

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

Madison Covered Call & Equity Strategy Fund  
Form N-Q  
May 27, 2015

OMB APPROVAL

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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)

Lisa R. Lange  
Chief Legal Officer and Chief Compliance 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: March 31, 2015

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

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comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the 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.

Item 1. Schedule of Investments.

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

|  | Shares  | Value (Note 1) |
|--|---------|----------------|
| <b>COMMON STOCKS - 77.9%</b>             |         |                |
| <b>Consumer Discretionary - 12.8%</b>    |         |                |
| Amazon.com Inc. * (A)                    | 16,400  | \$6,102,440    |
| CBS Corp., Class B (A)                   | 70,900  | 4,298,667      |
| Discovery Communications Inc., Class C * | 119,200 | 3,513,420      |
| Priceline Group Inc./The * (A)           | 3,600   | 4,190,940      |
| Starbucks Corp. (A)                      | 48,000  | 4,545,600      |
|  |         | 22,651,067     |
| <b>Consumer Staples - 5.8%</b>           |         |                |
| Costco Wholesale Corp. (A)               | 13,400  | 2,030,033      |
| Diageo PLC, ADR (A)                      | 36,600  | 4,046,862      |
| General Mills Inc. (A)                   | 75,500  | 4,273,300      |
|  |         | 10,350,195     |
| <b>Energy - 10.1%</b>                    |         |                |
| Apache Corp. (A)                         | 59,100  | 3,565,503      |
| Baker Hughes Inc.                        | 69,500  | 4,418,810      |
| Cameron International Corp. * (A)        | 72,500  | 3,271,200      |
| EOG Resources Inc. (A)                   | 32,000  | 2,934,080      |
| Occidental Petroleum Corp.               | 51,000  | 3,723,000      |
|  |         | 17,912,593     |
| <b>Financials - 7.1%</b>                 |         |                |
| Progressive Corp./The (A)                | 137,500 | 3,740,000      |
| State Street Corp. (A)                   | 54,400  | 4,000,032      |
| T. Rowe Price Group Inc. (A)             | 61,060  | 4,944,639      |
|  |         | 12,684,671     |
| <b>Health Care - 7.4%</b>                |         |                |
| Baxter International Inc. (A)            | 55,500  | 3,801,750      |
| Catamaran Corp. * (A)                    | 72,000  | 4,286,880      |
| Express Scripts Holding Co. * (A)        | 32,600  | 2,828,702      |
| Gilead Sciences Inc. * (A)               | 22,300  | 2,188,299      |
|  |         | 13,105,631     |
| <b>Industrials - 9.0%</b>                |         |                |
| Danaher Corp. (A)                        | 53,600  | 4,550,640      |
| Jacobs Engineering Group Inc. * (A)      | 88,700  | 4,005,692      |
| Rockwell Collins Inc. (A)                | 36,700  | 3,543,385      |
| United Technologies Corp. (A)            | 33,800  | 3,961,360      |
|  |         | 16,061,077     |
| <b>Information Technology - 23.1%</b>    |         |                |
| Accenture PLC, Class A (A)               | 33,000  | 3,091,770      |
| Altera Corp. (A)                         | 95,000  | 4,076,450      |

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|                                  |         |           |
|----------------------------------|---------|-----------|
| Apple Inc. (A)                   | 29,000  | 3,608,470 |
| eBay Inc. * (A)                  | 91,500  | 5,277,720 |
| EMC Corp. (A)                    | 150,300 | 3,841,668 |
| Google Inc., Class C * (A)       | 10,600  | 5,808,800 |
| Linear Technology Corp. (A)      | 34,000  | 1,591,200 |
| Microsoft Corp. (A)              | 131,300 | 5,338,002 |
| Nuance Communications Inc. * (A) | 99,000  | 1,420,650 |
| Oracle Corp. (A)                 | 61,400  | 2,649,410 |

See accompanying Notes to Portfolios of Investments.

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

|   |               |                |
|---|---------------|----------------|
| QUALCOMM Inc. (A)   | 61,500        | 4,264,410      |
|   |               | 40,968,550     |
| Materials - 0.2%  |               |                |
| Mosaic Co./The (A)  | 5,800         | 267,148        |
| Telecommunication Service - 2.4%                                      |               |                |
| Verizon Communications Inc. (A)                                       | 88,500        | 4,303,755      |
| Total Common Stocks<br>( Cost \$137,787,587 )                         |               | 138,304,687    |
| INVESTMENT COMPANIES - 9.1%   |               |                |
| Powershares QQQ Trust Series 1 (A)                                    | 51,300        | 5,417,280      |
| SPDR Gold Shares *  | 46,000        | 5,228,360      |
| SPDR S&P 500 ETF Trust (A)  | 26,300        | 5,429,109      |
| Total Investment Companies<br>( Cost \$16,498,062 )                   |               | 16,074,749     |
| SHORT-TERM INVESTMENTS - 20.1%  |               |                |
| State Street Institutional U.S. Government Money Market Fund          | 35,629,755    | 35,629,755     |
| Total Short-Term Investments<br>( Cost \$35,629,755 )                 |               | 35,629,755     |
|   | Contracts     |                |
| PUT OPTIONS PURCHASED - 0.4%  |               |                |
| NASDAQ 100 Stock Index, Put, Apr 2015, \$4,200                        | 171           | 347,985        |
| S&P 500 Index, Put, Apr 2015, \$2,040                                 | 290           | 439,350        |
| Total Put Options Purchased<br>( Cost \$2,588,570 )                   |               | 787,335        |
|   | Par Value     |                |
| U.S. GOVERNMENT AND AGENCY OBLIGATIONS - 8.4%                         |               |                |
| U.S. Treasury Bill (B) (C), 0.02%, 5/28/15                            | \$ 15,000,000 | 14,999,525     |
| Total U.S. Government and Agency Obligations<br>( Cost \$14,999,525 ) |               | 14,999,525     |
| TOTAL INVESTMENTS - 115.9% ( Cost \$207,503,499 )                     |               | 205,796,051    |
| NET OTHER ASSETS AND LIABILITIES - (13.0%)                            |               | (23,043,793)   |
| TOTAL CALL & PUT OPTIONS WRITTEN - (2.9%)                             |               | (5,236,512)    |
| TOTAL NET ASSETS - 100.0%   |               | \$ 177,515,746 |

\* Non-income producing.

(A)

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

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

All or a portion of these securities are segregated as

(C) collateral for put options written. As of March 31, 2015, the total amount segregated was \$14,999,525.

ADR American Depositary Receipt.

ETF Exchange Traded Fund.

PLC Public Limited Company.

See accompanying Notes to Portfolios of Investments.

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

| Call Options Written          | Contracts<br>(100 Shares<br>Per Contract) | Expiration<br>Date | Strike<br>Price | Value<br>(Note 1) |
|-------------------------------|---|--------------------|-----------------|-------------------|
| Accenture PLC, Class A        | 230                                       | May 2015           | \$ 90.00        | \$ 95,450         |
| Accenture PLC, Class A        | 100                                       | May 2015           | 92.50           | 23,750            |
| Altera Corp.                  | 300                                       | June 2015          | 35.00           | 250,500           |
| Altera Corp.                  | 650                                       | June 2015          | 36.00           | 490,750           |
| Amazon.com Inc.               | 80  | April 2015         | 330.00          | 339,800           |
| Amazon.com Inc.               | 84  | July 2015          | 380.00          | 166,950           |
| Apache Corp.                  | 300                                       | April 2015         | 70.00           | 900               |
| Apple Inc.                    | 160                                       | April 2015         | 115.00          | 158,400           |
| Apple Inc.                    | 105                                       | May 2015           | 125.00          | 53,025            |
| Apple Inc.                    | 25  | May 2015           | 130.00          | 7,500             |
| Baxter International Inc.     | 240                                       | May 2015           | 72.50           | 6,000             |
| Baxter International Inc.     | 165                                       | June 2015          | 70.00           | 21,532            |
| Cameron International Corp.   | 250                                       | May 2015           | 50.00           | 11,875            |
| Catamaran Corp.               | 249                                       | April 2015         | 50.00           | 237,795           |
| Catamaran Corp.               | 87  | May 2015           | 50.00           | 85,695            |
| CBS Corp., Class B            | 349                                       | June 2015          | 57.50           | 176,245           |
| CBS Corp., Class B            | 360                                       | June 2015          | 62.50           | 86,220            |
| Costco Wholesale Corp.        | 134                                       | April 2015         | 135.00          | 224,785           |
| Danaher Corp.                 | 130                                       | May 2015           | 85.00           | 30,875            |
| Danaher Corp.                 | 106                                       | June 2015          | 85.00           | 31,800            |
| Danaher Corp.                 | 300                                       | June 2015          | 87.50           | 54,750            |
| Diageo PLC                    | 200                                       | April 2015         | 120.00          | 3,000             |
| Diageo PLC                    | 166                                       | July 2015          | 120.00          | 21,995            |
| eBay Inc.                     | 315                                       | April 2015         | 57.50           | 38,273            |
| eBay Inc.                     | 300                                       | May 2015           | 57.50           | 68,700            |
| eBay Inc.                     | 300                                       | July 2015          | 57.50           | 100,500           |
| EMC Corp.                     | 300                                       | April 2015         | 29.00           | 300               |
| EMC Corp.                     | 500                                       | July 2015          | 28.00           | 18,750            |
| EMC Corp.                     | 203                                       | July 2015          | 29.00           | 4,466             |
| EOG Resources Inc.            | 70  | April 2015         | 100.00          | 875               |
| EOG Resources Inc.            | 250                                       | May 2015           | 95.00           | 57,625            |
| Express Scripts Holding Co.   | 130                                       | May 2015           | 85.00           | 55,250            |
| Express Scripts Holding Co.   | 196                                       | June 2015          | 87.50           | 71,050            |
| General Mills Inc.            | 350                                       | July 2015          | 55.00           | 104,825           |
| General Mills Inc.            | 210                                       | July 2015          | 57.50           | 36,330            |
| Gilead Sciences Inc.          | 223                                       | May 2015           | 105.00          | 42,259            |
| Google Inc., Class C          | 40  | April 2015         | 550.00          | 47,000            |
| Google Inc., Class C          | 66  | May 2015           | 560.00          | 83,820            |
| Jacobs Engineering Group Inc. | 300                                       | April 2015         | 42.50           | 78,000            |
| Jacobs Engineering Group Inc. | 300                                       | July 2015          | 45.00           | 71,250            |
| Linear Technology Corp.       | 140                                       | May 2015           | 47.00           | 23,450            |
| Linear Technology Corp.       | 200                                       | May 2015           | 48.00           | 24,500            |
| Microsoft Corp.               | 348                                       | May 2015           | 43.00           | 15,312            |

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|                                |     |                   |          |         |
|--------------------------------|-----|-------------------|----------|---------|
| Microsoft Corp.                | 247 | May 2015          | 44.00    | 6,051   |
| Microsoft Corp.                | 350 | June 2015         | 43.00    | 21,350  |
| Microsoft Corp.                | 250 | July 2015         | 43.00    | 19,625  |
| Mosaic Co./The                 | 58  | June 2015         | 47.50    | 8,265   |
| Nuance Communications Inc.     | 496 | May 2015          | 15.00    | 19,840  |
| Oracle Corp.                   | 200 | June 2015         | 44.00    | 22,900  |
| Oracle Corp.                   | 294 | September<br>2015 | 45.00    | 44,835  |
| Powershares QQQ Trust Series 1 | 263 | June 2015         | 108.00   | 51,548  |
| Powershares QQQ Trust Series 1 | 250 | July 2015         | 108.00   | 61,875  |
| Priceline Group Inc./The       | 36  | May 2015          | 1,180.00 | 142,380 |
| Progressive Corp./The          | 315 | May 2015          | 26.00    | 46,463  |

See accompanying Notes to Portfolios of Investments.

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|   |     |             |        |           |
|---|-----|-------------|--------|-----------|
| Progressive Corp./The   | 378 | May 2015    | 27.00  | 27,405    |
| Progressive Corp./The   | 48  | May 2015    | 28.00  | 1,440     |
| QUALCOMM Inc.   | 150 | April 2015  | 72.50  | 3,075     |
| QUALCOMM Inc.   | 45  | April 2015  | 75.00  | 202       |
| QUALCOMM Inc.   | 235 | June 2015   | 70.00  | 57,928    |
| QUALCOMM Inc.   | 185 | June 2015   | 72.50  | 27,010    |
| Rockwell Collins Inc.   | 75  | April 2015  | 85.00  | 87,750    |
| Rockwell Collins Inc.   | 292 | April 2015  | 90.00  | 197,100   |
| SPDR S&P 500 ETF Trust  | 263 | June 2015   | 210.00 | 95,206    |
| Starbucks Corp.   | 265 | April 2015  | 87.50  | 201,400   |
| Starbucks Corp.   | 215 | May 2015    | 95.00  | 62,135    |
| State Street Corp.  | 145 | May 2015    | 75.00  | 22,475    |
| State Street Corp.  | 284 | May 2015    | 77.50  | 20,732    |
| State Street Corp.  | 115 | August 2015 | 77.50  | 24,725    |
| T. Rowe Price Group Inc.  | 240 | April 2015  | 80.00  | 44,400    |
| T. Rowe Price Group Inc.  | 130 | April 2015  | 85.00  | 1,950     |
| T. Rowe Price Group Inc.  | 240 | July 2015   | 80.00  | 86,400    |
| United Technologies Corp.   | 270 | May 2015    | 115.00 | 120,825   |
| United Technologies Corp.   | 68  | August 2015 | 120.00 | 25,330    |
| Verizon Communications Inc.                                       | 435 | April 2015  | 50.00  | 2,610     |
| Verizon Communications Inc.                                       | 450 | May 2015    | 47.00  | 82,575    |
| Total Call Options Written ( Premiums received \$4,136,394 )      |     |             | \$     | 5,159,932 |
| Put Options Written   |     |             |        |           |
| Apache Corp.  | 200 | April 2015  | 62.50  | 55,700    |
| EOG Resources Inc.  | 150 | April 2015  | 85.00  | 5,250     |
| Microsoft Corp.   | 350 | April 2015  | 40.00  | 13,825    |
| Priceline Group Inc./The  | 19  | April 2015  | 975.00 | 1,805     |
| Total Put Options Written ( Premiums received \$303,529 )         |     |             | \$     | 76,580    |
| Total Options Written, at Value ( Premiums received \$4,439,923 ) |     |             | \$     | 5,236,512 |

See accompanying Notes to Portfolios of Investments.

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March 31, 2015

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 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 date, 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 March 31, 2015 maximized the use of observable inputs and minimized the use of unobservable inputs.

There were no transfers between classification levels during the period ended March 31, 2015. As of and during the period ended March 31, 2015, the Fund did not hold securities deemed as a Level 3.



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The following is a summary of the inputs used as of March 31, 2015 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 03/31/15 |
|--|---|---|---|-------------------|
| <b>Assets:<sup>1</sup></b>             |   |   |   |                   |
| Common Stocks                          | \$ 138,304,687  | \$—   | \$ —                                      | \$ 138,304,687    |
| Investment Companies                   | 16,074,749  | —   | —   | 16,074,749        |
| Short-Term Investments                 | 35,629,755  | —   | —   | 35,629,755        |
| Put Options Purchased                  | 787,335   | —   | —   | 787,335           |
| U.S. Government and Agency Obligations | —   | 14,999,525                                    | —   | 14,999,525        |
|  | \$ 190,796,526  | \$ 14,999,525                                 | \$ —                                      | \$ 205,796,051    |
| <b>Liabilities:</b>                    |   |   |   |                   |
| Written Options                        | \$ 5,236,512  | \$—   | \$ —                                      | \$ 5,236,512      |

<sup>1</sup> Please 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 counted for, and c) how derivative instruments and related hedge items affect a Fund's financial position, results of operations and cash flows.

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                 | \$787,335                    | Equity contracts – Options written                   | \$5,236,512                      |

3. Federal Income Taxes: Information on the tax components of investments, excluding option contracts, as of March 31, 2015, is as follows:

|                    |    |             |   |
|--------------------|----|-------------|---|
| Cost               | \$ | 207,503,499 |   |
| Gross appreciation |    | 7,889,989   |   |
| Gross depreciation |    | (9,597,437  | ) |
| Net depreciation   | \$ | (1,707,448  | ) |

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.

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 behavior or unexpected events.

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

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.

**Industry Concentration Risk.** To the extent that the Fund makes substantial investments in a single industry, the Fund will be more susceptible to adverse economic or regulatory occurrences affecting those sectors.

**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 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.

**Recent Market Developments Risk.** Global and domestic financial markets have experienced periods of unprecedented turmoil. Recently, markets have witnessed more stabilized economic activity as expectations for an economic recovery increased. However, risks to a robust resumption of growth persist. Continuing uncertainty as to the status of the euro and European Monetary Union has created significant volatility in currency and financial markets generally. A return to unfavorable economic conditions or sustained economic slowdown could adversely impact the Fund's portfolio. Financial market conditions, as well as various social and political tensions in the United States and around the world, have contributed 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.

March 31, 2015

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

**Cybersecurity Risk.** 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.

**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 risk 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, of course, 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.





March 31, 2015

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

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/ Lisa R. Lange

Lisa R. Lange, Chief Compliance Officer

Date: May 27, 2015

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: May 27, 2015

By: /s/ Greg Hoppe

Greg Hoppe, Principal Financial Officer

Date: May 27, 2015