

Madison Small Cap Fund

Investment Strategy Letter | June 30, 2026



The small-cap market was exceptionally strong in the second quarter. Late in the first quarter, the market correctly anticipated cessation of hostilities in the Middle East; the Russell 2000 Index bottomed almost exactly one day before quarter-end and has since staged a powerful rally, driven by Information Technology, Health Care and Industrials. The overarching theme behind both Info Tech and Industrials was the AI capital spending boom. The only exception was Health Care, where biotech stocks were the flavor of the day, returning 25% within the Russell 2000 Index.

The Madison Small Cap Fund (class I) returned 12.7% in the second quarter, compared to the Russell 2000's impressive 21.5% return and the Russell 2500 Index return of 20.2%.

Our underperformance was largely, though not entirely, a function of our inability to keep up with the powerful small cap rally fueled by Info Tech and Healthcare. Although our Info Tech investments posted very strong absolute gains for the quarter, including Knowles Corp. and Power Integrations, our recent investments in beaten-down software companies remained a drag on our overall performance. Despite this, our confidence in the intermediate to long-term opportunity in our software investments continues to grow.

Healthcare investments were disappointingly weak in the first quarter as well. The Fund had several investments in Healthcare that struggled in the quarter. Option Care, our investment in specialty pharmaceuticals, had a tough quarter due to the loss of one of its more profitable specialty drugs. We had been patient with this transition, but the net profitability impact of this drug continued to linger into 2026 and we decided to move on. Additionally, our largest healthcare position in Encompass Health was up only modestly in the quarter. We believe this continues to be an excellent long-term investment but the current market environment favors smaller, more volatile names. We continue to see value in the medical device space and are allocating more capital into these names when appropriate.

Our worst performing sector by far was consumer discretionary, driven mostly by extreme weakness in Shake Shack (SHAK). Although SHAK delivered solid same store sales, outperforming many other restaurants, the market's expectations were even higher. Furthermore, management decided to accelerate new restaurant openings in the first quarter, which led to an increase in operating expenses that negatively impacted near term earnings and cash flow. Although management miscommunication on this decision was a contributing factor to the disappointment, we believe the shares are overly punished and represent very attractive value for a company that's outperform peers on the revenue line with a massive opportunity for unit growth.

Portfolio Activity

It was another active quarter for changes to our investment portfolio. We sold three stocks (SMPL, OSW, and OPCH) and added four new investments (INDI, EXTR, BDC, and MAIR).

Sales:

Simply Good Foods (SMPL)

Simply Good Foods is a consumer staples company that owns the Atkins and Quest protein and snack food brands. Over the past few years, the company has faced multiple headwinds, including cost inflation, the rationalization of the Atkins brand, and the integration of the recently acquired OWYN brand. While the rationalization of Atkins led to severe top-line headwinds, we remained patient as the more important Quest brand maintained its growth. The recent slowdown in the core Quest protein bar business led to a loss of confidence in management and a leadership change. We decided to move on to better opportunities.

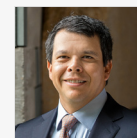
Tickers

Class R6: MSCRX	Class I: MSCIX
Class Y: BVAOX	Class A: MASMX

Portfolio Management



Faraz Farzam, CFA
Portfolio Manager, Analyst
Industry since 1999



Aaron Garcia, CFA
Portfolio Manager, Analyst
Industry since 2002

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.



OneSpaWorld Holdings (OSW)

We have closed out our investment in consumer discretionary company OSW, as we believe the stock has reached our intrinsic value estimate and the risk/reward is no longer favorable. This has been a solid investment since our initial position in 2020.

Option Care Health (OPCH)

We exited our position in OPCH after a difficult quarter marked by reimbursement delays, declines in therapy volume, and biosimilar-related pricing pressures. Although management remains focused on controlling costs, we believe these challenges may take time to resolve, and near-term visibility has become increasingly uncertain.

Buys:

Indie Semiconductor (INDI)

Indie Semiconductor is an industrial semiconductor company (market capitalization of ~\$1 billion) that is largely focused on the automotive market. The company is in the process of closing two transformative transactions: the sale of a commodity semiconductor business focused on China, and the acquisition of a company focused on industrial robotics or physical AI from German industrial firm Osram. We believe these two transactions will materially improve both the balance sheet and the business's economics, which are not reflected in the current valuation. The automotive semiconductor market has been depressed for several years and is poised for a recovery as inventory overhangs have been largely cleared. INDI has a significant opportunity to increase content per car by leveraging its impressive intellectual property in vision and LiDAR (Light Detection and Ranging). We estimate the intrinsic value for INDI to be \$15.

Extreme Networks (EXTR)

Extreme Networks (market capitalization of ~\$4 billion) is a global provider of cloud-driven enterprise networking solutions. The company designs and manufactures wired and wireless LAN (local area network) hardware, software-defined networking (SDN) fabric, and cloud-native management tools. They enable critical connectivity for high-density, high-security environments, including professional sports stadiums, healthcare systems, and large-scale government and private enterprises. Extreme has successfully pivoted from a legacy hardware vendor to a cloud-managed, software-defined platform, creating deep "stickiness" within its customer base. In enterprise networking, the "specification moat" is significant. Once an organization builds its network fabric and security policies within Extreme's cloud dashboard, the operational risk and cost of migrating to a competitor are prohibitively high. Their strategy of offering superior simplicity and faster deployment times allows them to aggressively take market share from slower-moving, larger incumbents like Cisco and Juniper. The current industry-wide transition to Wi-Fi 7 is a catalyst, as these new hardware deployments inherently drive higher attach rates for Extreme's cloud-management software. We also believe that as enterprises begin deploying AI at scale, Extreme's hardware could become the hardware foundation. Our intrinsic value estimate is \$40.

Belden, Inc (BDC)

Belden is a 120-year-old specialty networking and connectivity company that has spent the past six years deliberately transforming from a commodity wire and cable maker to an integrated IT/OT (information technology/operational technology) networking and solutions provider, serving industrial automation, smart buildings, broadband service providers, and data centers. The economics of the business have been steadily improving, with expanding gross and operating margins. Recently, the company announced the acquisition of Ruckus Networks, adding Wi-Fi Enterprise switching and an AI-driven cloud platform. The stock sold off significantly on this news, but we think this is a transformational acquisition with limited integration risk that will step up both the company's profitability and growth rate. Belden is a sticky industrial component and connector business with deepening moats, and we believe this acquisition has the potential to drive a material upward re-rating of the company's valuation. Our intrinsic value estimate is \$175.



Madison Air Solutions (MAIR)

Madison Air Solutions is a diversified industrial company focused on HVAC, with roughly two-thirds of its revenue from commercial markets and one-third from residential. The company has established leading positions across multiple well-known brands and is recognized for strong operating margins and cash flow generation. Following a strong public market debut, the valuation reflects significant optimism around the company's data center cooling business. However, we believe its broader HVAC operations, service business, and residential opportunities also offer upside. The company also benefits from an experienced leadership team and a differentiated market approach. Our intrinsic value estimate is \$50.



Outlook

While our relative underperformance is disappointing, we are encouraged by several recent developments:

1. Small cap outperformance and market breadth

Small caps (Russell 2000 Index) have been showing leadership over large caps (S&P 500) and have outperformed in both the second quarter and year-to-date. We believe this is part of a larger broadening process and may have legs.

2. Signs of Life in Software

Recently, select areas of software have begun recovering. Notably, cyber resilience company CommVault Systems (CVLT) was a top contributor to relative performance in the second quarter. Towards the end of the quarter, our other software investments began to recover from historic valuations lows, outperforming broader tech.

3. Housing

With interest rates stubbornly high, housing market activity has remained subdued. Our housing related names are still largely left behind, however, the cessation of hostilities and the collapse of oil prices along with other commodities may lead to a reprieve in inflation expectations and a recovery in housing stocks and new home construction. Once again. As with software, in a few of our largest housing related positions, we began to see a recovery in later stages of the second quarter.

Respectfully,

Faraz Farzam Aaron Garcia

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S&P 500® Index: large cap market index that measures the performance of a representative sample of 500 leading companies in leading industries in the U.S.

Madison-964659-2026-07-10



Madison Small Cap Fund

June 30, 2026



Why Madison Small Cap Fund?

High-quality portfolio of quality, durable, and growing small companies

Concentrated portfolio with a flexible mandate (\$100M to \$15B market cap)

Proprietary Risk Portal and valuation discipline framework help manage downside risk

Average Annual Total Returns^{1,2} (%)

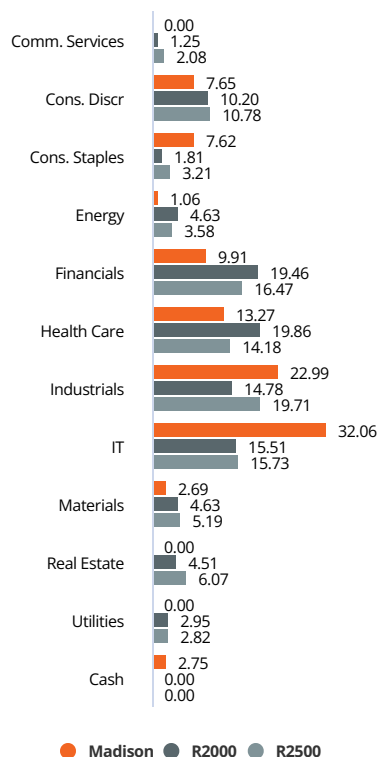
	3-Months	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Class R6	12.76	12.88	10.63	10.32	--	--	4.82
Class I	12.70	12.81	10.57	10.26	2.38	--	3.95
Class Y	12.75	12.87	10.50	10.14	2.27	8.61	12.28
Class A without sales charge	12.66	12.66	10.25	9.88	2.03	--	9.15
Class A with sales charge	6.17	6.17	3.91	7.72	0.84	--	8.21
Russell 2000	21.49	22.57	40.78	18.60	6.98	11.62	--
Russell 2500	20.26	22.71	36.72	18.40	8.30	12.25	--

Calendar Year Returns^{1,2} (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class Y	18.04	8.90	-12.09	24.67	23.09	20.52	-24.36	16.05	21.94	-7.12
Russell 2000	21.31	14.65	-11.01	25.52	19.96	14.82	-20.44	16.93	11.54	12.81
Russell 2500	17.59	16.81	-10.00	27.77	19.99	18.18	-18.37	17.42	12.00	11.91

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Sector Allocation (%)



5-Year Risk Metrics (%) - Class Y

	Madison	R2000
Standard Deviation	17.48	20.75
Up Capture	73.75	100.00
Down Capture	85.10	100.00
Beta	0.78	1.00

5-Year Risk Metrics (%) - Class Y

	Madison	R2500
Standard Deviation	17.48	19.31
Up Capture	76.44	100.00
Down Capture	93.18	100.00
Beta	0.86	1.00

Investment Objective

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

Class	Ticker	Inception	Exp. Ratio
R6	MSCRX	02/28/22	0.92%
I	MSCIX	02/26/21	1.00%
Y	BVAOX	12/16/96	1.10%
A	MASMX	08/31/19	1.35%

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

Fund Characteristics

Number of Holdings	51
EPS Growth Rate (Trailing 3-Year, %)	9.33
Price/Earnings Ratio (Trailing 1-Year)	30.07
Price/Earnings Ratio (Forward 1-Year)	19.24
Annual Portfolio Turnover (%)	35.00
Active Share vs. R2000 (%)	97.69
Active Share vs. R2500 (%)	96.59
Wtd. Avg. Market Cap (\$ billions)	7.02
Net Assets (\$ millions)	161.24
Distribution Frequency	Annual

Portfolio Management

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Top 10 Holdings (%)

KNOWLES CORP	4.41	HEALTHEQUITY INC	2.93
ENCOMPASS HEALTH CORP	3.95	CARLISLE COS INC	2.63
HAYWARD HOLDINGS INC	3.90	COMMVault SYSTEMS INC	2.53
SCOTTS MIRACLE GRO CO	3.82	TEXAS CAPITAL BANCSHARES INC	2.37
CORE + MAIN INC CLASS A	2.98	WORKIVA INC	2.34

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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 shares do not impose an up-front sales charge or a contingent deferred sales charge ("CDSC").

2. 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, represent 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).

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

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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.

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 mid cap risk, equity risk, growth and value risks, capital gains realization risks to taxpaying shareholders, foreign security and emerging market risk, depository receipt risk, and market risk. Investing in small, mid-size or emerging 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.

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.

Russell 2000 Index: small cap market index that measures the performance of the smallest 2,000 companies in the Russell 3000® Index.

Russell 2500 Index: broad index, featuring 2,500 stocks that cover the small and mid-cap market capitalizations of the U.S. equity universe.

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EPS Growth (Trailing 3-yr): the annual rate at which a company's earnings have grown over the past three years.

Price-to-Earnings 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.

Portfolio Turnover: a measure of the trading activity in an investment portfolio—how often securities are bought and sold by a portfolio.

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.

Wtd Avg. Market Cap: the size of the companies in which the fund invests. Market capitalization is calculated by the 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.

