Madison Corporate Bond Fund Investment Strategy Letter

2018 Market Overview

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The fourth quarter of 2018 was a challenging quarter for corporate bonds. Corporate bond risk premiums ("spreads") widened meaningfully during the quarter due to a variety of reasons. Beginning in early October, the stock market started to experience increased volatility and share prices continued on a downward path for most of the fourth quarter. This led to a broad risk-off environment which affected corporate bonds. In addition, the Federal Reserve continued to raise short-term interest rates. While the pace of interest rate increases has been slow and measured this cycle, some investors worried that monetary tightening could eventually slow the U. S. economy. President Donald Trump's tougher trade/tariff policies and the recent U. S. Government shutdown have also rattled investors' confidence.

In 2018, the best place to invest in corporate bonds was on the front-end of the curve. Shorter-term corporate bonds significantly outperformed longer-term corporate bonds in 2018 for several reasons. Despite the flattening of the yield curve, the move higher in interest rates and widening of credit spreads was enough to cause negative total returns in the longer-end of the corporate bond market. In addition, the flow of funds into investment grade credit mutual funds/exchange-traded funds ("ETFs") was very large over the past few years. While money flows into longer-term products have slowed, and in some weeks been negative in the latter half of 2018, there continue to be flows into shorter-term credit products. This helped drive demand for shorter-maturity corporate bonds, which led to outperformance in that part of the curve. On a sector basis, REITs, Telecom and Technology performed best in 2018, while sectors such as Consumer Cyclical (autos), Energy and Insurance underperformed.

The domestic corporate bond market is currently facing conflicting signals. On the positive side, revenue and earnings growth remain favorable due to a stable U.S. economy and benefits from the new tax law. Earnings growth is expected to moderate in 2019 but should still be positive. The flow of funds into shorter-term domestic investment grade credit funds/ETFs should continue to be positive as investors need yield while not wanting to take extensive interest rate risk. The flow of funds into longer-dated domestic investment grade credit funds/ETFs is likely to be more mixed as foreign hedging costs have risen in 2018. On the negative side, leverage has been rising at domestic companies and much of the proceeds have gone for shareholder-friendly initiatives including share repurchases, dividend increases and M&A activity. While likely down slightly from 2018 levels, new investment grade issuance in 2019 is expected to be substantial as companies have large debt maturities over the next few years that will need to be refinanced. Foreign trade/tariff issues, weakness in Europe/Italy, Brexit issues and a lack of unity in the U. S. Government all are potential wild cards that could continue to impact credit spreads.

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

At Madison, we've been cautious with regard to the corporate bond market in recent quarters. We have selectively added some exposure in the shorter-end of the curve while trying to avoid buying much exposure in the longer-end of the curve. We have also tried to avoid certain sectors that exhibit heightened event risk and have been prone to increasing leverage.

The Bloomberg Barclays U. S. Corporate Index® and Bloomberg Barclays U. S. Corporate High Yield Index® posted -2.51% and -2.08% total returns, respectively, in 2018. Investment grade total returns by rating category in 2018 were AAA(-2.08%), AA(-0.52%), A(-2.50%) and BBB(-2.85%). In the high yield category, total returns by rating category in 2018 were BB(-2.41%), B(-1.31%), CCC(-3.84%) and CC-D(-1.27%).

Portfolio Performance and Positioning

In 2018, Madison Corporate Bond Fund slightly underperformed the Bloomberg Barclays U. S. Corporate Index® on a net basis. The fund benefited from having a shorter duration than the benchmark, being underweight certain sectors such as Tobacco and Autos, and from some purchases in the new issue market. However, the fund was negatively impacted by several holdings in the longer- end of the yield curve whose spreads widened and from an overweight to certain sectors such as Energy.

The fund's yield to maturity is slightly lower than the Index due mainly to significantly lower interest rate risk from the fund's shorter duration. We continue to underweight the long-end of the yield curve as all-in yields are fairly low versus historical levels and we remain concerned about further widening in corporate bond spreads. In the high yield corporate bond market, we continue to be extremely selective and focused on higher quality issuers as we view the lower quality high yield space as overvalued.

Paul Lefurgey *Allen Olson*

Bloomberg Barclays US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market.

Bloomberg Barclays US Corporate High Yield Index measures the USD-denominated, high yield, fixed-rate corporate bond market.

Bonds are subject to certain risks including interest-rate risk, credit risk and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds.

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.

Madison Asset Management, LLC does not provide investment advice directly to shareholders of the Madison Funds. Opinions stated are informational only and should not be taken as investment recommendation or advice of any kind whatsoever (whether impartial or otherwise).

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.

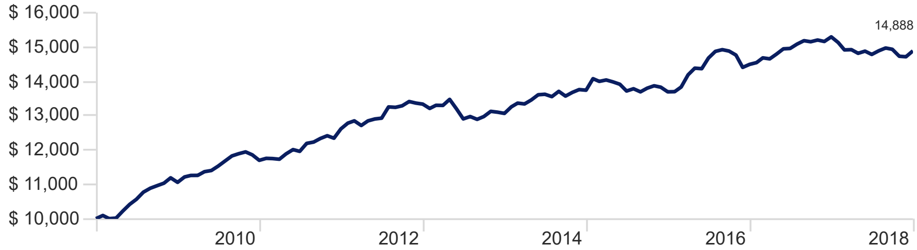
December 31, 2018

Madison Corporate Bond Fund

Madison FUNDS®

The Value of Long-Term Investing

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



Experienced Management

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Average Annual Total Returns[2] (%)

	Three Months	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Class Y	-0.31	-2.67	-2.67	2.82	2.65	4.06	4.37
Bloomberg Barclays U.S. Corporate Bond Index	-0.18	-2.51	-2.51	3.26	3.28	5.92	4.99

Fund Features

- Fund seeks to obtain high total investment returns in the form of income and share price appreciation
- Active duration, yield curve, sector, quality and security selection decisions
- Goal is to find best combination of yield, credit risk and diversification
- Focus on managing risk

Calendar Year Returns[2] (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Class Y	4.29	10.58	5.81	7.83	5.72	-2.03	5.17	-0.35	5.84	5.53	-2.67
Bloomberg Barclays U.S. Corporate Bond Index	-3.08	18.68	9.00	8.15	9.82	-1.53	7.46	-0.68	6.11	6.42	-2.51

Class	Ticker	Inception Date	Exp. Ratio[3]
Y	COINX	7/1/07	0.65%

Distribution Frequency

Monthly

Characteristics (years)

Effective Duration	6.24
Avg. Maturity	8.85

Risk Measures (10-year) Class Y

vs. Bloomberg Barclays U.S. Corporate Bond Index

Standard Deviation	3.40%
Downside Capture	84.20%
Upside Capture	74.71%

Yields

30-day SEC Yield	3.57%
30-day Effective Yield	3.16%

Total Net Assets

$19.4 Million

Portfolio Turnover

21%

Total Number of Holdings

143

1 Growth of $10,000 for the years shown is calculated at NAV and assumes all dividends and capital gain distributions were reinvested. It does not take into account sales charges 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. **Index returns** reflect broad measures of market performance compared the fund and reflect no deduction for sales charges, account fees, expenses or taxes. You cannot invest directly in an index.

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

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.

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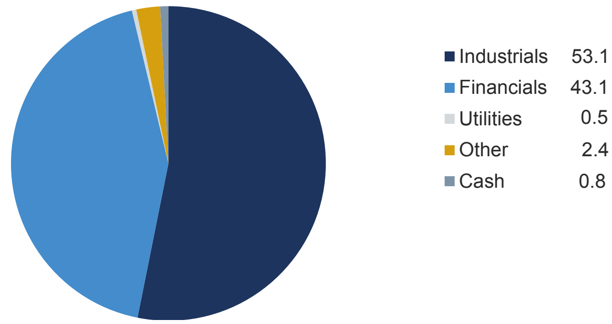
Portfolio Mix (%)



Sector allocation is rounded to the nearest 0.1%.

Top Ten Holdings

DESCRIPTION	COUPON	MATURITY	%
VALERO ENERGY CORP	6.625%	15 Jun 2037	1.7
AFFILIATED MANAGERS GROUP	4.25%	15 Feb 2024	1.6
PRUDENTIAL FINANCIAL INC	3.5%	15 May 2024	1.6
JPMORGAN CHASE + CO	3.125%	23 Jan 2025	1.5
KEYCORP	5.1%	24 Mar 2021	1.3
MARATHON PETROLEUM CORP	5.125%	01 Mar 2021	1.3
HUNTINGTON NATIONAL BANK	3.55%	06 Oct 2023	1.3
REGIONS FINANCIAL CORP	3.2%	08 Feb 2021	1.3
PNC BANK NA	2.45%	28 Jul 2022	1.3
CITIGROUP INC	2.7%	27 Oct 2022	1.3

Madison FUNDS®

Standard Deviation measures dispersion from the 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** measures a fund's performance in down markets relative to its benchmark. It is calculated by taking the security's downside capture return and dividing it by the benchmark's downside capture return over the time period. **Upside Capture Ratio** measures a fund's performance in up markets relative to its benchmark. It is calculated by taking the security's upside capture return and dividing it by the benchmark's upside capture return over the time period. **Effective Duration** provides a measure of a fund's interest-rate sensitivity. The longer a fund's duration, the more sensitive the fund is to shifts in interest rates. **Average Maturity** is computed by weighting the maturity of each security in the portfolio by the market value of the security, then averaging these weighted figures. **SEC 30-day Yield** represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. It is calculated based on the standardized formula set forth by the SEC. **30-day Effective Yield** is a hypothetical figure that estimates what the yield would be if an investor continued to reinvest dividends at the current 30-day yield for one year. Calculated by annualizing dividends paid during the last 30 days of the period. It assumes that income earned from the fund's investments is reinvested and compounded. **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 10/31/2018.

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: interest rate risk, call risk, risk of default, liquidity risk and non-investment grade securitiy risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. More detailed information regarding these risks can be found in the fund's prospectus.

For more complete information about Madison Funds®, including charges and expenses, obtain a prospectus from your financial adviser, by calling 800.877.6089 or by visiting madisonfunds.com and clicking on prospectus and reports to view or download a copy. Before investing in the funds, consider the investment objectives, risks, charges and expenses. he prospectus contains this and other information about funds and should be read carefully before investing.

Madison Funds are distributed by MFD Distributor, LLC, member FINRA 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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