

DIVL - Madison Dividend Value ETF

Strategy Overview



The Madison Dividend Value ETF (DIVL) is a high-quality biased equity portfolio that seeks to deliver a better-than-market dividend yield with the opportunity for capital appreciation. Our active stock selection strategy pairs extensive fundamental analysis with a relative yield valuation discipline.

Key Facts

Ticker	DIVL
Exchange	NYSE Arca
Inception Date	8/14/2023
Expense Ratio	0.65%
Holdings Range	30-60
Sector Guidelines	Up to 2x S&P 500 sector weight or 20% if greater
Benchmarks	Russell 1000 Value, Lipper Equity Income

PORTFOLIO UNIVERSE

Starting with a universe of U.S. stocks with a market cap above \$2 billion.

Screen for stocks with a dividend yield greater than 1.1x the S&P 500 dividend yield.

Buy high-quality companies trading at the high end of their historical relative dividend yield ranges.

FUNDAMENTAL ANALYSIS

Sustainable competitive advantages
Own companies with strong pricing power, leading market share, and brand recognition.

Strong balance sheets
Own companies with significant free cash flow and low debt leverage.

Dividend growth
Own companies with a consistent record of dividend increases, which provides a growing income stream over time.

VALUATION

Primary valuation methodology is to look at a stock's relative dividend yield vs. its history.

Other valuation metrics include price-earnings ratio (P/E), price-to-cash flow (P/CF), and price-to-book (P/B).

Compare valuation metrics vs. history and in relation to other stocks in the same industry/sector.

$$\text{Relative Yield} = \frac{\text{Stock's Dividend Yield}}{\text{Market's Dividend Yield}}$$

- When relative yield is high versus its history, the stock price is depressed, and valuation may be attractive.
- Using extensive fundamental analysis, we assess whether the underlying issue causing the low valuation is temporary or terminal.
- If the issue is temporary, we invest and are paid a yield premium to wait for the turn.



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Why DIVL?



Relative yield valuation discipline

Buys stocks trading within the highest quartile (25%) of their historic relative dividend yield range to capture above-market yield and growth potential.



Risk management

Invests in high-quality companies with strong balance sheets and durable competitive advantages.



Long-tenured management

Co-Portfolio Managers have over 60 years of combined industry experience and have worked together on this strategy for over 10 years.

Portfolio Management



John Brown, CFA
Portfolio Manager, Analyst
Industry since 1983



Drew Justman, CFA
Portfolio Manager, Analyst
Industry since 2000

“ If you can blend above-average income and capital appreciation while limiting downside risk, compounded over the long term, we believe you can generate attractive returns. ”

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 www.madisonfunds.com/ETFProspectusReports to view or download a copy.

Madison Asset Management, LLC does not provide investment advice directly to shareholders of the Madison Funds.

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 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.

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.

Madison Funds are distributed by MFD Distributor, LLC, member of FINRA. Portfolio data is as of the date of this piece unless otherwise noted and holdings are subject to change.

“Madison” and/or “Madison Investments” is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC (“MAM”), and Madison Investment Advisors, LLC (“MIA”). MAM and MIA are registered as investment advisers with the U.S. Securities and Exchange Commission.

Madison Funds are distributed by MFD Distributor, LLC. 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.

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.

The net asset value (“NAV”) per share for each fund and class is determined each business day at the close of regular trading on the New York Stock Exchange (typically 4:00 p.m. Eastern Time) by dividing the net assets of each fund and class by the number of shares outstanding of that fund and class.

Shares of any ETF are bought and sold at market price (not Net Asset Value), may trade at a discount or premium to NAV and are not individually redeemed from the Fund.

Price-to-Earnings (P/E) 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 earnings per share of stock in a portfolio.

Price-to-free cash flow (P/FCF) is a stock valuation indicator or multiple that measures the value of a stock's price relative to its operating cash flow per share. The ratio uses operating cash flow which adds back non-cash expenses such as depreciation and amortization to net income.

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).

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.

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.

