MADISON HIGH QUALITY INTERMEDIATE GOVT/CORP BOND

Strategy Overview

This overview is an introduction to Madison's High Quality Intermediate Government/Corporate Bond 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 twelve years or less
- Average duration between one and nine years

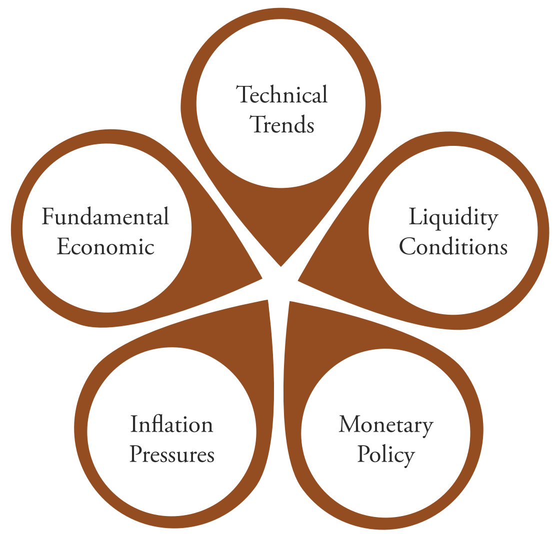
When our indicators of the outlook for interest rates are positive, portfolio maturities are lengthened to capture higher current yields and potential capital gains. These same indicators serve to warn us of forces that threaten the markets as well, allowing us to shorten portfolio maturities to potentially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

We believe that quality is important. Potential investments are limited to:

- U.S. Treasuries;
- U.S. agencies
- Investment grade corporate bonds.

We continually monitor each portfolio for diversification and liquidity.

Outlook for Interest Rates



Managing Risk

OUR PROCESS

DURATION

1 Our Fixed Income forecasting analysis represents the cornerstone of our investment process. The 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.

YIELD CURVE POSITIONING

2 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.

SECTOR DECISION

3 We constantly search for the best risk/reward trade-off among the Treasury, agency and corporate bond sectors. Historically, corporate bonds have outperformed Treasury securities 50% of the time in our experience.

QUALITY ASSESSMENT

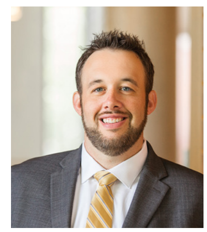
4 The risk/reward ratio among the various investment grade sectors is continually monitored using a quantitative approach. We utilize qualitative macro factors to supplement/confirm our quantitative results.

SECURITY DECISION

5 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.

Experienced Management

Paul Lefurgey, CFA
Co-Head of Fixed Income,
Portfolio Manager
Industry since 1988



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

Chris Nisbet, CFA
Portfolio Manager
Industry since 1990