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## REINHART ACTIVE INTERMEDIATE FIXED INCOME

June 30, 2021 | Separately Managed Account Investment Strategy Letter

*Quality, stability, and predictability are the hallmarks of Reinhart fixed income management philosophy. We believe that successful fixed income management is a product of understanding the role bonds play in a specific client's investment strategy and developing unique portfolios to meet the objectives of the client. Reinhart Active Intermediate portfolios are comprised of U.S. Treasury, primarily A-or-better rated corporate bonds, and mortgage and asset-backed securities with effective maturities of less than 10 years. Portfolios are managed using a duration constrained style.*

Market concerns in the second quarter centered around both aspects of the Fed's dual mandate: inflation and employment. Rapidly rising inflation was a big part of the move higher in rates in the first quarter despite the Fed's consistent insistence that the forces driving inflation were transitory. Appearances in the second quarter that the Fed may move more quickly than previously expected to remove monetary accommodation led to a violent twist in the yield curve. Shorter rates rose in anticipation of tighter monetary conditions while longer rates fell as the market became more convinced that the Fed is serious about containing inflation, transitory or not.

Despite a rapidly improving economy, employment has been recovering more slowly than hoped. There are many theories as to why. Individuals may choose not to return to work as they receive more in unemployment benefits than they would from a paycheck. Others may have left the workforce to care for family members. Some may choose to stay away over fears of contracting the virus. Whatever the reason, employers are feeling the pinch, as evidenced by numerous help wanted signs. In the second quarter investors continued to buy risk assets, focusing on the strong economic recovery while downplaying the murky employment situation. This led to tighter credit spreads.

The portfolio posted solid absolute returns in the quarter as falling rates in longer maturities and tightening credit spreads led to price appreciation. On a relative basis, returns closely mirrored the benchmark. Yield curve positioning aided performance as the portfolio underweighted the underperforming short end of the curve in favor of floating rate securities while equal weighting the better performing long end. This positioning remains in place as the Fed may be forced to tighten more quickly than they might like. On the credit side, conservative credit positioning detracted from relative return. The portfolio's high-quality bias hurt as lower quality credit outperformed. In addition, portfolio yield slightly below the benchmark also detracted from relative performance. Spreads continue to trade at historically tight levels, offering scant compensation for credit risk. As a result, the portfolio remains conservatively positioned.

There is a great deal of uncertainty as the third quarter begins. Will inflation be as transitory as the Fed believes or will it prove to be more pernicious? Will employment recover as government stimulus programs end or did the pandemic more permanently change the employment landscape? Will the pandemic continue to subside or will virus variants cause future economic upheaval? Will the end of government stimulus be accompanied by an economic slowdown? The answers to these and other questions will determine the economic future, but the answers are far from clear today.

Adherence to our conservative style of fixed income investing has been, and will always be, the hallmark of the Reinhart Fixed Income Team. We thank you for choosing us to manage your fixed income investments and will continue to deliver both the service and results you have come to expect.



## REINHART ACTIVE INTERMEDIATE FIXED INCOME

June 30, 2021 | Separately Managed Account Performance & Characteristics

### OUR FIRM

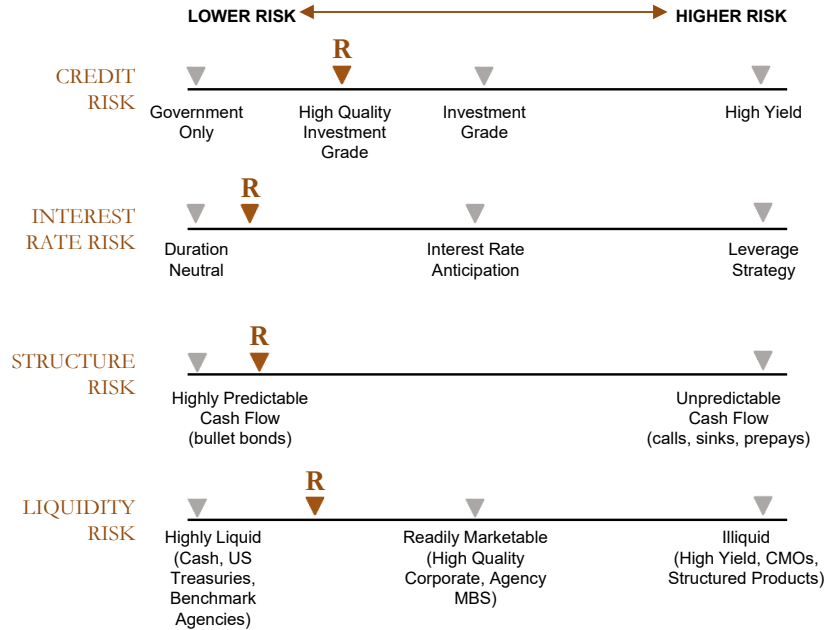
Madison Investments, founded in 1974, is an independent, employee-owned investment firm offering investment management and investment advisory solutions headquartered in Madison, Wisconsin. The firm specializes in managing high quality equity and investment-grade fixed income strategies.

### OUR PHILOSOPHY

Quality, stability, and predictability<sup>1</sup> are the hallmarks of the Reinhart Active Intermediate strategy. We believe that successful fixed income management is a product of understanding the role bonds play in a specific client's investment strategy and developing unique portfolios to meet the objectives of that client.

- ▶ High Quality - Primarily "A" rated or better.<sup>2</sup>
- ▶ Duration Constrained - Portfolio duration usually within 10% of the benchmark index.
- ▶ Well Structured - Predictable cash flows at the portfolio and security levels.
- ▶ Highly Liquid - Invest in highly liquid bonds, primarily from large issuers with multiple securities across the yield curve.

### RANGE OF INVESTMENT OPTIONS



### PERFORMANCE

Trailing Returns (%)	2Q	YTD	1-Year*	3-Year*	5-Year*	10-Year*	Since Inception*
Reinhart Active Intermediate (Gross)	0.95	-0.96	-0.26	4.71	2.61	2.76	5.21
Reinhart Active Intermediate (Net**)	0.88	-1.09	-0.51	4.45	2.35	2.51	4.91
Bloomberg Barclays U.S. Inter. Gov't/Credit Index	0.98	-0.90	0.19	4.70	2.63	2.76	4.89

\*Figures are annualized.

Calendar Year Returns (%)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Reinhart Active Intermediate (Gross)	7.02	6.14	1.27	1.78	1.56	1.50	3.18	-1.05	3.99	5.86
Reinhart Active Intermediate (Net**)	6.81	5.88	1.02	1.53	1.31	1.25	2.92	-1.30	3.73	5.60
Bloomberg Barclays U.S. Inter. Gov't/Credit Index	6.43	6.80	0.88	2.14	2.08	1.07	3.13	-0.86	3.89	5.80

\*\*Net returns are calculated using the highest Madison annual fee of 0.25%, calculated monthly. 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. For periods prior to 1/1/2004, the net returns were calculated using the highest annual fee of 0.35%, calculated monthly.

Madison Investment Holdings, Inc. acquired the fixed income management assets of Reinhart Partners, Inc. on June 11, 2021 and now employs the Investment Team that previously managed the assets at Reinhart. The Investment Team manages the assets using substantially the same strategies and objectives as at Reinhart. Performance information dated prior to the purchase reflects that of Reinhart Partners, Inc.

## REINHART ACTIVE INTERMEDIATE FIXED INCOME

### June 30, 2021 | 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 DISCIPLINES

- ▶ Manage portfolio risks
- ▶ Invest in high quality, investment-grade securities
- ▶ Diversify across sectors, industries, and issuers

Asset Allocation (%)	Reinhart AI	Index
Treasury	50.55	58.71
Agency	0.00	9.13
Mortgage Backed	8.42	--
Industrial	11.39	17.85
Finance	14.84	12.42
Utility	11.52	1.89
Cash	2.65	--
Other	0.64	--

Figures may not total 100% due to rounding.

The "Other" category is comprised of legacy composite holdings and may not be indicative of current investment strategy. New account holdings may vary. More information is available upon request.

Portfolio Characteristics	Reinhart AI	Index
Yield to Worst	0.83	0.90
Wtd. Avg. Quality <sup>3</sup>	AA	AA-
Wtd. Avg. Maturity (years)	4.20	4.34
Wtd. Avg. Current Yield	1.87	1.97
Effective Duration (years)	3.70	4.10
Convexity	0.05	0.25

#### REINHART FIXED INCOME TEAM

##### Michael Wachter, CFA, Portfolio Manager

Head of Reinhart Fixed Income

Industry since 1988

Marquette University - MBA

University of Wisconsin - Madison - BA

- ▶ William Ford, CFA, Portfolio Manager & Credit Analyst
- ▶ Peter Altobelli, CFA, Portfolio Manager & Credit Analyst
- ▶ Douglas Fry, CFA, Portfolio Manager
- ▶ Katherine Doyle, Portfolio Manager & Credit Analyst
- ▶ Sarah Molitor, CFA, Portfolio Manager & Credit Analyst
- ▶ Adam Lynch, Portfolio Manager & Credit Analyst
- ▶ Ajla Besic, Associate Portfolio Manager & Credit Analyst
- ▶ Reece Piotter, Associate Portfolio Manager & Credit Analyst

Quality <sup>2</sup> Distribution (%)	Reinhart AI	Index
AAA	61.99	64.76
AA	6.16	3.98
A	28.97	13.83
BBB	0.04	17.42
NR	0.19	0.00
Cash	2.65	0.00

Figures may not total 100% due to rounding.

## DISCLOSURES

1. Quality refers to the bond ratings provided by the various third-party ratings agencies. Stability and predictability refer to the cash flow of individual securities and not to the market value or performance of portfolio holdings. There is no guarantee this strategy will lead to investment success.

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 NRSROs, (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. 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.

The benchmark for this composite is the Bloomberg Barclays U.S. Intermediate Government/Credit Index (Index). The index measures the performance of U.S. Dollar denominated U.S. Treasuries, government related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years. Index information is included merely to show the general trend in the market for the periods indicated and is not intended to imply that the portfolio was similar to the index either in composition or element of risk. The index is unmanaged, and an investment cannot be made directly into an index. Index returns do not reflect the deduction of advisory fees or any other fees or expenses. Index returns reflect the reinvestment of dividends, interest, and other earnings.

*\*\*Net returns are calculated using the highest Madison annual fee of 0.25%, calculated monthly. 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.*

All or some of the information is presented as "supplemental information" included as part of the GIPS® compliant performance presentation for the Reinhart Active Intermediate Fixed Income Composite on the reverse side, which must be included with this material. References to "Reinhart AI" are to that composite and references to inception date refer to performance since 12/31/1991. 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.

Trailing returns are considered "preliminary" as of the date of this piece. Portfolio data is as of the date of this piece unless otherwise noted.

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.

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

Yield to Worst is the lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worstcase scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer. 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. Convexity: the measure of the curvature, or the degree of the curve, in the relationship between bond prices and bond yields.

"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.

## Reinhart Active Intermediate Fixed Income GIPS® Composite Report

Year End Dec. 31	Composite Return		Bloomberg Barclays U.S. Intrm. Gov/Credit	Annual Composite Dispersion	3-year Annualized Standard Deviation		Number of Portfolios in Composite	Composite Assets		Total Firm Assets (\$Mil)
	Gross of Fees	Net of Fees			Composite	Bloomberg Barclays U.S. Intrm. Gov/Credit		Dollars (\$Mil)	% of Firm Assets	
2020	7.02%	6.81%	6.43%	0.32	2.23	2.31	341	\$1,687.2	27.4%	\$6,168.3
2019	6.14%	5.88%	6.80%	0.13	1.93	2.04	307	\$1,482.9	26.1%	\$5,673.1
2018	1.27%	1.02%	0.88%	0.15	1.96	2.09	292	\$1,392.1	27.6%	\$5,036.9
2017	1.78%	1.53%	2.14%	0.11	1.96	2.11	319	\$1,465.8	26.7%	\$5,493.9
2016	1.56%	1.31%	2.08%	0.17	2.08	2.22	314	\$1,383.9	24.1%	\$5,738.4
2015	1.50%	1.25%	1.07%	0.14	2.03	2.10	260	\$1,094.8	20.8%	\$5,261.8
2014	3.18%	2.92%	3.13%	0.22	1.88	1.94	263	\$1,099.1	22.3%	\$4,923.1
2013	-1.05%	-1.30%	-0.86%	0.34	1.96	2.11	247	\$1,043.7	22.8%	\$4,585.6
2012	3.99%	3.73%	3.89%	0.44	2.00	2.16	243	\$1,027.3	25.1%	\$4,097.3
2011	5.86%	5.60%	5.80%	0.29	2.55	2.55	206	\$857.9	23.6%	\$3,633.4

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- Reinhart Partners, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Reinhart Partners has been independently verified for the periods 12/31/03-12/31/20. The verification reports are 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.
- Reinhart Partners, Inc. provides investment management services for equity and fixed income accounts.
- The Active Intermediate Fixed Income Composite includes all fully discretionary, fee-paying, fixed income only accounts over \$1 million in assets under management that are managed using the Active Intermediate Fixed Income strategy. Accounts falling below \$950,000 are removed from composite membership. The Active Intermediate Fixed Income strategy invests in investment grade, taxable, fixed income securities with an average maturity of 0-10 years. The creation date of the Active Intermediate Fixed Income Composite is 1/1/95, and the inception date of the composite is 12/31/91.
- The benchmark for this composite is the Bloomberg Barclays U.S. Intermediate Government/Credit Index. The index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years. Index information is included merely to show the general trend in the market for the periods indicated and is not intended to imply that the portfolio was similar to the index either in composition or element of risk. The index is unmanaged, and an investment cannot be made directly into an index. Index returns do not reflect the deduction of advisory fees or any other fees or expenses. Index returns reflect the reinvestment of dividends, interest, and other earnings.
- The composite is asset weighted. Account returns are time weighted, calculated monthly in U.S. dollars, and include income, reinvestment of dividends, accrued interest, and realized and unrealized gains and losses. Trade date accounting is used in the calculation of portfolio returns. No leverage is used in the portfolios represented in this composite.
- Gross performance results do not reflect the deduction of investment management fees and are net of trading costs. Net performance results are calculated by deducting the highest fee of 0.25% from the monthly composite return. Reinhart Partners' standard fixed income fee schedule is as follows: 0.25% on the first \$50 million, 0.20% on the next \$75 million and 0.15% on amounts over \$125 million.
- The composite may include wrap fee separately managed account (SMA) portfolios. For fixed income, SMA fees include management fees, custody fees, and administrative fees. Trading expenses and management fees are identified and broken out from the bundled fee for performance calculation. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The percentage of total composite assets that are from bundled fee portfolios are as follows: 75% for 2020, 74% for 2019, 74% for 2018, 73% for 2017, 73% for 2016, 68% for 2015, 64% for 2014, 66% for 2013, 60% for 2012, and 59% for 2011.
- Dispersion of annual returns (gross of fees) is measured by the asset-weighted standard deviation of portfolios in the composite. Three-year annualized ex-post standard deviation measures the variability of gross returns over the preceding 36-month period.
- Reinhart Partners, Inc. has additional composites. The firm's list of composite descriptions and broad distribution pooled funds is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS® Reports are available upon request.
- Past performance is not a guarantee of future results.

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. For periods prior to June 11, 2021, the track records included here were maintained by Reinhart.

\*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.)



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## DISCLOSURES

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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.

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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.

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.

This piece may contain information, including portfolio weightings and other portfolio statistics that are considered as “supplemental information” to the complete GIPS performance presentation of the Madison Intermediate Corporate Bond Sub-Advisory Composite which accompanies this piece.

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.