



EXCELLENCE IN INVESTMENT MANAGEMENT

## OUR FUNDS AT-A-GLANCE

### STOCK FUNDS

#### Our Approach on Stock Investing

Stocks have provided returns far greater than other favorite types of investments, such as certificates of deposit or bonds. Given a period of decades this advantage becomes quite dramatic. Over the same period cash equivalents of the sort found in a money market mutual fund just edged inflation, while long-term government bonds produced real, but modest returns over inflation. Only stocks showed the potential to produce real wealth. However, the rewards of long-term stock investing are accompanied with short-term volatility.

The longer your time horizon, the less an effect these short-term moves have on your overall financial future. Up close, on a day-to-day, or even month-by-month basis, stock market movements are as inscrutable as a painting viewed with a magnifying glass. Stand back far enough, and it begins to make sense. At Madison, we promote this kind of long-term perspective in our investing discipline, and we recommend it for our investors.

### BOND FUNDS

#### Our Approach to Bond Investing

Madison bond funds concentrate on higher-rated, investment grade bonds. We do not stray from a fund's core investment objectives by adding risky or exotic securities in hope of achieving higher returns. Core Bond Fund is the only Madison fund with potential exposure to lower grade bonds, and this exposure is limited to 35% of the fund's assets.

Using numerous screens and economic indicators we track bond market and interest rate trends. Our analysis includes the monitoring of interest rates, inflationary pressures, Federal Reserve policy, economic momentum, liquidity conditions and the psychology of the market. Based upon these conditions we actively manage the duration of our portfolios, seeking to shorten maturities when rates are rising to limit the impact of the accompanying decline in bond prices, and lengthening maturities when rates are falling to capture accompanying price appreciation.

### TAX-FREE FUNDS

#### Our Perspective on Tax-Free Funds

We think a fund that can reduce your taxes is worth a good, long look. If you're in a higher tax-bracket, and would like to reduce the tax bite on your unearned income, tax-free funds can be very attractive. Tax-free funds invest in state and local municipal bonds. The income from these municipal bonds is tax-free at the national level, and can provide state and local tax relief in the state in which they are offered. For investors who live in Virginia, we offer a fund that provides income free of both state and national taxes.

A portion of the income received by investors may be subject to the Alternate Minimum Tax.

### MONEY MARKET

#### Our Perspective on Money Market

Money markets are the most conservative of mutual funds, especially suited for short-term investment goals, or for investors seeking relative safety from the stock or bond markets. Money markets invest in short-term securities, and are managed to maintain a stable \$1.00 share price (although this share price can't be guaranteed).