MADISON INTERMEDIATE CORPORATE BOND

September 30, 2020 | 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. We believe that this is best accomplished through active duration, yield curve and sector management with the goal of minimizing portfolio risk. Our general objective for this portfolio is to pursue the highest risk-adjusted total investment return within the policy limitations of (1) investing in investment grade corporate bonds issued by U.S. domiciled firms (2) maintaining a dollar weighted average maturity of ten years or less.

MARKET OVERVIEW

After tightening significantly in the second quarter of 2020, investment grade corporate bond risk premiums ("spreads") started the third quarter at levels that were slightly higher than where they began the year. Spreads modestly tightened during the third quarter but experienced more volatility as the quarter progressed. While spreads are not as attractive as they were earlier in the year and fundamentals remain in a more subdued state due to the Covid-19 pandemic, there remains solid demand for investment grade corporate bonds largely due to low yields in other securities. The flow of funds into investment grade credit funds/exchange-traded funds has been strong over the past few years, which has provided a strong technical backdrop for spread tightening.

There has been a large amount of fiscal and monetary stimulus that has helped drive the corporate bond spread tightening over the past two quarters. The United States government passed the CARES Act earlier this year, which provided a variety of direct payments, grants, and other initiatives to individuals and small businesses. In addition, the Federal Reserve cut short-term interest rates down to the zero bound and announced numerous programs to support the commercial paper, investment grade corporate bond, and high yield corporate bond markets. The Federal Reserve's dot plot also indicates that they do not plan to raise short-term interest rates over the next several years, and they have reflected a desire to let the economy run "hot" with higher inflation levels than targeted before looking to increase rates as an offsetting measure. The cumulative effect of the fiscal and monetary stimulus has provided a solid backdrop for market stability and the tightening of corporate bond spreads. Fundamentally, the most recent Blue Chip consensus forecast anticipates 2020 third quarter GDP to expand in a range of approximately 14% to 20%, which would represent a partial recovery from the 30-plus% drop in the second quarter.

As noted earlier, spread volatility increased slightly as the third quarter progressed which resulted from a variety of issues. The Covid-19 pandemic continues globally with cases spiking up again in many regions both domestically and globally, and it may take numerous more months for a viable vaccine to become widely available. In addition, the United States Congress and President Trump are struggling to come to a consensus on another round on fiscal stimulus, which would provide a much needed boost for American consumers and small businesses. Additionally, there remains uncertainty with regards to the upcoming election, continued social unrest in certain parts of the United States, and unresolved trade issues with China.

There has been a record amount of investment grade new debt issuance in 2020. High quality companies continue to take advantage of calmer markets to complete significant capital raises in order to enhance their liquidity and refinance existing debt in an uncertain economy. There has been very strong demand for this new issuance as investors search for yield in a low-yield environment. It should be emphasized that Madison has historically focused on using bonds with large issue sizes and strong liquidity for client portfolios, which tends to be beneficial in periods of higher stress in the markets.

The Bloomberg Barclays Intermediate Corporate Index posted a 1.33% total return during the third quarter of 2020. Some of the higher-beta sectors such as Basic Materials and Consumer Cyclicals outperformed during the quarter, while lower-beta sectors such as Consumer Non-Cyclicals and Utilities lagged. In year-to-date 2020, the Bloomberg Barclays Intermediate Corporate Index posted a 5.61% total return with Technology/Consumer Non-Cyclicals outperforming and Energy/Basic Materials lagging.

PERFORMANCE / ATTRIBUTION

Madison's Intermediate Corporate portfolio posted a positive total return during the third quarter (gross and net of fees) but underperformed its benchmark primarily due to sector/quality and yield factors. During the quarter, lower-quality BBB bonds and higher-beta sectors such as Basic Materials/Consumer Cyclicals outperformed. Given its up-in-quality bias, Madison has a smaller exposure to these lower quality sectors/companies. In addition, Madison is under yielding its benchmark due to its shorter-than-benchmark duration and higher quality bias. In year-to-date 2020, Madison's total return remains very close to its benchmark while taking less risk.

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STRATEGIC POSITIONING / TRANSACTIONS

Since corporate bond spreads became more attractive in late March/early April, Madison has been rolling securities out the yield curve and extending the duration of its corporate bond portfolios to pick up yield. We did this in a variety of ways. When cash was available, we used cash to buy primarily 7- to 10-year securities. For accounts that did not have cash reserves, we sold short-term securities and bought 7- to 10-year securities to take advantage of steep credit/yield curves. We primarily focused on buying securities that were recently issued, as liquidity is better in these securities and transaction costs (bid/ask spreads) are much lower than for more seasoned bonds. In addition, we focused on higher quality single-A and high-BBB securities that are in line with our conservative mandate. These purchases and roll-outs were additive to performance as spreads have generally tightened since this time. Given our conservative mandate, Madison's portfolio durations remain slightly less than the benchmark and up-in-quality with very little exposure to low-BBB securities.

OUTLOOK

Investment grade corporate bonds spreads have tightened significantly from their March 2020 wides and are now just slightly wider than where they started the year. While the fiscal/monetary stimulus and low yield environment continues to provide a respectable backdrop for the investment grade corporate bond market, we feel spread volatility could increase in the nearterm for a variety of reasons. With various parts of the United States and some schools slowly opening back up and Covid-19 cases increasing, there remains a risk that state/local governments may need to keep restrictions on for longer periods of time. In addition, many areas of the United States are seeing increased social unrest as well as uncertainty regarding the Presidential election in November. We feel these factors, combined with much tighter spreads than a few months ago, create an environment that could lead to heightened volatility. Therefore, Madison continues to position portfolios with a conservative bias with very low exposure to lower-quality investment grade securities. If volatility increases and spreads widen once again, we may look to opportunistically add more 7- to –10-year corporate bonds to our portfolios.

MADISON INTERMEDIATE CORPORATE BOND

September 30, 2020 | 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 last page for more details about each metric presented below.

Portfolio Characteristics

	Madison Intermediate Corporate Bond	Bloomberg Barclays U.S. Interm. Corp. Index
Effective Duration (years)	4.27	4.53
Wtd. Avg. Maturity (years)	4.68	4.99
Wtd. Avg. Quality[1]	A-	BBB+
Wtd. Avg. YTW	1.04%	1.35%
Wtd. Avg. Current Yield	2.88%	3.15%
Avg. Turnover	20-40%	-

Sector Distribution (%)

Basic Industry	3.95
Capital Goods	2.14
Communications	7.14
Consumer Cyclical	13.50
Consumer Non-Cyclical	7.15
Energy	8.29
Financial Institutions	37.05
REITS	5.00
Technology	11.59
Transportation	2.22
Utility	-
Cash	1.98

Portfolio Statistics (%)

Since Inception	Madison	Index[3]
Up Capture Ratio	80.48	100
Down Capture Ratio	76.40	100
Standard Deviation	3.46	4.17

Quality[2] Distribution (%)

	Madison	Index
AAA	1.93	0.97
AA	8.40	6.77
A	46.22	43.13
BBB	41.47	48.92
BB	-	0.21
Cash	1.98	-

Maturity Distribution (%)

	Madison	Index
0-1 Years	7.39	1.06
1-3 Years	19.40	25.50
3-5 Years	22.46	25.46
5-7 Years	28.43	20.94
7-10+ Years	22.32	27.04

Cash is included in the 0-1 Year segment.

MADISON INTERMEDIATE CORPORATE BOND

September 30, 2020 | Separately Managed Account Performance & Characteristics

Portfolio Performance 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 last page for more details about each metric presented below.

Trailing Returns (%)

	MADISON Gross	MADISON Net**	Index[3]
QTD	0.90	0.77	1.33
YTD	5.76	5.37	5.61
1-Year*	6.72	6.20	6.78
3-Year*	4.95	4.43	5.15
5-Year*	4.18	3.67	4.56
10-Year*	3.39	2.88	4.07
Since Inception*	4.26	3.74	5.14

**Figures are annualized.*

Annual Total Returns (%)

	MADISON Gross	MADISON Net**	Index[3]
2010	5.78	5.26	7.76
2011	5.52	5.00	5.37
2012	4.01	3.50	8.09
2013	-0.23	-0.72	0.08
2014	3.39	2.88	4.35
2015	1.65	1.14	1.08
2016	3.13	2.62	4.04
2017	3.05	2.54	3.92
2018	0.21	-0.29	-0.23
2019	9.07	8.53	10.14

***Net returns are calculated using the highest Madison annual fee of 0.50%, calculated quarterly. 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 2A Disclosure Brochure for more information. Actual returns may vary depending on a particular account's inception date, 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.*

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

Allen Olson, CFA
Portfolio Manager
Industry since 1998

Alan Shepard, CFA
Portfolio Manager
Industry since 1988

DISCLOSURES

1.This measure is not the result of an assessment of the credit quality of the composite's portfolio by a Nationally Recognized Statistical Rating Agency ("NRSRO") or any other independent entity.

2. Credit quality ratings on underlying securities of the composite are received from one or more NRSRO (e.g., S&P, Moody's, Fitch, etc.) and converted to the equivalent major rating category commonly utilized by more than one NRSRO. In the event of split rating between NSRSOs, (i.e., when a majority rating cannot be derived), the lower rating is used. Bonds backed by U.S. Government or agency securities are given an implied rating equal to the rating of such securities. Ratings and portfolio credit quality may change over time. Portfolio distributions are rounded to the nearest 0.1%.

3. For periods prior to 1/1/2013, the composite was measured against the Bloomberg Barclays U.S. Intermediate Credit Bond Index (Index). For periods after 12/31/2012, the composite is measured against the Bloomberg Barclays U.S. Intermediate Corporate Bond Index (Index). The "Index," as presented in "Portfolio Statistics", "Trailing Returns" and "Annual Total Returns" sections, represent, where applicable, a blended benchmark derived of the aforementioned indices. See the following page for more information.

All or some of the information is presented as "supplemental information" included as part of the GIPS® compliant performance presentation for the Intermediate Corporate Bond Composite on the reverse side, which must be included with this material. References to "Madison" are to that composite and references to inception date refer to performance since 6/30/2001. 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.

All investing involves risks including the possible loss of principal. There can be no assurance the portfolios will achieve their investment objectives. The risks associated with an investment in the portfolio can increase during times of significant market volatility. The principal risks of investing in the portfolio include: interest rate risk, call risk, risk of default and liquidity risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond portfolios have ongoing fees and expenses. 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.

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).

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

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. Effective Duration: a measure of a portfolio's interest-rate sensitivity. The longer a portfolio's duration, the more sensitive the portfolio is to shifts in interest rates. Average Maturity: computed by weighting the maturity of each security in the portfolio by the market value of the security, then averaging these weighted figures. Yield to Maturity measures the annual return an investor would receive if they held a particular bond until maturity as of the end of a report period. In order to make comparisons between instruments with different payment frequencies, a standard yield calculation basis is assumed. This yield is calculated assuming semiannual compounding. 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.

"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. Hansberger Growth Investors, L.P. or "HGI" is an affiliate of "Madison Investments." MAM, MIA and HGI 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.

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.

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. 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 Bloomberg Barclays US Intermediate Corporate Bond Index measures performance of United States dollar-denominated investment grade, fixed-rate, taxable corporate bond securities with maturities greater than or equal to one year, but less than ten years, that are issued by U.S and non-U.S. industrial, utility and financial issuers.

MADISON

INTERMEDIATE CORPORATE BOND COMPOSITE
ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (millions)	Composite Assets		Annual Performance Results						
		USD (millions)	Number of Accounts	Composite Gross	Composite Net	Index	Composite Dispersion	Composite 3-Yr. Annualized Ex-Post Standard Deviation	Index 3-Yr. Annualized Ex-Post Standard Deviation	% of Non-Fee Paying Accounts
2019	13,993	26	44	9.07%	8.53%	10.14%	0.2%	2.15%	2.26%	1.67%
2018	12,895	42	76	0.21%	-0.29%	-0.23%	0.2%	2.09%	2.27%	1.02%
2017	13,761	42	74	3.05%	2.54%	3.92%	0.1%	2.12%	2.41%	1.14%
2016	13,312	31	62	3.13%	2.62%	4.04%	0.3%	2.21%	2.59%	Less than 1%
2015	13,030	30	59	1.65%	1.14%	1.08%	0.2%	2.10%	2.71%	Less than 1%
2014	13,953	28	52	3.39%	2.88%	4.35%	0.2%	1.96%	2.72%	Less than 1%
2013	12,112	28	63	-0.23%	-0.72%	0.08%	0.2%	2.05%	3.04%	Less than 1%
2012	6,984	55	115	4.01%	3.50%	8.09%	0.3%	2.07%	2.85%	1.19%
2011	7,320	44	102	5.52%	5.00%	5.37%	0.3%	2.70%	3.85%	1.66%
2010	7,349	34	50	5.78%	5.26%	7.76%	0.3%	-	-	Less than 1%
2009	6,766	35	46	9.93%	9.38%	15.93%	0.7%	-	-	Less than 1%
2008	5,282	2	Five or fewer	2.69%	2.17%	-2.75%	N.A	-	-	Less than 1%
2007	7,273	2	Five or fewer	6.82%	6.29%	5.62%	N.A	-	-	Less than 1%
2006	7,782	3	6	4.61%	4.09%	4.50%	0.1%	-	-	Less than 1%
2005	8,793	8	Five or fewer	1.64%	1.14%	1.42%	N.A	-	-	Less than 1%
2004	8,813	8	Five or fewer	2.43%	1.92%	4.08%	N.A	-	-	Less than 1%
2003	7,419	0	Five or fewer	5.12%	4.60%	6.91%	N.A	-	-	Less than 1%
2002	6,272	0	Five or fewer	3.78%	3.26%	10.14%	N.A	-	-	Less than 1%
2001	5,526	0	Five or fewer	4.14%*	3.89%*	4.52%*	N.A.	-	-	Less than 1%

Assets above are rounded to the nearest million

*Partial year performance. Composite inception date of 6/30/2001.
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, 2019, total assets under advisement in this strategy are $509 million encompassing bundled fee accounts, non-bundled fee accounts and non-discretionary accounts. This is presented as supplemental information.

Intermediate Corporate Bond Composite *contains fully discretionary direct intermediate fixed income corporate accounts. The composite primarily invests in investment-grade bonds, issued by United States corporations that have an average maturity of 10 years or less (intermediate bonds). For periods prior to 1/1/2013, the composite was measured against the Bloomberg Barclays U.S. Intermediate Credit Bond Index (Index) which measures the performance of United States dollar-denominated investment-grade U.S. corporate securities as well as non-corporate securities including foreign agencies, sovereigns, supranationals and local authorities. All securities within this index have a remaining maturity of greater than or equal to one year and less than 10 years. For periods after 12/31/2012, the composite is measured against the Bloomberg Barclays U.S. Intermediate Corporate Bond Index (Index) which measures the performance of United Stated dollar-denominated investment-grade securities issued by U.S. and non-U.S. industrial, utility and financial issuers that have a remaining maturity of greater than or equal to one year and less than 10 years. The composite changed its benchmark from the Bloomberg Barclays U.S. Intermediate Credit Bond Index to the Bloomberg Barclays U.S. Intermediate Corporate Bond Index effective 1/1/2013. The reason for the change is because the former index's inclusion of non-corporate securities that are outside of permissible composite guidelines has increased over time such that it became less appropriate as a comparative benchmark than the latter. Prior to April 1, 2013, the composite was named Intermediate Corporate Only Bond Composite.*

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, this composite was 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 by (1) replacing the "MEMBERS" brand name formerly utilized by MAM in connection with its products and services with the "Madison" name and (2) by reorganizing the Madison Mosaic group of mutual funds managed by MIA with the rebranded Madison Funds managed by MAM. 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). The firm maintains a list of composite descriptions, which is 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 September 30, 2019. A copy of the verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Beginning January 1, 2010, 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. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net returns are calculated using the highest annual fee of 0.50%, as described below, applied quarterly. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) $1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be $10,416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years. The annual composite dispersion presented is an equal-weighted standard deviation calculated for the accounts in the composite the entire year. The three-year annualized ex-post standard deviation (using monthly returns) of both the composite and the benchmark are presented for year-end periods beginning in 2011. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The management fee schedule is as follows: 0.50% annually on the first $20 million; 0.40% annually on the next $30 million; 0.35% annually on the balance. Actual investment advisory fees incurred by clients may vary. Additional information regarding investment advisory fees are described in our disclosure brochure.

The Intermediate Corporate Bond Composite was created January 1, 2002.

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