

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

Madison Covered Call & Equity Strategy Fund
Form N-Q
November 17, 2017

OMB APPROVAL
OMB Number: 3235-0578
Expires: March 31, 2019
Estimated average burden
hours per response....10.5

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21582

Madison Covered Call & Equity Strategy Fund
(Exact name of registrant as specified in charter)

550 Science Drive, Madison, WI 53711
(Address of principal executive offices)(Zip code)

Kevin S. Thompson
Chief Legal Officer
Madison Asset Management, LLC
550 Science Drive
Madison, WI 53711
(Name and address of agent for service)

Registrant's telephone number, including area code: 608-274-0300

Date of fiscal year end: December 31

Date of reporting period: September 30, 2017

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (ss 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. s 3507.

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

Madison Funds | September 30, 2017

Madison Covered Call & Equity
Strategy Fund Portfolio of Investments
(unaudited)

Item 1. Schedule of Investments.

Shares Value (Note 1)

COMMON
STOCKS

-	
86.4%	
Consumer Discretionary	
-	
10.1%	
Discovery Communications Inc. Class C	120,300 \$2,437,278
*	
Dollar General Corp. (A)	39,600 3,209,580
General Motors Co. (A)	34,600 1,397,148
Lowe's Cos. (A)	70,000 5,595,800
Whirlpool Corp. (A)	8,100 3,338,364
	15,978,170
Consumer Staples	
-	
6.8%	
Costco Wholesale Corp. (A)	25,400 4,172,966
CVS Health Corp. (A)	47,300 3,846,436

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

Diageo
 PLC
~~1,600~~ 211,408
 ADR
 (A)
 JM
 Smucker
~~24,400~~ 2,560,292
 Co./The
 (A)
 10,791,102
 Energy
 -
 12.5%
 Apache
~~62,700~~ 3,787,660
 (A)
 Baker
 Hughes,
^a
~~71,400~~ 2,614,668
 GE
 Co.
 (A)
 Marathon
 Petroleum
~~82,700~~ 4,637,816
 Corp.
 (A)
 National
 Oilwell
~~63,500~~ 2,268,855
 Inc.
 (A)
 Occidental
 Petroleum
~~48,300~~ 3,101,343
 Corp.
 (A)
 Range
 Resources
~~179,600~~ 3,514,772
 Corp.
 (A)
 19,925,114
 Financials
 -
 7.4%
 Bank
 of
~~172,600~~ 4,373,684
 Corp.
 (A)
 Citigroup
~~23,500~~ 1,709,390
 (A)
 38,500 3,677,135

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

JPMorgan
 Chase
 &
 Co.
 (A)
 T.
 Rowe
 Price
 22,060 1,999,739
 Group
 Inc.
 (A)
 11,759,948

Health
 Care
 -
 11.8%
 Baxter
 International
 38,300 2,403,325
 Inc.
 (A)
 Biogen
 Inc.
 *12,100 3,788,752
 (A)
 Cerner
 Corp.
 *2,500 2,317,900
 (A)
 Express
 Scripts
 Holding
 60,000 3,799,200
 Co.
 *
 (A)
 Gilead
 Sciences
 61,300 4,966,526
 Inc.
 (A)
 McKesson
 2,700 1,490,017
 (A)
 18,765,720

Industrials
 -
 7.6%
 Delta
 Air
 62,800 3,028,216
 Inc.
 (A)
 40,000 2,513,600

Emerson
Electric
Co.
(A)
Textron
~~62,500~~ 3,367,500
(A)
United
Technologies
27,200 3,157,376
Corp.
(A)
12,066,692
Information
Technology
-
17.7%
Alphabet
Inc.,
Class
5,300 5,083,283
C
*
(A)
Analog
Devices
28,200 2,429,994
Inc.
(A)

See accompanying Notes to Portfolios of Investments.

1

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

Madison Funds | September 30, 2017

Madison Covered Call & Equity
Strategy Fund Portfolio of Investments
(unaudited)

Ciena Corp. * (A)	183,200	4,024,904
Intel Corp. (A)	30,000	1,142,400
Microsoft Corp. (A)	65,900	4,908,891
QUALCOMM Inc. (A)	84,600	4,385,664
Visa Inc., Class A (A)	31,100	3,272,964
Xilinx Inc. (A)	41,100	2,911,113
		28,159,213
Materials - 2.0%		
DowDuPont Inc. (A)	46,000	3,184,580
Real Estate - 3.2%		
Weyerhaeuser Co. (A)	147,000	5,002,410
Telecommunication Service - 4.1%		
T-Mobile U.S. Inc. * (A)	106,200	6,548,292
Utilities - 3.2%		
NRG Energy Inc. (A)	198,400	5,077,056
Total Common Stocks (Cost \$148,428,779)		137,258,297
INVESTMENT COMPANIES - 6.6%		
PowerShares DB Gold Fund *	98,300	4,007,691
SPDR S&P Oil & Gas Exploration & Production ETF (A)	95,900	3,269,231
VanEck Vectors Gold Miners ETF (A)	140,600	3,228,176
Total Investment Companies (Cost \$10,631,816)		10,505,098
SHORT-TERM INVESTMENTS - 4.5%		
State Street Institutional U.S. Government Money Market Fund, 0.92%, Premier Class	7,207,306	7,207,306
Total Short-Term Investments (Cost \$7,207,306)		7,207,306
		Par Value
U.S. GOVERNMENT AND AGENCY OBLIGATIONS - 6.3%		
U.S. Treasury Bill (B) (C), 1.011%, 10/5/17	\$10,000,000	9,998,895
Total U.S. Government and Agency Obligations (Cost \$9,998,895)		9,998,895
TOTAL INVESTMENTS - 103.8% (Cost \$176,266,796)		164,969,596
TOTAL PUT OPTIONS PURCHASED - 0.1%		159,000
TOTAL CALL & PUT OPTIONS WRITTEN - (2.9%)		(4,590,864)
NET OTHER ASSETS AND LIABILITIES - (1.0%)		(1,620,206)
TOTAL NET ASSETS - 100.0%		\$158,917,526

* Non-income producing.

(A) All or a portion of these securities' positions represent covers (directly or through conversion rights) for outstanding options written.

(B)ate noted represents annualized yield at time of purchase.

(C) All or a portion of these securities are segregated as collateral for put options written. As of September 30, 2017, the total amount segregated was \$9,998,895.

American Depositary Receipt.

Exchange Traded Fund.

Public Limited Company.

See accompanying Notes to Portfolios of Investments.

2

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

Madison Funds | September 30, 2017

Madison Covered Call & Equity
Strategy Fund Portfolio of Investments
(unaudited)

Purchased Option Contracts Outstanding at September 30, 2017

Exercise Price	Description	Expiration Date	Number of Contracts	Notional Amount	Market Value	Premiums Paid (Received)	Unrealized Appreciation (Depreciation)
	Put Option Purchased						
	S&P						
500	Index	10/20/2017	600	\$ 60,000	\$ 159,000	\$ 2,214,626	\$ (2,055,626)
	Total Put Options Purchased						
					\$ 159,000	\$ 2,214,626	\$ (2,055,626)

Written Option Contracts Outstanding at September 30, 2017

Exercise Price	Description	Expiration Date	Number of Contracts	Notional Amount	Market Value	Premiums Paid (Received)	Unrealized Appreciation (Depreciation)
	Call Options Written						
	Alphabet						
\$950.00	Inc Class C	10/20/2017	(18)	\$ (1,800)	\$ (34,650)	\$ (21,581)	\$ (13,069)
	Alphabet						
\$960.00	Inc Class C	01/19/2018	(35)	(3,500)	(147,175)	(85,794)	(61,381)
	Analog						
\$72.50	Devices Inc.	01/19/2018	(282)	(28,200)	(97,290)	(92,764)	(4,526)
	Apache						
\$47.50	Corp.	01/19/2018	(420)	(42,000)	(97,020)	(87,029)	(9,991)
	Baker						
\$35.00	Hughes, a GE Co. Bank of America Corp.	10/20/2017	(357)	(35,700)	(69,615)	(21,112)	(48,503)
	Bank						
\$25.00	of America Corp.	10/20/2017	(690)	(69,000)	(50,370)	(37,919)	(12,451)
	Bank						
\$25.00	of America Corp.	01/19/2018	(1,036)	(103,600)	(156,954)	(98,427)	(58,527)
	Baxter						
\$65.00	International Inc.	01/19/2018	(200)	(20,000)	(26,300)	(24,859)	(1,441)

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

Biogen Inc.	300.00	10/20/2017	(121)	(12,100)	(192,390)	(61,693)	(130,697)
Cerner Corp.	67.50	01/19/2018	(325)	(32,500)	(203,125)	(69,067)	(134,058)
Ciena Corp.	25.00	10/20/2017	(410)	(41,000)	(1,640)	(37,104)	35,464
Ciena Corp.	24.00	01/19/2018	(283)	(28,300)	(23,630)	(26,565)	2,935
Citigroup Inc.	67.50	10/20/2017	(235)	(23,500)	(126,900)	(53,804)	(73,096)
Costco Wholesale Corp.	118.00	10/20/2017	(127)	(12,700)	(95,568)	(36,697)	(58,871)
Costco Wholesale Corp.	66.00	10/20/2017	(127)	(12,700)	(75,883)	(29,607)	(46,276)
CVS Health Corp.	80.00	10/20/2017	(238)	(23,800)	(47,481)	(23,942)	(23,539)
CVS Health Corp.	80.00	01/19/2018	(235)	(23,500)	(92,825)	(41,584)	(51,241)
Delta Air Lines Inc.	50.00	01/19/2018	(628)	(62,800)	(120,890)	(115,278)	(5,612)
Diageo PLC	120.00	10/20/2017	(16)	(1,600)	(19,920)	(5,023)	(14,897)
Dollar General Corp.	86.00	10/20/2017	(396)	(39,600)	(83,160)	(51,066)	(32,094)
DowDuPont Inc.	65.00	01/19/2018	(200)	(20,000)	(107,000)	(48,791)	(58,209)
DowDuPont Inc.	72.50	01/19/2018	(260)	(26,000)	(29,510)	(41,339)	11,829
Emerson Electric Co.	60.00	10/20/2017	(400)	(40,000)	(122,000)	(37,583)	(84,417)
Express Scripts Holding Co.	62.50	10/20/2017	(300)	(30,000)	(44,850)	(44,726)	(124)
Express Scripts Holding Co.	67.50	01/19/2018	(300)	(30,000)	(34,650)	(40,799)	6,149
General Motors Co.	37.00	10/20/2017	(346)	(34,600)	(120,235)	(34,238)	(85,997)
Gillette Sciences	85.00	10/20/2017	(234)	(23,400)	(12,402)	(26,198)	13,796

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

Inc. Gilead Sci 87.50	10/20/2017	(79)	(7,900)	(1,975)	(8,608)	6,633
Inc. Gilead Sci 90.00	01/19/2018	(300)	(30,000)	(41,550)	(57,286)	15,736
Intel Corp. 36.00	10/20/2017	(300)	(30,000)	(64,050)	(18,587)	(45,463)
JM Smith 100.00	01/19/2018	(244)	(24,400)	(51,240)	(57,813)	6,573
Co./The JPMorgan Chase & 95.00	10/20/2017	(120)	(12,000)	(18,240)	(21,354)	3,114
Co. JPMorgan Chase & 97.50	01/19/2018	(265)	(26,500)	(66,780)	(61,232)	(5,548)
Co. Lowe's Co. 75.00	10/20/2017	(270)	(27,000)	(139,050)	(39,030)	(100,020)
Inc. Lowe's Co. 80.00	10/20/2017	(430)	(43,000)	(50,955)	(50,933)	(22)
Inc. Marathon Petrol 51.00	10/20/2017	(467)	(46,700)	(81,025)	(99,916)	18,891
Corp. Marathon Petrol 51.00	11/17/2017	(220)	(22,000)	(55,660)	(34,970)	(20,690)
Corp. Marathon Petrol 51.00	01/19/2018	(140)	(14,000)	(49,350)	(32,333)	(17,017)
Corp. McKesson Corp. 150.00	10/20/2017	(97)	(9,700)	(54,805)	(28,028)	(26,777)
Microsoft Corp. 75.00	10/20/2017	(487)	(48,700)	(37,742)	(72,408)	34,666

See accompanying Notes to Portfolios of Investments.

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

Madison Funds | September 30, 2017

Madison Covered Call & Equity
Strategy Fund Portfolio of Investments
(unaudited)

Microsoft Corp.	75.00	01/19/2018	(172)	(17,200)	(45,752)	(38,520)	(7,232)
National Oilwell Varco Inc.	32.00	10/20/2017	(315)	(31,500)	(117,338)	(22,351)	(94,987)
National Oilwell Varco Inc.	37.50	01/19/2018	(320)	(32,000)	(43,840)	(41,848)	(1,992)
NRG Energy Inc.	28.00	01/19/2018	(1,010)	(101,000)	(136,350)	(113,545)	(22,805)
Occidental Petroleum Corp.	65.00	01/19/2018	(240)	(24,000)	(58,320)	(37,511)	(20,809)
Occidental Petroleum Corp.	67.50	01/19/2018	(243)	(24,300)	(34,384)	(45,187)	10,803
QUALCOMM Inc.	55.00	10/20/2017	(220)	(22,000)	(2,530)	(23,807)	21,277
Range Resources Corp.	30.00	10/20/2017	(600)	(60,000)	(34,500)	(47,374)	12,874
Range Resources Corp.	30.00	10/20/2017	(600)	(60,000)	(15,000)	(26,374)	11,374
SPDR S&P Oil & Gas Exploration & Production ETF	31.00	10/20/2017	(480)	(48,000)	(151,200)	(39,339)	(111,861)
T-Mobile Inc.	57.50	11/17/2017	(350)	(35,000)	(22,225)	(63,575)	41,350
T-Mobile Inc.	57.50	01/19/2018	(290)	(29,000)	(38,425)	(59,147)	20,722
T. Rowe	75.00	10/20/2017	(78)	(7,800)	(122,070)	(19,028)	(103,042)

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

Price Group Inc. T. Rowe Price Group Inc. Texttron Inc. United Technologies Corp. VanEck Vectors Gold Miners ETF Visa Inc. Class A Weyerhaeuser Co. Whirlpool Corp. Whirlpool Corp. Xilinx Inc. Xilinx Inc.	80.00 55.00 110.00 35.00 185.00 180.00 70.00 72.50	10/20/2017 01/19/2018 01/19/2018 10/20/2017 01/19/2018 10/20/2017 01/19/2018 01/19/2018	(141) (625) (272) (1,406) (311) (148) (95) (86) (235) (176)	(14,100) (62,500) (27,200) (140,600) (31,100) (14,800) (9,500) (8,600) (23,500) (17,600)	(151,575) (157,813) (65,824) (22,496) (62,355) (12,210) (32,632) (103,200) (45,590) (56,320)	(36,653) (133,331) (63,475) (95,395) (52,337) (12,455) (36,000) (45,489) (29,642) (44,696)	(114,922) (24,482) (2,349) 72,899 (10,018) 245 3,368 (57,711) (15,948) (11,624)
Total Call Options Written				\$4,477,804	\$(3,004,166)	\$(1,473,638)	
Put Options Written							
Apache Corp. Baker Hughes, a GE Co. Range Resources Corp. S&P 500 Index	\$45.00 35.00 500	10/20/2017 10/20/2017 10/20/2017	(230) (265) (600)	\$ (23,000) (26,500) (60,000)	\$20,585 (7,950) (79,500)	\$(57,073) (44,772) (1,379,374)	\$36,488 36,822 1,299,874
Total Put Options Written				\$113,060	\$(1,537,470)	\$1,424,410	
				\$4,590,864	\$(4,541,636)	\$(49,228)	

Total Options Written, at
Value

See accompanying Notes to Portfolios of Investments.

4

Madison Funds | September 30, 2017

Madison Covered Call & Equity Strategy
Fund Notes to Portfolio of Investments
(unaudited)

1. Portfolio Valuation: Madison Covered Call & Equity Strategy Fund (the "Fund") values securities traded on a national securities exchange are valued at their closing sale price, except for securities traded on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), which are valued at the NASDAQ official closing price ("NOCP"), and options, which are valued at the mean between the best bid and best ask price across all option exchanges. Debt securities having maturities of 60 days or less are valued at amortized cost, which approximates market value. Debt securities having longer maturities are valued on the basis of the last available bid prices or current market quotations provided by dealers or pricing services approved by the Fund. Mutual funds are valued at their Net Asset Value ("NAV"). Securities for which market quotations are not readily available are valued at their fair value as determined in good faith under procedures approved by the Board of Trustees.

At times, the Fund maintains cash balances at financial institutions in excess of federally insured limits. The Fund monitors this credit risk and has not experienced any losses related to this risk.

2. Fair Value Measurements: The Fund has adopted Financial Accounting Standards Board ("FASB") applicable guidance on fair value measurements. Fair value is defined as the price that each fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tier hierarchy is used to maximize the use of observable market data "inputs" and minimize the use of unobservable "inputs" and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk (for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique). Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below:

Level 1 - unadjusted quoted prices in active markets for identical investments

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rate volatilities, prepayment speeds, credit risk, benchmark yields, transactions, bids, offers, new issues, spreads and other relationships observed in the markets among comparable securities, underlying equity of the issuer; and proprietary pricing models such as yield measures calculated using factors such as cash flows, financial or collateral performance and other reference data, etc.)

Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The valuation techniques used by the Fund to measure fair value for the period ended September 30, 2017, maximized the use of observable inputs and minimized the use of unobservable inputs.

Edgar Filing: Madison Covered Call & Equity Strategy Fund - Form N-Q

There were no transfers between classifications levels during the period ended September 30, 2017. As of and during the period ended September 30, 2017, the Fund did not hold securities deemed as Level 3 securities.

The following is a summary of the inputs used as of September 30, 2017, in valuing the Fund's investments carried at fair value:

Description	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Value at 9/30/17
Assets: ¹				
Common Stocks	\$ 137,258,297	\$—	\$—	\$ 137,258,297
Investment Companies	10,505,098	—	—	10,505,098
Short-Term Investments	7,207,306	—	—	7,207,306
U.S. Government and Agency Obligations	—	9,998,895	—	9,998,895
Put Options Purchased	159,000	—	—	159,000
	\$ 155,129,701	\$ 9,998,895	\$—	\$ 165,128,596
Liabilities				
Options Written	\$(4,590,864)	\$—	\$—	\$(4,590,864)

¹Please see the Portfolio of Investments for a listing of all securities within each category.

Derivatives: The FASB issued guidance intended to enhance financial statement disclosure for derivative instruments and hedging activities and enable investors to understand: a) how and why a fund uses derivative investments, b) how derivative instruments and related hedge fund items are accounted for, and c) how derivative instruments and related hedge items affect a fund's financial position, results of operations and cash flows.

Madison Funds | September 30, 2017

Madison Covered Call & Equity Strategy
Fund Notes to Portfolio of Investments
(unaudited)

The following table presents the types of derivatives in the Fund and their effect:

Derivatives not accounted for as hedging instruments	Asset Derivatives Fair Value	Derivatives not accounted for as hedging instruments	Liability Derivatives Fair Value
Equity Contracts - Options purchased	\$159,000	Equity Contracts - Options written	\$(4,590,864)

Recently Issued Accounting Pronouncement: In October 2016, the U.S. Securities and Exchange Commission ("SEC") adopted new rules and forms, and amendments to certain current rules and forms, to modernize reporting and disclosure of information by registered investment companies. The amendments to Regulation S-X require standardized, enhanced disclosure about derivatives in investment company financial statements, and also change the rules governing the form and content of such financial statements. The amendments to Regulation S-X took effect on August 1, 2017 and the financial statements have been modified accordingly, as applicable.

3. Federal Income Taxes: At September 30, 2017, the aggregate gross unrealized appreciation (depreciation) and net unrealized appreciation (depreciation) for all securities, as computed on a federal income tax basis for the Fund was as follows:

Cost	\$173,939,786
Gross appreciation	4,888,051
Gross depreciation	(18,290,105)
Net depreciation	\$(13,402,054)

4. Discussion of Risks: Please see the Fund's prospectus for a complete discussion of risks associated with investing in the Fund.

Equity Risk. The value of the securities held by the Fund may decline due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, or factors relating to specific companies in which the Fund invests.

Derivatives Risk. The risk that loss may result from investments in options, forwards, futures, swaps and other derivatives instruments. These instruments may be illiquid, difficult to price and leveraged so that small changes in the value of the underlying instruments may produce disproportionate losses to the fund. Derivatives are also subject to counterparty risk, which is the risk that the other party to the transaction will not fulfill its contractual obligations. In December 2015, the SEC proposed new regulations relating to a mutual fund's use of derivatives and related instruments. If these or other regulations are adopted, they could significantly limit or impact a fund's ability to invest in derivatives or other instruments and adversely affect such fund's performance and ability to pursue its investment objective.

Option Risk. There are several risks associated with transactions in options on securities. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to

some degree because of market behaviour or unexpected events.

As the writer of a covered call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but retains the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price.

When the Fund writes covered put options, it bears the risk of loss if the value of the underlying stock declines below the exercise price. If the option is exercised, the Fund could incur a loss if it is required to purchase the stock underlying the put option at a price greater than the market price of the stock at the time of exercise. While the Fund's potential gain in writing a covered put option is limited to the interest earned on the liquid assets securing the put option plus the premium received from the purchaser of the put option, the Fund risks a loss equal to the entire value of the stock.

Foreign Investment Risk. Investing in non-U.S. issuers may involve unique risks such as currency, political, and economic risks, as well as lower market liquidity, generally greater market volatility and less complete financial information than for U.S. issuers.

Mid-Cap Company Risk. Mid-Cap companies often are newer or less established companies than larger companies. Investments in mid-cap companies carry additional risks because earnings of these companies tend to be less predictable; they often have limited product lines, markets, distribution channels or financial resources; and the management of such companies may be dependent upon one or a few key people. The market movements of equity securities of mid-cap companies may be more abrupt or erratic than the market movements of equity securities of larger, more established companies or the stock market in general.

Fund Distribution Risk. In order to make regular quarterly distributions on its common shares, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment may not dictate such action. In addition, the Fund's ability to make distributions more frequently than annually from any net realized capital gains by the Fund is subject to the Fund obtaining exemptive relief from the Securities and Exchange Commission, which cannot be assured. To the extent the total quarterly distributions for a year exceed the Fund's net investment

Madison Funds | September 30, 2017

Madison Covered Call & Equity Strategy
Fund Notes to Portfolio of Investments
(unaudited)

company income and net realized capital gain for that year, the excess will generally constitute a return of the Fund's capital to its common shareholders. Such return of capital distributions generally are tax-free up to the amount of a common shareholder's tax basis in the common shares (generally, the amount paid for the common shares). In addition, such excess distributions will decrease the Fund's total assets and may increase the Fund's expense ratio.

Financial Leverage Risk. The Fund is authorized to utilize leverage through the issuance of preferred shares and/ or the Fund may borrow or issue debt securities for financial leveraging purposes and for temporary purposes such as settlement of transactions. Although the use of any financial leverage by the Fund may create an opportunity for increased net income, gains and capital appreciation for common shares, it also results in additional risks and can magnify the effect of any losses. If the income and gains earned on securities purchased with financial leverage proceeds are greater than the cost of financial leverage, the Fund's return will be greater than if financial leverage had not been used. Conversely, if the income or gain from the securities purchased with such proceeds does not cover the cost of financial leverage, the return to the Fund will be less than if financial leverage had not been used. Financial leverage also increases the likelihood of greater volatility of the NAV and market price of, and dividends on, the common shares than a comparable portfolio without leverage.

Market Developments Risk. Global and domestic financial markets periodically experience episodes of turmoil. Recently, markets have witnessed mostly growing economic activity with muted inflation in developed countries as expectations for continued economic growth have persisted. However, risks to continued economic growth remain. Long-term effects of the UK withdrawal from the European Union, along with ongoing challenges among weaker EU countries, are among risks to growth and currency market stability. The U.S. Federal Reserve continues to pursue a policy of monetary normalization after many years of highly accommodative monetary conditions in the wake of the financial crisis. Any unforeseen departure from expected economic growth or inflation could result in a meaningful change in Fed policy, possibly destabilizing financial markets. Domestic political and global geopolitical risks remain a flashpoint that could ignite market turmoil. Significant legislative developments in the US in the areas of health care, taxes and infrastructure spending could affect the financial markets moving forward. Increased volatility could occur if expectations differ from the eventual outcomes of any legislative action/inaction. Ongoing fears of terror-related attacks in developed markets, and concerns over geopolitical conflict, especially in Southeast Asia, could contribute to increased market volatility and may have long-term effects on the United States and worldwide financial markets and cause further economic uncertainties or deterioration in the United States and worldwide. The Fund's Investment Adviser does not know how long the financial markets will continue to be affected by these events and cannot predict the effects of these or similar events in the future on the United States and global economies and securities markets.

Cybersecurity Risk. The Fund is also subject to cybersecurity risk, which includes the risks associated with computer systems, networks and devices to carry out routine business operations. These systems, networks and devices employ a variety of protections that are designed to prevent cyberattacks. Despite the various cyber protections utilized by the Fund, the Investment Adviser, and other service providers, their systems, networks, or devices could potentially be breached. The Fund, its shareholders, and the Investment Adviser could be negatively impacted as a result of a cybersecurity breach. The Fund cannot control the cybersecurity plans and systems put in place by service providers or any other third parties whose operations may affect the Fund. The Fund does monitor this risk closely.

Additional Risks. While investments in securities have been keystones in wealth building and management, at times these investments have produced surprises. Those who enjoyed growth and income of their investments generally were rewarded for the risks they took by investing in the markets. Although the Investment Adviser seeks to

appropriately address and manage the risks identified and disclosed to you in connection with the management of the securities in the Fund, you should understand that the very nature of the securities markets includes the possibility that there may be additional risks of which we are not aware. We certainly seek to identify all applicable risks and then appropriately address them, take appropriate action to reasonably manage them and to make you aware of them so you can determine if they exceed your risk tolerance. Nevertheless, the often volatile nature of the securities markets and the global economy in which we work suggests that the risk of the unknown is something to consider in connection with an investment in securities. Unforeseen events could under certain circumstances produce a material loss of the value of some or all of the securities we manage for you in the Fund.

Item 2. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officer determined that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) are effective, based on their evaluation of these controls and procedures within 90 days of the date of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the Act. There were no significant changes in the Trust's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. The officers identified no significant deficiencies or material weaknesses.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

Certifications of principal executive and principal financial officers as required by Rule 30a-2(a) under the Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Madison Covered Call & Equity Strategy Fund

By: /s/ Kevin S. Thompson
Kevin S. Thompson, Chief Legal Officer

Date: November 17, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Katherine L. Frank
Katherine L. Frank, Principal Executive Officer

Date: November 17, 2017

By: /s/ Greg Hoppe
Greg Hoppe, Principal Financial Officer

Date: November 17, 2017