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## MADISON LARGE CAP EQUITY

September 30, 2024 | Separately Managed Account Investment Strategy Letter

*Madison's philosophy revolves around the principle of "Participate and Protect®", which means we strive to build portfolios that participate as fully as possible in favorable markets and, more importantly, protect principal in difficult markets with the goal of outperforming the S&P 500 Index over a full market cycle. To pursue our goals, we emphasize high-quality growth companies that exhibit sustainable competitive advantages and consistent cash flow. We perform extensive research to develop a high conviction portfolio concentrated in companies with attractive growth characteristics and purchased when valuations are reasonable.*

### PORTFOLIO PERFORMANCE

In the third quarter, the top five individual contributors to performance relative to the benchmark were Parker-Hannifin Corporation, Fiserv, Lowe's Companies, Brookfield Corporation, and Progressive Corporation.

Parker-Hannifin is a leading diversified industrial manufacturer. Despite the unfavorable backdrop of a slowing industrial economy, the company continues to execute well with respect to improving margins and integrating the recent acquisition of Meggitt. At payment processor Fiserv, revenue and profits continue to grow nicely, in part driven by the strong performance of its Clover payment platform for small-and-medium sized businesses. In our assessment, Clover's broad adoption by merchants across a wide variety of verticals is due to its superior functionality compared to legacy point-of-sale payment platforms, coupled with Fiserv's extensive distribution scale across financial institutions and independent sales organizations. This latter advantage is especially difficult for emerging fintech competitors to replicate, reinforcing our confidence in the company's long-term prospects.

Despite operating in very different sectors, Lowe's Companies and Brookfield Corporation are both expected to benefit from the economic activity spurred on by declining interest rates. The Federal Reserve's decision to lower interest rates sparked investor enthusiasm for both companies during the quarter, even as their sales and profits continue to moderate. For Lowe's, sales remained weak in the latest quarter as most measures of the housing market remain sluggish. However, if interest rates come down and mortgages become more affordable, activity should return to the housing market which will boost Lowe's business. Similarly, Brookfield's asset management subsidiary saw fee revenue growth slow due to reduced levels of activity in private markets. We believe stable or declining interest rates will revive private market activity, benefiting Brookfield Corporation's business.

Rounding out the top five contributors is Progressive, an insurance company that continues to benefit from attractive market conditions and share gains from less advantaged competitors.

The bottom five individual detractors were Dollar Tree, Alphabet, PACCAR, Charles Schwab, and Copart.

Dollar Tree underperformed following disappointing sales at the core Dollar Tree banner and reduced full-year earnings guidance. The company, as well as its closest peers, is facing headwinds from a weak low-end consumer, less 'trade-down' benefit from middle-income consumers, and a tough competitive environment. Despite these headwinds, we are encouraged by the long-term prospects of the multi-price initiatives at the Dollar Tree banner, with the latest iteration of updated stores showing a strong up-lift in sales. As management more aggressively rolls out these updates, the impact to the company will be more meaningful, and, we believe, result in much higher earnings power.

Over the last few years, investors have oscillated between valuing Alphabet as an "AI Winner" and "AI Loser". This quarter it was something different, a court ruling in the antitrust suit brought by the Department of Justice, that scared investors. While we believe Alphabet can absorb a wide range of regulatory outcomes, we will remain vigilant in our assessment of the company. Despite all the headlines around the legal case and competitive inroads from AI chatbots, the businesses' underlying performance continues to be strong across Search, YouTube, and Cloud.

After initially holding up well against declining freight rates and a softening economic backdrop, sales at truck manufacturer PACCAR have begun to weaken. We think the company's high-margin, stable aftermarket parts division will offer some support through the current cyclical downturn.

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At Charles Schwab, a discount securities broker, investors remain focused on the higher cost of funding the business. While the short-term impact of customers 'sorting' cash into higher-yielding money market funds and fixed income securities presents a headwind to earnings, we believe Schwab will continue to gobble up market share. Over time, we expect profits will normalize higher as these challenges stabilize and the business grows.

Copart's steady earnings growth took a pause this quarter as margins were hit by elevated growth in expenses. While some of the costs will prove to be more one-off in nature, management is investing behind growth and efficiency initiatives, which we believe will prove to be capital well spent.

### PORTFOLIO ACTIVITY

During the quarter, we purchased one new position and sold one.

We purchased a stake in Keysight Technologies. Keysight is a leading electronic test and measurement company with a reputation for manufacturing highly reliable oscilloscopes, network analyzers, signal generators, and spectrum analyzers. Keysight serves a wide range of customers across telecommunication, data centers, semiconductors, and industrial markets. Its instruments are absolutely mission critical for the research and development as well as deployment of just about anything with sophisticated electronic componentry or signals. For instance, without Keysight's instruments, telecommunication carriers couldn't deploy 5G networks and semiconductor manufacturers couldn't test the performance of their circuitry. Customers are very sticky and brand loyal as it takes years to establish a good reputation among engineers. This means that Keysight primarily competes on the quality of its products rather than price.

Over the long term, the global economy will continue to digitize, which means that the accompanying need to precisely measure electronic signals will only increase. As a result, we believe that Keysight's end markets will grow in excess of GDP. However, Keysight is currently experiencing an air pocket in demand. The initial rush of spending to deploy 5G networks has coincided with softening demand across automotive, general electronics, and semiconductor end markets. While we don't precisely know how long the soft environment will last, we are confident that Keysight's sales and profits will return to an attractive growth rate. The poor sentiment from the currently depressed demand environment presented the opportunity to purchase shares at a discount to our appraisal of intrinsic value.

During the quarter, we sold our stake in Brookfield Asset Management, a leading alternative asset manager. In late 2022, we received shares in the company following its spin-off from Brookfield Corporation. We admire Brookfield Asset Management's owner-operator culture and long-term track record of generating impressive investment performance. However, during the quarter, we sold our stake to fund other opportunities. We continue to be optimistic on the outlook for Brookfield Asset Management and have indirect exposure to the company through our stake in Brookfield Corporation, which remains Brookfield Asset Management's largest shareholder.

We thank you for your trust and remain invested alongside you for the long term.

Respectfully,

*Rich Eisinger*

*Haruki Toyama*

*Joe Maginot*

## MADISON LARGE CAP EQUITY

### September 30, 2024 | Separately Managed Account Performance & Characteristics

Portfolio Characteristics may help you understand how the portfolio, taken as a whole, is situated relative to other portfolios or the benchmark. See the Definitions section on the following page for more details about each metric presented below.

#### Strategy Highlights

We invest in companies with:

- Sustainable competitive advantages
- Durable earnings growth
- Solid balance sheets
- Strong management
- Attractive relative valuations

Concentrated portfolio of 25-40 companies.

We believe strong stock selection will help us achieve our goal of superior long-term returns with downside protection.

#### Experienced Management

##### Rich Eisinger

Head of Equities, Portfolio Manager  
Industry since 1994

##### Haruki Toyama

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

##### Joe Maginot

Portfolio Manager, Analyst  
Industry since 2012

#### Trailing Returns (%)

	MADISON		
	Gross	Net**	Index
QTD	8.08	7.86	5.90
YTD	17.86	17.16	22.09
1-Year*	30.43	29.39	36.37
3-Year*	12.85	11.95	11.92
5-Year*	14.72	13.81	15.98
10-Year*	14.18	13.28	13.38
Since Inception*	10.55	9.68	9.65

\*Figures are annualized.

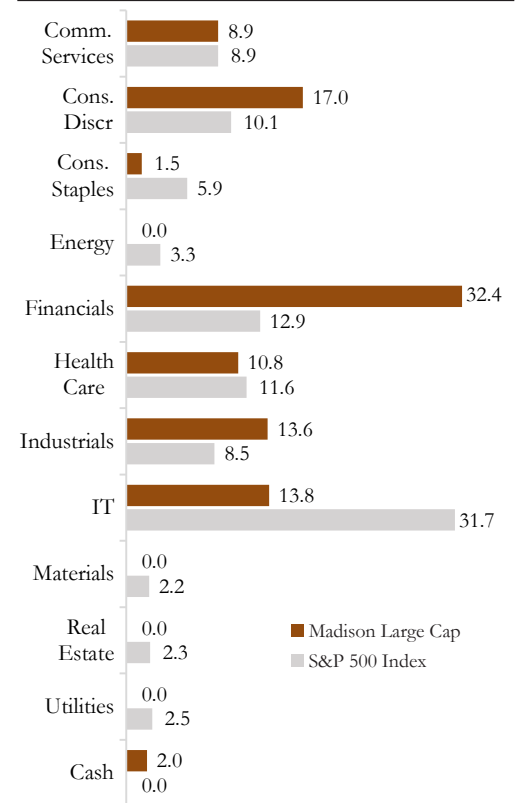
#### Portfolio Characteristics

	Madison Large Cap <sup>1</sup>	S&P 500 Index
Number Of Holdings	30	504
Weighted Avg. Market Cap (\$B)	378.5	999.7
P/E Ratio (Forward 1-Yr)	21.9	21.7
EPS Growth (Trailing 3-Yr) (%)	24.9	25.3
ROE (Trailing 1-Yr) (%)	23.5	29.7
Dividend Yield (%)	0.85	1.26
Active Share (%)	87.4	
Annual Portfolio Turnover (%)	7.7	

#### Portfolio Statistics (%)

	5-YEAR		10-YEAR	
	Madison	Index	Madison	Index
Up Capture	92.48	100.00	94.54	100.00
Down Capture	92.76	100.00	85.77	100.00
Std Deviation	17.32	18.04	14.26	15.25
Beta	0.93	1.00	0.90	1.00

#### Sector Distribution (%)



Figures are rounded to the nearest 0.1% and may not total 100%.

#### Top Ten Holdings (%)

Alphabet Inc. Class C	7.4
Arch Capital Group Ltd.	6.7
Fiserv, Inc.	5.0
Amazon.com, Inc.	4.5
Parker-Hannifin Corporation	4.4
Lowe's Companies, Inc.	4.1
Berkshire Hathaway Inc. Class B	4.1
PACCAR Inc	4.0
Alcon AG	4.0
Analog Devices, Inc.	3.9

\*\*Net returns are calculated using the highest Madison annual fee of 0.80%, calculated quarterly for periods prior to January 1, 2022 & calculated monthly for periods beginning January 1, 2022. They do not reflect any third-party investment advisory fees or other expenses that may be incurred in the management of the account. Such fees and expenses will reduce the actual returns of the account. Actual fees and expenses will vary depending on each individual agreement, so readers should consult their advisors for additional details. See each entity's Part 2.A Disclosure Brochure for more information. Actual returns may vary depending on a particular account's trading platform and trading discretion. Any differences in the timing of trades may result in various performance outcomes for Madison's separately managed accounts versus model manager accounts.

## DISCLOSURES & DEFINITIONS

1. Information is based on a model portfolio which is intended to provide a general illustration of the investment strategy. Individual client portfolios in the program may vary.

All or some of the information is presented as “supplemental information” included as part of the GIPS® Report for the Madison Large Cap Equity Composite, which must be included with this material. Unless otherwise noted, references to “Madison” are to that composite and references to inception date refer to performance since 3/31/1997. Past performance is no guarantee of future results. Year-to-date, quarterly and annualized performance figures are considered “preliminary” as of the date of this piece. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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® 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.

Large Cap investing is based on the expectation of positive price performance due to continued earnings growth or anticipated changes in the market or within the company itself. However, if a company fails to meet that expectation or anticipated changes do not occur, its stock price may decline. Moreover, as with all equity investing, there is the risk that an unexpected change in the market or within the company itself may have an adverse effect on its stock. Investing in growth-oriented stocks involves potentially higher volatility and risk than investing in income-generating stocks. The biggest risk of equity investing is that returns can fluctuate and investors can lose money.

Please consult with your financial advisor to determine your risk tolerance and investment objectives.

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list.

Holdings may vary depending on account inception date, objective, cash flows, market volatility, and other variables. Any securities identified and described herein do not represent all of the securities purchased or sold, and these securities may not be purchased for a new account. There is no guarantee that any securities transactions identified and described herein were, or will be profitable. Any securities identified and described herein are not a recommendation to buy or sell, and is not a solicitation for brokerage services.

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

Weighted Avg. Market Cap: measures the size of the companies in which the portfolio invests. Market capitalization is calculated by multiplying the number of a company’s shares outstanding by its price per share.

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.

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

Return on Equity (ROE): a profitability ratio that measures the amount of net income returned as a percentage of investors equity.

Dividend Yield: the portfolio’s weighted average of the underlying portfolio holdings and not the yield of the portfolio.

Active Share: the percentage of a portfolio that differs from its benchmark index. Active Share can range from 0% for an index portfolio 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.

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.

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

Upside Capture Ratio: a portfolio’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.

Beta: a measure of the portfolio’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.

“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. 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.

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.

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## DISCLOSURES

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 this report constitute the firm's 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.

This piece is not intended to provide investment advice directly to investors. Opinions stated are informational only and should not be taken as investment recommendation or advice of any kind whatsoever (whether impartial or otherwise).

Gross performance results do not reflect the deduction of investment advisory fees. Your returns will be reduced by advisory fees and other expenses that may be incurred in the management of your investment advisory account. Investment advisory fees are described in our disclosure brochure.

Madison's expectation is that investors in the strategy will participate near fully in market appreciation during bull markets and experience something less than full participation during bear markets compared with investors in portfolios holding more speculative and volatile securities. Therefore, the investment philosophy is intended to represent a conservative investment strategy. There is no assurance that Madison's expectations regarding this investment strategy will be realized.

Madison-621338-2024-10-14

**MADISON  
LARGE CAP EQUITY COMPOSITE  
GIPS COMPOSITE REPORT**

Year End	Total Firm Assets (millions)	Composite Assets		Annual Performance Results						
		USD (millions)	Number of Accounts	Composite Gross	Composite Net (.80%)	S&P 500® Index	Composite Dispersion	Composite 3-Yr. Annualized Ex-Post Standard Deviation	Index 3-Yr. Annualized Ex-Post Standard Deviation	% of Bundled Fee Accounts
QTD+				8.08%	7.86%	5.90%				
YTD+				17.86%	17.16%	22.09%				
1 Year^				30.43%	29.39%	36.37%				
3 Years^				12.85%	11.95%	11.92%				
5 Years^				14.72%	13.81%	15.98%				
10 Years^				14.18%	13.28%	13.38%				
Since Inception^				10.55%	9.68%	9.65%				
Figures above are as of September 30, 2024. ^Returns are annualized if inception date is more than one year ago.										
2023	17,291	740	70	27.12%	26.10%	26.29%	0.48%	16.89%	17.29%	0%
2022	16,693	589	46	-12.76%	-13.46%	-18.11%	0.20%	19.85%	20.87%	0%
2021	19,129	786	51	23.98%	23.01%	28.71%	0.47%	16.72%	17.17%	0%
2020	14,498	728	63	15.32%	14.43%	18.40%	1.53%	16.94%	18.53%	0%
2019	13,993	627	31	32.17%	31.15%	31.49%	0.79%	10.39%	11.93%	0%
2018	12,895	563	53	0.73%	-0.06%	-4.38%	0.38%	9.20%	10.80%	0%
2017	13,761	425	62	23.76%	22.79%	21.83%	0.41%	8.82%	9.92%	0%
2016	13,312	393	69	13.79%	12.88%	11.96%	0.44%	9.58%	10.59%	0%
2015	13,030	201	65	1.24%	0.44%	1.38%	0.27%	9.68%	10.47%	0%
2014	13,953	269	77	12.48%	11.58%	13.69%	0.39%	8.46%	8.97%	0%
2013	12,112	425	108	30.54%	29.57%	32.39%	0.54%	10.86%	11.94%	0%
2012	6,984	157	137	15.35%	14.46%	16.00%	0.32%	13.96%	15.09%	0%
2011	7,320	131	168	1.09%	0.28%	2.11%	0.53%	18.26%	18.70%	0%
2010	7,349	135	154	10.67%	9.81%	15.06%	0.54%	21.83%	21.85%	0%
2009	6,766	111	112	34.61%	33.61%	26.46%	1.31%	19.74%	19.63%	0%
2008	5,282	82	108	-31.85%	-32.45%	-37.00%	0.69%	14.98%	15.08%	0%
2007	7,273	219	144	0.69%	-0.11%	5.49%	0.72%	7.13%	7.68%	0%
2006	7,782	491	324	17.35%	16.45%	15.79%	0.46%	6.65%	6.82%	0%
2005	8,793	715	818	-2.03%	-2.82%	4.91%	0.37%	9.17%	9.04%	0%
2004	8,813	697	620	12.86%	11.98%	10.88%	0.46%	14.30%	14.86%	0%
2003	7,419	459	309	23.35%	22.42%	28.68%	0.85%	16.21%	18.07%	0%
2002	6,272	120	185	-15.55%	-16.25%	-22.10%	1.01%	16.59%	18.55%	0%
2001	5,526	56	73	-1.75%	-2.55%	-11.89%	1.28%	13.27%	16.71%	0%
2000	4,584	45	40	11.88%	11.01%	-9.10%	1.12%	16.13%	17.42%	0%
1999	3,956	16	21	6.00%	5.16%	21.04%	2.35%	-	-	0%
1998	3,682	10	9	19.36%	18.45%	28.58%	0.47%	-	-	0%
04/01 - 12/31/1997	3,122	2	Five or fewer	35.14%	34.41%	29.88%	N/A	-	-	0%

+Preliminary

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

**As of December 31, 2023, total assets under advisement in this strategy are \$4,430 million encompassing bundled fee accounts, non-bundled fee accounts and non-discretionary accounts which include \$3,185 million in model-traded assets. This is presented as supplemental information.**

**Large Cap Equity Composite** contains fully discretionary direct large cap equity accounts. The composite seeks to invest in high quality, larger companies with a growth orientation. Generally, such companies will have a market capitalization in excess of \$12 billion. We are bottom-up stock-pickers, focused on high quality consistent growth companies trading at reasonable valuations. Our goals are to beat the market over a market cycle by fully participating in up markets, while protecting principal in difficult markets. There is no assurance that these goals will be realized. The portfolios may invest in equities which are subject to market volatility. Large Cap investing is based on the expectation of positive price performance due to continued earnings growth or anticipated changes in the market or within the company itself. However, if a company fails to meet that expectation or anticipated changes do not occur, its stock price may decline. For comparison purposes the composite is measured against the S&P 500® Index.

For the purposes of GIPS compliance and the determination of total assets under management, the Firm is defined as Madison. Madison represents Madison Investment Advisors, LLC ("MIA") and Madison Asset Management, LLC ("MAM"), two investment advisers under common control registered with the U.S. Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940. (Registration does not imply a certain level of skill or training.) Prior to December 1, 2010, the Firm's composites were maintained by Madison Investment Advisors, Inc. ("MIA Inc."). On November 30, 2010, pursuant to a corporate reorganization that involved no change of control or personnel relating to account composite management, all composite accounts managed by MIA Inc. were transferred to MIA and performance information for periods prior to December 1, 2010 refer to this composite as managed by MIA Inc. During the first quarter of 2013, MIA and its parent company, MAM (also a registered investment adviser), began the process of eliminating the distinction between accounts and products managed by the two companies. Because MIA and MAM share all resources and personnel at their mutual Wisconsin office location and because there is no longer a brand or line of business distinction between products and services offered by the two registered investment advisers, for periods after March 31, 2013, the collective definition of the firm (Madison) includes accounts and assets managed by MAM and MIA. However, the firm does not claim compliance with the GIPS standards for assets and accounts managed by MAM prior to April 1, 2013. As of December 31, 2013, Madison Scottsdale, LC ("Scottsdale"), another registered investment adviser under common control with MIA, merged its assets into, and became part of, MIA and subsequently those assets became part of the firm (Madison). The transaction resulted in no change to the resources or personnel as the sole purpose of this change was to simplify Madison's legal corporate structure. Prior to January 1, 2014, Scottsdale did not claim GIPS compliance and no performance for composites formally maintained by Scottsdale are contained in this performance presentation or included in the definition of the firm (Madison). As of October 30, 2020, Hansberger Growth Investors, LP ("HGI LP"), an affiliated registered investment adviser under common control with MIA, consolidated its assets into MIA, and subsequently those assets became part of the firm (Madison). The transaction resulted in no change to the resources or personnel as the sole purpose of this change was to simplify the legal corporate structure. Prior to October 30, 2020, HGI LP claimed GIPS® compliance and all composite accounts managed by HGI LP were transferred to MIA and performance information for periods prior to October 30, 2020 refer to those composites as managed by HGI LP. On June 11, 2021, Madison acquired the fixed income management assets of Reinhart Partners, Inc. ("Reinhart"), an unaffiliated registered investment adviser, and subsequently those assets became part of the firm (Madison). The Investment Team of Reinhart, who were responsible for composite performance prior to June 11, 2021, joined Madison on that date and continue to manage the Reinhart Fixed Income Strategies. A list of composite descriptions and a list of broad distribution pooled funds are available upon request.

Madison claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The firm, as defined above, has been independently verified for the periods January 1, 1991 through June 30, 2024. A copy of the verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Beginning January 1, 2001, composite policy requires the temporary removal of any portfolio incurring a client-initiated significant cash inflow or outflow of greater than 75% of portfolio assets for the period. Past performance is not indicative of future results.