total Number of Holdings

18

Shareholder Services
Madison Funds
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Kansas City, MO 64121-9083
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Consultant and
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550 Science Drive
Madison, WI 53711
888.971.7135

Diversification by Fund Manager* (%)

Allocation Funds offer diversification by fund manager. When we combine the expertise and experience of Madison Asset Management, LLC (Madison) with a variety of outside managers, we can offer a more fully diversified portfolio.

MADISON	40.7
VANGUARD	27.3
BLACKROCK	17.3
STATE STREET GLOBAL ADVISORS	1.8
BAIRD	6.0
CASH & EQUIVALENTS	6.9

*Portfolio allocations are subject to change. Diversification does not guarantee a profit or protect against loss. Excludes Cash & Equivalents. Calculated as a % of Net Assets.

Top Ten Holdings (%)

MADISON INVESTORS FUND	12.9
MADISON DIVIDEND INCOME FUND	12.6
MADISON CORE BOND FUND	11.6
VANGUARD SHORT TERM CORPORATE	9.6
ISHARES CORE S+P 500 ETF	6.2
BAIRD AGGREGATE BOND FUND	6.0
VANGUARD SHORT TERM TREASURY ETF	6.0
VANGUARD FTSE ALL WORLD EX US	4.6
MADISON MID CAP FUND	3.5
ISHARES 7-10 YEAR TREASURY BOND	3.5

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: the dispersion from an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Higher deviation represents higher volatility. **Downside Capture Ratio:** a fund's performance in down markets relative to its benchmark. The security's downside capture return is divided it 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. **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 10/31/2018.

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: asset allocation risk, equity risk, ETF risk, interest rate risk, credit and prepayment/extension risk, non-investment grade security risk, foreign security and emerging market risk.

Investing in foreign markets involves 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. The portfolio may invest in small-, mid-sized, or emerging companies, which are susceptible to greater risk than is customarily associated with investing in more established companies. The portfolio may invest in high yield or lower-rated securities, which may provide greater returns but are subject to greater-than average risk.

The fund is subject to the risks of the underlying funds in direct proportion to the allocation of its assets among the underlying funds. More detailed information regarding these risks can be found in the fund's prospectus.

Madison Funds are distributed by MFD Distributor, LLC and may be purchased directly from the fund or through your investment professional. Portfolio data is as of the date of this piece unless otherwise noted and holdings are subject to change.

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

Not FDIC Insured | No Financial Institution Guarantee | May Lose Value