

# Madison Large Cap Fund

## Investment Strategy Letter | June 30, 2025



The Madison Large Cap Fund (class Y) increased 3.1% in the second quarter of 2025, compared to the 10.9% increase in the S&P 500 Index.

### Portfolio Performance

The top five contributors for the quarter were Ferguson, Berkshire Hathaway, Analog Devices, Texas Instruments, and Brookfield Corporation. Ferguson, a distributor of plumbing and HVAC products, reported improvements in both sales and profits during the quarter. These results were helped by the easing of deflationary pricing in a handful of product lines that have negatively impacted the company's growth over the last 18 months. As the pricing environment continues to improve and volumes remain steady, we believe Ferguson's growth will return to its historical cadence. Berkshire Hathaway reported mixed performance across its subsidiaries with strong performance at Geico partially offsetting weaker results in building products, automotive, and other insurance lines. As we'll discuss later, we decided to sell our investment in Berkshire Hathaway, so its positive contribution towards performance was a result of our sale of the holding prior to the share price decline in the quarter. The stocks of both Analog Devices and Texas Instruments performed well as sales and profits at both companies turned positive. It appears that the long-awaited analog semiconductor cycle has bottomed out and we expect performance at both companies to continue to improve. Finally, Brookfield Corporation reported strong quarterly results and its shares bounced back in the quarter after selling off in the first quarter on fears of a slowdown in global economic growth.

The bottom five detractors for the quarter were Fiserv, Arch Capital Group, Copart, Alcon, and Progressive. Fiserv's shares sold off sharply in the quarter due to a slowdown in volume growth at its Clover payment processing unit. Fiserv's other businesses are performing well, and we believe the slowdown at Clover is due to transitory factors and that growth will pick back up in the latter part of 2025. Our insurance holdings, including Arch Capital Group and Progressive, which performed strongly in the first quarter, underperformed the strong equity market in the second quarter. Both businesses continue to perform well overall, although their rates of growth are slowing as we enter the later innings of the insurance pricing cycle. Shares in Copart lagged the market following quarterly results that showed an uncharacteristic disappointment in volume growth. We believe this was due to temporary factors and the stock was simply coming down from an elevated valuation multiple. Lastly, growth at Alcon slowed as customers delayed orders ahead of new equipment launches later this year.

### Portfolio Activity

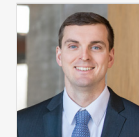
Portfolio activity picked up in the second quarter. We initiated positions in Airbnb, CDW Corporation and Gartner and sold Berkshire Hathaway.

Airbnb is a leader in the alternative accommodation lodging market with approximately 8 million active listings on its platform. The company has a dominant market position due to the network effect between guests and hosts where more supply (hosts) inherently attracts more demand (guests) which in turn attracts more supply. While the company is certainly more mature than it was a decade ago, we believe it can still grow at an attractive rate as it continues to gain share within the large travel accommodations market and through launching additional products and services to better monetize the bookings that occur on its platform. Its balance sheet and cash flow characteristics are also excellent. The uncertainty surrounding the tariff announcements and the potential for a deterioration in the macroeconomic environment caused the shares to meaningfully decline, which presented the opportunity to invest in Airbnb at an attractive price.

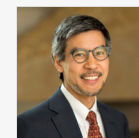
### Tickers

Class R6: MNVRX	Class I: MIVIX
Class Y: MINVX	Class A: MNVAX

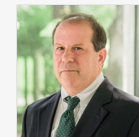
### Portfolio Management



**Joe Maginot**  
Portfolio Manager, Analyst  
Industry since 2012



**Haruki Toyama**  
Head of Mid & Large Cap Equity,  
Portfolio Manager  
Industry since 1994



**Rich Eisinger**  
Head of Equities, Portfolio  
Manager  
Industry since 1994

*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](https://madisonfunds.com) or call 800.877.6089 to obtain performance data current to the most recent month-end.*



CDW Corporation is a value-added reseller of IT hardware and software products to a broad array of small- and medium-sized customers. It partners with over 1,000 vendors to provide more than 100,000 products to its 250,000+ customers. With a dizzying breadth of products and services, CDW benefits from overall technology industry growth, without being heavily exposed to any individual product or technology trend. The company has an excellent track record of gaining share within its highly fragmented markets, which we expect will continue. Early in the second quarter, CDW's shares fell in response to the proposed tariffs, which if implemented, could lead to higher IT hardware prices and have an impact on near-term demand trends. However, as a value-added reseller without direct manufacturing exposure, we expect CDW's margins to be relatively insulated from the effects of higher costs. We also believe many of CDW's customers have maintained some of their IT hardware assets beyond their useful lives, and expect that there will be a bump in replacement demand in the near future.

The final new investment during the second quarter was in Gartner, a global leader in technology research. The company has an attractive business model characterized by recurring revenues, strong pricing power, negative working capital and high return on invested capital. The firm maintains a strong competitive advantage from its renowned brand as well as its unmatched scale and resulting 'information network.' We believe the company's long-term growth outlook is excellent due to the increasing need for sophisticated technology research, coupled with Gartner's small share of its addressable market. The stock has underperformed recently on concerns over slowing subscription growth, which we believe will prove to be short-lived. The currently depressed valuation was too attractive to pass up.

During the quarter, we sold Berkshire Hathaway, the conglomerate headed by Warren Buffett. Since Buffett took over control 60 years ago, its stock has compounded at an annual rate of 19.9%, versus 10.4% for the S&P 500, giving it an unmatched record of growth over that long a time span. The disadvantage of all that growth is that the company is now so large and diversified that it's essentially a cross-section of the U.S. economy, and thus unlikely to grow its value at much of a premium to the market. Due to strong recent performance, we believe the stock now trades within its fair value range. Buffett recently announced that he is stepping back from the CEO role at the end of this year, and with the end of an era clearly in sight, we sold our holding.

Respectfully,

*Joe Maginot*

*Haruki Toyama*

*Rich Eisinger*

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# Madison Large Cap Fund

Fact Sheet | June 30, 2025



## Why Madison Large Cap Fund?

High-quality, concentrated portfolio of 25-40 stocks	Focused on risk management and downside protection	Long-tenured management
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Average Annual Total Returns <sup>1</sup> (%)							
	3-Months	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Class R6	3.14	2.26	9.82	16.24	14.58	12.94	12.65
Class I	3.11	2.21	9.74	16.16	--	--	12.49
Class Y	3.12	2.17	9.64	16.04	14.38	12.74	11.16
Class A without sales charge	3.06	2.07	9.39	15.75	14.10	12.46	12.17
Class A with sales charge	-2.85	-3.80	3.09	13.49	12.75	11.80	11.60
S&P 500	10.94	6.20	15.16	19.71	16.64	13.65	--

Calendar Year Returns <sup>1</sup> (%)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class Y	0.23	12.97	22.51	-0.20	30.48	14.42	22.68	-13.17	26.09	16.44
S&P 500	1.38	11.96	21.83	-4.38	31.49	18.40	28.71	-18.11	26.29	25.02

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](https://madisonfunds.com) or call 800.877.6089 to obtain performance data current to the most recent month-end.

Sector Allocation (%)		
	Madison	Index
Comm Services	7.02	9.79
Cons Discr	19.84	10.37
Cons Staples	--	5.50
Energy	--	2.97
Financials	25.73	14.03
Health Care	11.59	9.32
Industrials	12.85	8.58
Info Tech	19.60	33.11
Materials	--	1.88
Real Estate	--	2.04
Utilities	--	2.39
Cash	3.38	--

5-Year Risk Metrics (%) - Class Y		
	Madison	Index
Standard Deviation	15.65	16.30
Up Capture	92.35	100.00
Down Capture	97.25	100.00
Beta	0.91	1.00

10-Year Risk Metrics (%) - Class Y		
	Madison	Index
Standard Deviation	14.52	15.50
Up Capture	92.68	100.00
Down Capture	92.16	100.00
Beta	0.90	1.00

## Investment Objective

The Madison Large Cap Fund seeks long-term capital appreciation.

Class	Ticker	Inception	Exp. Ratio
R6	MNVRX	9/23/13	0.73%
I	MIVIX	8/31/20	0.81%
Y	MINVX	11/1/78	0.91%
A	MNVAX	9/23/13	1.16%

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

## Fund Characteristics

Number of Holdings	30
Active Share (%)	89.1
% Assets in Top 10 Stocks	44.7
Annual Portfolio Turnover (%)	16
Wtd. Avg. Market Cap (\$ billions)	343.5
Net Assets (\$ millions)	411.4
Distribution Frequency	Annual

## Portfolio Management

<b>Joe Maginot</b> Portfolio Manager, Analyst Industry since 2012	<b>Haruki Toyama</b> Head of Mid & Large Cap Equity, Portfolio Manager Industry since 1994
<b>Rich Eisinger</b> Head of Equities, Portfolio Manager Industry since 1994	



## Complete Stock Holdings (%)

Arch Capital Group Ltd	5.88	Danaher Corp	3.59	Agilent Technologies Inc	2.57
Amazon.com Inc	5.19	Keysight Technologies In	3.51	Schwab (Charles) Corp	2.55
Alphabet Inc Cl C	5.12	Alcon Inc	3.43	Deere + Co	2.52
Texas Instruments Inc	4.78	Lowe S Cos Inc	3.29	Marsh + McLennan Cos	2.48
Ferguson Enterprises Inc	4.57	Brookfield Corp	3.09	Elevance Health Inc	2.00
Fiserv Inc	4.12	Gartner Inc	2.99	TJX Companies Inc	2.00
Visa Inc Class A Shares	3.81	CDW Corp/De	2.89	Liberty Broadband C	1.89
Progressive Corp	3.79	Copart Inc	2.87	Starbucks Corp	1.86
PACCAR Inc	3.78	Analog Devices Inc	2.85	Airbnb Inc Class A	1.63
Parker Hannifin Corp	3.68	Accenture Plc Cl A	2.58	Nike Inc Cl B	1.30

## Shareholder Services

### Madison Funds

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### Consultant and Advisor Services

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Madison Investments offers a series of funds that emphasize quality and durability—all built with the long run in mind. While a risk management approach is not unique to us, the way in which we deploy our investment strategies is what sets us apart.

*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 [www.madisonfunds.com](http://www.madisonfunds.com) to view or download a copy.*

1. 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 and R6 shares do not impose an up-front sales charge or a CDSC. From February 6, 2009 through February 28, 2016 the investment adviser waived between 0.11% to 0.15% of its management and/or services fees annually for Class Y shares, 0.15% for Class A shares from September 23, 2013 to February 28, 2016; and 0.10% for Class R6 from September 23, 2013 until May 1, 2014. Investment returns reflect these fee waivers, without which returns would have been lower.

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

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

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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, capital gain realization risks to taxpaying shareholders, foreign security and emerging market risk. More detailed information regarding these risks can be found in the fund's prospectus.

Effective February 28, 2025, the Fund's name changed from Madison Investors Fund to Madison Large Cap Fund. The investment strategy and objective remain unchanged.

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

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.

**Active Share:** the percentage of a portfolio that differs from its benchmark index. It can range from 0% for an index fund that perfectly mirrors its benchmark to 100% for a portfolio with no overlap with an index.

**Portfolio Turnover:** a measure of the trading activity in an investment portfolio—how often securities are bought and sold by a portfolio. The range represents the typical turnover of the portfolio.

**Wtd Avg. Market Cap:** the size of the companies in which the fund invests. Market capitalization is calculated by number of a company's shares outstanding times its price per share.

**Standard Deviation:** a statistical measurement of dispersion about an average, which, for a portfolio, depicts how widely the returns varied over a certain period of time. Investors may use the standard deviation of historical performance to understand the range of returns for a portfolio. When a portfolio has a higher standard deviation than its benchmark, it implies higher relative volatility. Standard deviation has been calculated using the trailing monthly total returns for the appropriate time period. The standard deviation values are annualized.

**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.

**Downside Capture Ratio:** a fund's performance in down markets relative to its benchmark. The security's downside capture return is divided by the benchmark's downside capture return over the time period.

**Beta:** a measure of the fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

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