

MADISON INTERMEDIATE CORPORATE BOND

Strategy Overview

This overview is an introduction to Madison's Intermediate Corporate Bond Ladder philosophy, process, and investment team.

Madison has managed fixed income portfolios for clients since 1974, through many different market environments. Our investment approach has always focused on risk management. Active interest rate risk control, in combination with an emphasis on high quality securities, differentiates us from the universe of other fixed income managers.

OUR PHILOSOPHY

Using our thorough knowledge of interest rate trends, our goal is to provide the opportunity to participate in rising market environments, yet protect capital when risk is perceived to be high.

OUR STRATEGY

We manage intermediate duration portfolios, which provide a balance between the risk and return of short- and long-term bonds.

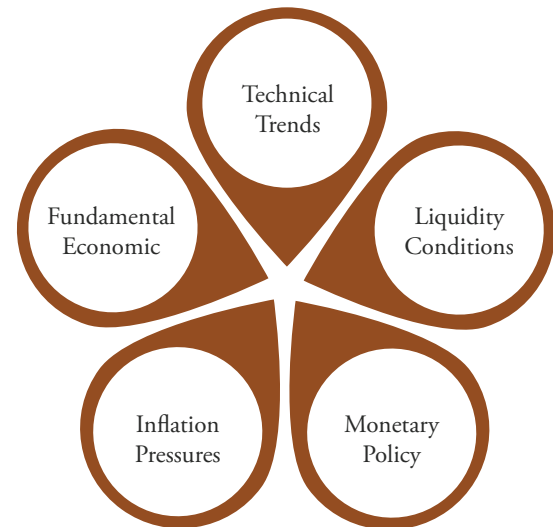
- ▶ Average maturity generally 12 years or less
- ▶ Average duration between one and nine years

When our indicators of the outlook for interest rates are positive, portfolio maturities are lengthened to capture higher current yields and potential capital gains. These same indicators serve to warn us of forces that threaten the markets as well, allowing us to shorten portfolio maturities to potentially preserve our clients' capital when the outlook turns negative.

We believe that quality is important. Potential investments are limited to investment grade corporate bonds.

We continually monitor each portfolio for diversification and liquidity.

Outlook for Interest Rates



Managing Risk



OUR PROCESS

Experienced Management

1

DURATION

Our Fixed Income Forecasting analysis represents the cornerstone of our investment process. This analysis evaluates leading indicators of the direction of interest rates. Analysis includes the monitoring of interest rate trends, inflationary pressures, Federal Reserve policy, foreign money flows, economic momentum, liquidity conditions and the psychology of the market. Portfolio durations are periodically lengthened/shortened depending on our outlook for interest rates.

2

YIELD CURVE POSITIONING

There are many ways to structure a portfolio with a desired duration/maturity. Interest rates often change differently along the yield curve and we look for the most opportunistic way to structure our portfolio.

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SECTOR DECISION

We constantly search for the best risk/reward trade-off among various corporate bond sectors. Our proprietary yield spread analysis, along with fundamental and technical analysis, is used to evaluate and target sector exposure.

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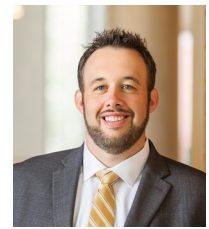
QUALITY ASSESSMENT

The risk/reward ratio among the various investment grade sectors is continually monitored using a quantitative approach. We utilize qualitative macro factors to supplement/confirm our quantitative results.

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SECURITY DECISION

At the security level, the bond market can be very inefficient. Our proprietary credit research, supplemented by independent third-party research providers, helps us identify companies with desirable credit characteristics. A combination of quantitative and qualitative analysis assists with identifying potential opportunities.



Mike Sanders, CFA
Head of Madison Fixed
Income, Portfolio Manager
Industry since 2004



Paul Lefurgey, CFA
Portfolio Manager
Industry since 1988



Chris Nisbet, CFA
Portfolio Manager
Industry since 1990

“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”), which also includes the Madison Scottsdale office. 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.

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.

Our expectation is that investors will participate in market appreciation during bull markets and be protected during bear markets compared with investors in portfolios holding more speculative and volatile securities. There is no assurance that these expectations will be realized.

While Madison constructs portfolios for various risk tolerances, it does not determine individual client’s risk tolerance or investment objectives.

It is Madison’s opinion that the bond market is inefficient. There is no guarantee that Madison can consistently exploit these perceived inefficiencies.

In addition to the ongoing market risk applicable to portfolio securities, bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally, the longer a bond’s maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.