

## MADISON SMALL CAP FUND

### 1Q 2024 Investment Strategy Letter

Tickers: BVAOX | MSCIX | MASMX | MSCRX

The Madison Small Cap Fund (Class Y) enjoyed solid first quarter performance, returning 11.4% versus 5.2% for the Russell 2000 benchmark and 6.9% for the Russell 2500. All sectors except communication services and energy enjoyed positive relative performance. Although Stock selection drove most of our outperformance, sector allocation was also additive. The complexion of the rally in the first quarter was notably different than what we saw in Q4, as there was a clear preference for higher quality names, which accrued to our favor.

Industrial stocks drove the bulk of our outperformance, led by standout specialty Industrial Distributor Core and Main (CNM). Our worst performer on a relative contribution basis was internet service provider Cogent Communications (CCOI). Cogent's stock had a strong run into their fourth quarter report in February, however the results, although good, were not good enough for the elevated expectations. Ultimately, CCOI's business is driven by internet traffic, which is driven by things like content on Netflix, hyperscale traffic, and AI generated traffic. We believe the correction is an overreaction and are confident the business fundamentals will eventually lead to better performance. The company has a defensible and significant cost advantage versus its competition and it is estimated that roughly 25% of the global internet traffic runs through Cogent's network, making this business a rather strategic asset. Our Energy underweight was also a slight drag, although we are optimistic about our singular investment in this sector with Chord Energy (CHRD). During Q1 the company announced a strategic combination with Canadian-based Enerplus Corporation (TSX: ERF). Enerplus is one of, if not the best remaining assets in the Bakken and we are very constructive on the financial and strategic merits of this transformational deal. CHRD will become the largest operator in the Bakken, representing about 12% of the basin's production. With a solid balance sheet post deal, CHRD will now be in the enviable position of either the basin's main consolidator or most strategic asset as a target for larger E&P companies.



Faraz Farzam, CFA  
Portfolio Manager/Analyst  
Industry since 1999



Aaron Garcia, CFA  
Portfolio Manager/Analyst  
Industry since 2002

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## 1Q 2024 MADISON SMALL CAP FUND - INVESTMENT STRATEGY LETTER

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### PORTFOLIO ACTIVITY

During the quarter, we sold two stocks (Alteryx and PTC) and initiated two new investment positions (HashiCorp and Mueller Water Products)

Mueller Water Products (MWA) manufactures products and services used in the transmission, distribution, and measurement of water in North America. They help utilities deliver clean, safe drinking water. The company's domain strength is after the water leaves treatment and before the home, or the vast network of pipes and valves between the utility and the point of use, things like fire hydrants, brass works, and large valves. It's largely a replacement market with 40% exposure to residential and the rest utilities. Very few companies with scale compete directly with MWA. The company has significant share positions in hydrants and big gate valves. Their customer base is quite sticky, and the company has recently completed an investment cycle building a new foundry. America's water infrastructure is massive and in very serious need for upgrade and modernization. Significant federal funds have been allocated to do just this and we believe MWA is well positioned to capitalize. We estimate a reasonable PMV for MWA is approximately \$25.

HashiCorp (HCP) delivers software solutions that help large enterprises migrate their software applications and infrastructure from their own premises and networks to the public cloud. Hashi's tools help automate and streamline the process and, once in the public cloud, manage their assets' full lifecycle. We like Hashi's strong competitive positioning, coupled with their recent pivot to more durable rates of growth and profitability. We estimate PMV at \$40.

PTC was one of our oldest portfolio holdings (~23 years!) and best performing stocks. We made our initial investment in PTC in 2001 (in those days the company's full name was Parametric Technology Corporation) after the dot com crash when the stock had an equity market value of approximately \$1 billion. We sold our final share near an equity market value of approximately \$22 billion. When we first initiated the investment position, we saw an attractively valued software company that provided very sticky, difficult to replace design software for engineers in the manufacturing sector. Over that 20-year span, PTC has grown both organically and through strategic M&A into one of the most vital design software engineering platforms in the world. Companies like BMW, Rockwell International, Medtronic, Hitachi, Boeing, Airbus, Volvo, Cannondale, Toyota, and GM all use PTC to design, collaborate and maintain the lifecycle of their franchise products and platforms. This investment illustrates not only the financial potential and opportunity of small cap investing but also our PMV process to identify and capitalize on strategic assets like PTC.

### OUTLOOK

Looking forward, we continue to see relative value in small caps versus large caps, however we are cautious, due to the almost relentless strength over the last several months. We will continue to prune our gains when appropriate and it is vital that we continue to find new ideas. Our overweights in Industrials, Consumer Staples, and Technology are a result of our bottom-up, 5-pillar PMV process and not a call on the relative attractiveness of these sectors.

*Faraz Farzam*

*Aaron Garcia*

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Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 11% of the total market capitalization of the Russell 3000® 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 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 Russell 2500 Index combines a portion of midcap stocks with small cap stocks – forming a “SMID” (small/mid) cap segment of stocks from the Russell 3000®.

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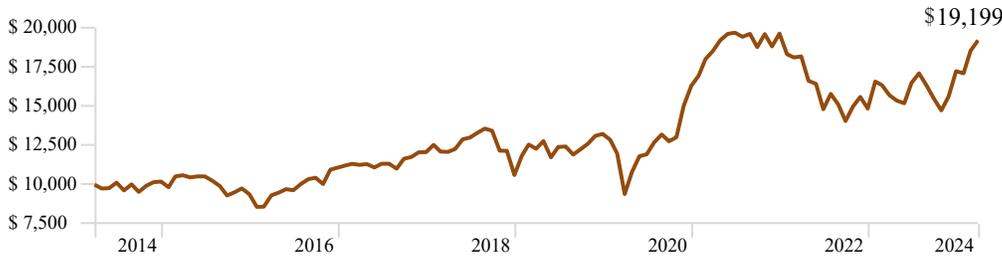
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# MADISON SMALL CAP FUND

March 31, 2024

## Growth of \$10,000 Class Y Shares, Trailing 10 Years<sup>1,3</sup>



## Average Annual Total Returns<sup>2,3</sup> (%)

	Three Months	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Class I	11.49	11.49	22.40	1.32	-	-	2.23
Class R6	11.47	11.47	22.48	-	-	-	3.06
Class Y	11.42	11.42	22.34	1.20	9.33	6.74	12.78
Class A without sales charge	11.31	11.31	22.02	0.96	-	-	10.71
Class A with sales charge	4.91	4.91	14.98	-1.01	-	-	9.30
Russell 2000® Index	5.18	5.18	19.71	-0.10	8.10	7.58	-
Russell 2500® Index	6.92	6.92	21.43	2.97	9.90	8.84	-

## Calendar Year Returns<sup>2,3</sup> (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class Y	3.06	-7.90	18.04	8.90	-12.09	24.67	23.09	20.52	-24.36	16.05
Russell 2000®	4.89	-4.41	21.31	14.65	-11.01	25.52	19.96	14.82	-20.44	16.93
Russell 2500®	7.07	-2.90	17.59	16.81	-10.00	27.77	19.99	18.18	-18.37	17.42

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## Characteristics

Median Market Cap (billions)	\$4.2
EPS Growth Rate (3-5 year)	16.8%
P/E (trailing 12 months)	19.8x
P/E (forward 12 months)	19.6x

## 5-Yr Risk Measure (%)

Class Y vs. Russell 2000® Index

Standard Deviation	22.24
Downside Capture	88.94
Upside Capture	94.01

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) 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 Y shares do not impose an up-front sales charge or a contingent deferred sales charge ("CDSC"). 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 performance shown for the Small Cap Fund (the "Fund") for periods prior to August 31, 2019, for the Class Y shares are based on the performance of the Broadview Opportunity Fund (the "Predecessor Fund") which was the accounting survivor and reorganized into the Class Y shares of the Fund after market close on August 30, 2019 (the "Reorganization"). Periods prior to November 29, 2013 represents the performance of the FMI Focus Fund (the "FMI Fund") which merged with and into the Predecessor Fund on November

29, 2013. Prior to November 29, 2013, the Adviser of the Predecessor Fund served as sub-adviser to the FMI Fund.

Performance results prior to August 30, 2019 for the Class Y shares are based on the performance of the Predecessor Fund, which was reorganized into the Class Y shares of the Fund on August 30, 2019. Performance for Class A shares was deemed to be new effective August 31, 2019 as a result of the reorganization. Madison waived 0.04% of the Fund's annual services fee from August 31, 2019 through February 27, 2021. Investment returns reflect this fee waiver, without which returns would have been lower.

Madison lists the performance of the Predecessor Fund and accounting survivor of the Reorganization for the following reasons:

- Continuity of Fund portfolio managers through the Reorganization;
- Substantially the same investment objective and investment strategies between the Fund and the Predecessor Fund;
- Substantially similar investment policies between the Fund and the Predecessor Fund;
- A similar expense ratio (excluding acquired fund fees and expenses).

## Experienced Management



Faraz Farzam, CFA  
Portfolio Manager  
Industry since 1999



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Portfolio Manager  
Industry since 2002

## Fund Features

- ▶ Seeks long-term capital appreciation
- ▶ Generally 50-90 holdings
- ▶ Seeks to purchase companies at a perceived discount compared to potential future earnings

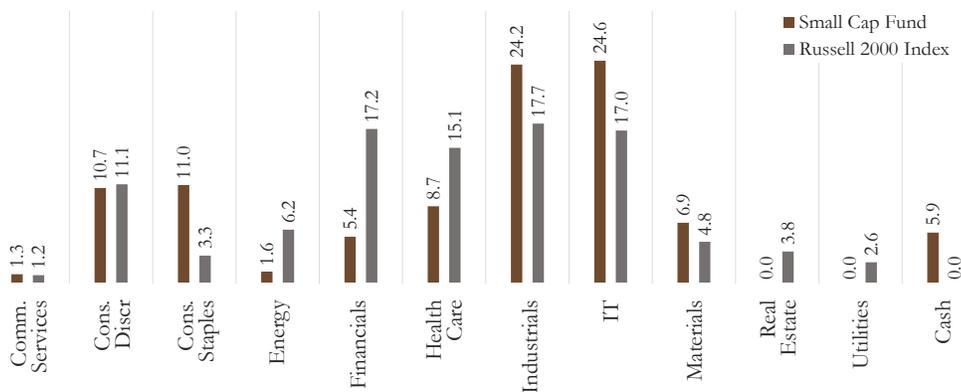
Class	Ticker	Inception Date	Exp. Ratio
A	MASMX	8/31/19	1.35%
Y	BVAOX	12/16/96	1.10%
I	MSCIX	2/26/21	1.00%
R6	MSCRX	2/28/22	0.92%

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

## Distribution Frequency - Annual

## Sector Diversification (%)

Figures are rounded to the nearest 0.1%.



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### Total Net Assets

\$189.0 Million

### Total Number of Holdings

46

### Portfolio Turnover

39%

### Top Ten Holdings (%)

ENCOMPASS HEALTH CORP	4.9
ONESPAWORLD HOLDINGS LTD	4.1
SUMMIT MATERIALS INC CL A	3.6
WILLSCOT MOBILE MINI HOLDING	3.5
PRIMO WATER CORP	3.5
CORE + MAIN INC CLASS A	3.2
CARLISLE COS INC	3.0
ENTEGRIS INC	3.0
FORMFACTOR INC	3.0
MODEL N INC	2.7

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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, small cap price volatility risk, small cap illiquidity risk, value investing risk, ETF risk, capital gain realization risks to taxpaying shareholders, and foreign security and emerging market risk. Investing in small, mid-size or emerging growth companies involves greater risks not associated with investing in more established companies, such as business risk, significant stock price fluctuations and illiquidity. More detailed information regarding these risks can be found in the fund's prospectus.

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