

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

Madison Covered Call & Equity Strategy Fund

Form N-Q

May 26, 2016

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 & 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, 2016

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 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 Funds | March 31, 2016
 Madison Covered Call & Equity
 Strategy Fund Portfolio of
 Investments (unaudited)

Shares Value (Note 1)

COMMON STOCKS - 79.7%

Consumer Discretionary - 10.0%

| | | |
|--|--------|-------------|
| CarMax Inc. * (A) | 59,200 | \$3,025,120 |
| CBS Corp., Class B (A) | 84,200 | 4,638,578 |
| Discovery Communications Inc., Class A * (A) | 25,300 | 724,339 |
| Discovery Communications Inc., Class C * | 64,500 | 1,741,500 |
| Johnson Controls Inc. (A) | 83,200 | 3,242,304 |
| Nordstrom Inc. (A) | 49,600 | 2,837,616 |
| | | 16,209,457 |

Consumer Staples - 7.9%

| | | |
|-------------------------------|--------|------------|
| Costco Wholesale Corp. (A) | 16,000 | 2,521,280 |
| Diageo PLC, ADR (A) | 30,300 | 3,268,461 |
| Hershey Co./The (A) | 29,000 | 2,670,610 |
| JM Smucker Co./The (A) | 11,000 | 1,428,240 |
| Tyson Foods Inc., Class A (A) | 43,500 | 2,899,710 |
| | | 12,788,301 |

Energy - 7.8%

| | | |
|--------------------------------|--------|------------|
| Apache Corp. (A) | 38,100 | 1,859,661 |
| Baker Hughes Inc. (A) | 69,500 | 3,046,185 |
| California Resources Corp. | 4,197 | 4,323 |
| EOG Resources Inc. (A) | 32,000 | 2,322,560 |
| Occidental Petroleum Corp. (A) | 44,400 | 3,038,292 |
| Schlumberger Ltd. (A) | 33,300 | 2,455,875 |
| | | 12,726,896 |

Financials - 9.3%

| | | |
|---|--------|------------|
| American Tower Corp. (A) | 33,100 | 3,388,447 |
| PNC Financial Services Group Inc./The (A) | 40,600 | 3,433,542 |
| Progressive Corp./The (A) | 37,600 | 1,321,264 |
| State Street Corp. (A) | 47,000 | 2,750,440 |
| T. Rowe Price Group Inc. (A) | 58,060 | 4,265,087 |
| | | 15,158,780 |

Health Care - 14.7%

| | | |
|-----------------------------------|--------|-----------|
| Agilent Technologies Inc. (A) | 68,200 | 2,717,770 |
| Biogen Inc. * (A) | 13,800 | 3,592,416 |
| Cerner Corp. * (A) | 75,100 | 3,977,296 |
| Express Scripts Holding Co. * (A) | 38,900 | 2,672,041 |
| Gilead Sciences Inc. (A) | 19,000 | 1,745,340 |
| HCA Holdings Inc. * (A) | 34,400 | 2,684,920 |
| McKesson Corp. (A) | 19,700 | 3,097,825 |
| Varian Medical Systems Inc. * (A) | 41,500 | 3,320,830 |

23,808,438

See accompanying Notes to Portfolios of Investments.

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Madison Funds | March 31, 2016
 Madison Covered Call & Equity
 Strategy Fund Portfolio of
 Investments (unaudited)

Industrials

| | |
|--|------------|
| - | |
| 11.1% | |
| Jacobs Engineering Group Inc. | 3,902,080 |
| 89,600 | |
| * | |
| (A) | |
| PACCAR Inc. | 2,269,635 |
| 41,500 | |
| (A) | |
| United Parcel Service Inc. | 3,744,185 |
| 35,500 | |
| Class B | |
| (A) | |
| United Technologies Corp. | 5,425,420 |
| 54,200 | |
| (A) | |
| W.W. Grainger Inc. | 2,661,102 |
| 11,400 | |
| (A) | |
| | 18,002,422 |

Information
Technology

| | |
|-------------------------------|-----------|
| - | |
| 16.8% | |
| Apple Inc. | 6,670,188 |
| 61,200 | |
| (A) | |
| EMC Corp. | 847,470 |
| 31,800 | |
| Linear Technology Corp. | 3,105,832 |
| 69,700 | |
| (A) | |
| Microsoft Corp. | 4,711,119 |
| 86,300 | |
| (A) | |

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| | | |
|-----------------------------------|--------|------------|
| Nuance Communications Int'l | 47,400 | 2,754,906 |
| * | | |
| (A) | | |
| Oracle Corp | 88,100 | 3,604,171 |
| (A) | | |
| QUALCOMM Int'l | 88,700 | 3,001,918 |
| (A) | | |
| Visa Inc., Class | 33,300 | 2,546,784 |
| (A) | | |
| | | 27,242,388 |

Telecommunication
Service

| | | |
|--------------------------|--------|-----------|
| - | | |
| 2.1% | | |
| T-Mobile U.S. Inc. | 88,700 | 3,397,210 |
| * | | |

| | | |
|---|--|-------------|
| Total Common Stocks (Cost \$143,775,613) | | 129,333,892 |
|---|--|-------------|

INVESTMENT
COMPANIES

| | | |
|------------------------------------|---------|-----------|
| - | | |
| 5.2% | | |
| SPDR Gold Shares | 140,400 | 4,751,040 |
| * | | |
| (A) | | |
| SPDR S&P 500 ETF Trust | 18,200 | 3,741,192 |
| (A) | | |
| | | 8,492,232 |

Total
Investment
Companies
(Cost
\$8,492,512)
**SHORT-TERM
INVESTMENTS**
-
13.2%
State
Street
Institutional
U.S.
Government
Money 21,398,098 21,398,098
Market
Fund,
0.24%,
Premier
Class

Total
Short-Term
Investments 21,398,098
(Cost
\$21,398,098)
Par Value
U.S.
**GOVERNMENT
AND
AGENCY
OBLIGATIONS**
-

6.1%
U.S.
Treasury
Bill
(\$10,000,000 9,995,119
(C),
0.324%,
5/26/16

Total U.S.
Government
and Agency
Obligations 9,995,119
(Cost
\$9,995,119)

TOTAL 169,219,341
INVESTMENTS

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- 104.2% (
Cost
\$183,661,342)
NET OTHER
ASSETS AND
LIABILITIES (11,161)
- 0.0%
TOTAL CALL
& PUT
OPTIONS (6,872,662)
WRITTEN -
(4.2%)

See accompanying Notes to Portfolios of Investments.

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Madison Funds | March 31, 2016
 Madison Covered Call & Equity
 Strategy Fund Portfolio of
 Investments (unaudited)

TOTAL NET ASSETS - 100.0% \$162,335,518

* Non-income producing.
 All or a portion of these securities' positions represent covers

(A) (directly or through conversion rights) for outstanding options written.
 Rate noted represents

(B) annualized yield at time of purchase.

All or a portion of these securities are segregated as collateral for put

(C) options written.
 As of March 31, 2016, the total amount segregated was \$9,995,119.

ADR American Depositary Receipt.

ETF Exchange Traded Fund.

PLC Public Limited Company.

| Call Options Written | Contracts (100 Shares Per Contract) | Expiration Date | Strike Price | Value (Note 1) |
|----------------------|-------------------------------------|-----------------|--------------|----------------|
|----------------------|-------------------------------------|-----------------|--------------|----------------|

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| | | | | |
|---------------------------|-----|------------|----------|----------|
| Agilent Technologies Inc. | 198 | April 2016 | \$ 37.50 | \$48,807 |
| Agilent Technologies Inc. | 484 | May 2016 | 40.00 | 67,518 |
| American Tower Corp. | 178 | April 2016 | 97.50 | 92,560 |
| American Tower Corp. | 153 | July 2016 | 100.00 | 78,795 |
| Apache Corp. | 197 | April 2016 | 40.00 | 178,778 |
| Apple Inc. | 230 | April 2016 | 100.00 | 210,450 |
| Apple Inc. | 152 | May 2016 | 100.00 | 154,660 |
| Apple Inc. | 230 | May 2016 | 105.00 | 146,050 |
| Baker Hughes Inc. | 345 | April 2016 | 44.00 | 74,175 |
| Baker Hughes Inc. | 300 | April 2016 | 50.00 | 7,350 |
| Biogen Inc. | 105 | May 2016 | 270.00 | 109,725 |
| Biogen Inc. | 33 | June 2016 | 280.00 | 32,835 |
| CarMax Inc. | 367 | April 2016 | 47.50 | 166,985 |
| CarMax Inc. | 225 | April 2016 | 55.00 | 19,687 |
| CBS Corp., Class B | 191 | April 2016 | 47.50 | 139,908 |
| CBS Corp., Class B | 421 | April 2016 | 55.00 | 45,679 |
| CBS Corp., Class B | 230 | June 2016 | 55.00 | 60,490 |
| Cerner Corp. | 218 | April 2016 | 55.00 | 5,450 |
| Cerner Corp. | 200 | May 2016 | 55.00 | 26,000 |
| | 333 | June 2016 | 55.00 | 54,945 |

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| | | | | |
|-------------------------------|-----|------------|--------|---------|
| Cerner Corp. | | | | |
| Costco Wholesale Corp. | 160 | July 2016 | 160.00 | 68,800 |
| Diageo PLC | 148 | April 2016 | 110.00 | 10,730 |
| Diageo PLC | 103 | July 2016 | 110.00 | 35,020 |
| Discovery Communications Inc. | 253 | July 2016 | 30.00 | 34,155 |
| EOG Resources Inc. | 160 | April 2016 | 72.50 | 33,120 |
| EOG Resources Inc. | 160 | April 2016 | 75.00 | 16,320 |
| Express Scripts Holding Co. | 195 | April 2016 | 75.00 | 1,170 |
| Express Scripts Holding Co. | 194 | May 2016 | 75.00 | 12,319 |
| Gilead Sciences Inc. | 190 | May 2016 | 97.50 | 24,890 |
| HCA Holdings Inc. | 344 | April 2016 | 72.50 | 208,120 |
| Hershey Co./The | 290 | May 2016 | 85.00 | 226,925 |
| Jacobs Engineering Group Inc. | 450 | April 2016 | 40.00 | 168,750 |
| Jacobs Engineering Group Inc. | 446 | July 2016 | 42.50 | 131,570 |
| JM Smucker Co./The | 110 | April 2016 | 125.00 | 58,850 |

See accompanying Notes to Portfolios of Investments.

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Madison Funds | March 31, 2016
 Madison Covered Call & Equity
 Strategy Fund Portfolio of
 Investments (unaudited)

| | | | |
|----------------------------------|---------------|--------|---------|
| Johnson Controls Inc. | April 2016 | 37.00 | 85,280 |
| Linear Technology Corp. | May 2016 | 42.00 | 135,525 |
| Linear Technology Corp. | May 2016 | 44.00 | 51,800 |
| McKesson Corp. | April 2016 | 170.00 | 1,160 |
| McKesson Corp. | May 2016 | 170.00 | 11,340 |
| Microsoft Corp. | April 2016 | 52.50 | 53,382 |
| Microsoft Corp. | April 2016 | 55.00 | 11,437 |
| Microsoft Corp. | May 2016 | 55.00 | 62,062 |
| Microsoft Corp. | June 2016 | 55.00 | 52,182 |
| Nordstrom Inc. | April 2016 | 50.15 | 181,250 |
| Nordstrom Inc. | July 2016 | 60.00 | 47,601 |
| Nuance Communications Inc. | April 2016 | 19.00 | 29,535 |
| Nuance Communications Inc. | April 2016 | 20.00 | 937 |
| Occidental Petroleum Corp. | May 2016 | 70.00 | 53,075 |
| Oracle Corp. | April 2016 | 36.00 | 214,423 |
| Oracle Corp. | June 2016 | 41.00 | 65,475 |
| PACCAR Inc. | May 2016 | 48.60 | 131,000 |
| PACCAR Inc. | May 2016 | 55.00 | 40,850 |
| PNC Financial | May 2016 | 87.50 | 21,800 |

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| | | | |
|--|---------------|--------|---------|
| Services Group Inc./The PNC Financial Services Group | May 2016 | 90.00 | 4,850 |
| Progressive Corp./The | May 2016 | 32.00 | 122,200 |
| QUALCOMM Inc. | May 2016 | 50.00 | 45,202 |
| QUALCOMM Inc. | May 2016 | 52.50 | 42,000 |
| Schlumberger Ltd. | April 2016 | 75.00 | 25,807 |
| SPDR S&P 500 ETF | April 2016 | 109.00 | 257,388 |
| SPDR S&P 500 ETF | May 2016 | 207.00 | 58,695 |
| Trust State Street Corp. | May 2016 | 57.50 | 59,100 |
| State Street Corp. T. | May 2016 | 60.00 | 44,550 |
| Rowe Price Group Inc. | April 2016 | 70.00 | 116,000 |
| Rowe Price Group Inc. | July 2016 | 75.00 | 68,150 |
| Tyson Foods Inc. Class A | April 2016 | 52.50 | 622,050 |
| United Parcel Service Inc., Class B | April 2016 | 95.00 | 378,075 |

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| | | | |
|-------------------------------------|------------|--------|---------|
| United Parcel Service Inc., Class B | May 2016 | 90.00 | 280,500 |
| United Technologies Corp. | May 2016 | 97.50 | 110,805 |
| Varian Medical Systems Inc. | May 2016 | 80.00 | 58,275 |
| Visa Inc. Class A | May 2016 | 75.00 | 109,890 |
| W.W. Grainger Inc. | April 2016 | 195.00 | 438,900 |

Total Call Options
Written (Premiums \$ 6,844,137
received \$4,021,999)

| | | | |
|----------------------|------------|-------|--------|
| Put Options Written | | | |
| CarMax Inc. | April 2016 | 47.50 | 25,200 |
| Gilead Sciences Inc. | April 2016 | 85.00 | 3,325 |

Total Put Options
Written (Premiums \$ 28,525
received \$152,394)

Total Options
Written, at Value (Premiums received \$4,174,393)
\$ 6,872,662

See accompanying Notes to Portfolios of Investments.

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Madison Funds | March 31, 2016
Madison Covered Call & Equity
Strategy Fund 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 March 31, 2016, 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, 2016. As of and during the period ended March 31, 2016, 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, 2016, 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 03/31/16 |
|---|--|---|--|-------------------|
| Assets: ¹ | | | | |
| Common Stocks | \$ 129,333,892 | \$ 0 | 0 | \$ 129,333,892 |
| Investment Companies | 8,492,232 | 0 | 0 | 8,492,232 |
| Short-Term Investments | 21,398,098 | 0 | 0 | 21,398,098 |
| U.S. Government and Agency Obligations | 0 | 9,995,119 | 0 | 9,995,119 |
| | \$ 159,224,222 | \$ 9,995,119 | 0 | \$ 169,219,341 |
| Liabilities: | | | | |
| Written Options | \$ 6,872,662 | 0 | 0 | \$ 6,872,662 |

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

See accompanying Notes to Portfolios of Investments.

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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.

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

| | Liability Derivatives |
|--|-----------------------|
| Derivatives not accounted for as hedging instruments | Fair Value |
| Equity contracts - Options written | \$6,872,662 |

3. Federal Income Taxes: Information on the tax components of investments, excluding option contracts, as of March 31, 2016, is as follows:

| | |
|--------------------|----------------|
| Cost | \$183,661,342 |
| Gross appreciation | 2,269,448 |
| Gross depreciation | (16,711,449) |
| Net depreciation | \$(14,442,001) |

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.

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

See accompanying Notes to Portfolios of Investments.

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Madison Funds | March 31, 2016
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Strategy Fund Portfolio of
Investments (unaudited)

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 have periodically 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. 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, may contribute to increased market volatility and 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 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 include 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.

See accompanying Notes to Portfolios of Investments.

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Madison Funds | March 31, 2016
Madison Covered Call & Equity
Strategy Fund 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 26, 2016

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 26, 2016

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By: /s/ Greg Hoppe

Greg Hoppe, Principal Financial Officer

Date: May 26, 2016

See accompanying Notes to Portfolios of Investments.

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