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Madison Covered Call & Equity Strategy Fund
Form N-CSRS
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

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
Madison Legal and Compliance Department
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: June 30, 2016

Form N-CSRS is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSRS in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSRS, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSRS 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 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.

**MADISON COVERED CALL &
EQUITY STRATEGY FUND (MCN)**
Covered Call Option Strategy

Active Equity Management combined with a

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Review of Period

What happened in the market during the first half of 2016?

After a rocky start to calendar year 2016, stocks quickly recouped lost ground and finished the six months ended June 30, 2016 with solid, if unspectacular, gains. The S&P 500® Index returned 3.84% over the last six months. Mid cap stocks, as measured by the Russell Mid Cap® Index, returned 5.50%, and small caps advanced 2.22% based on the Russell 2000® Index. Global equities, as measured by the MSCI EAFE Index, returned -4.42% as European economies continued to struggle with sub-par economic growth, a strong U.S. dollar, the need for stimulative monetary policies, and near the end of the quarter, an affirmative vote by the United Kingdom to leave the European Union. Bonds were the lead performer in U.S. capital markets, with the Barclays Aggregate Index returning 5.31% for the period, and the Barclays Intermediate Government/Credit Index returning 4.07%. Lower long-term interest rates allowed bonds to fare favorably as the U.S. Federal Reserve paused after its initial increase in the Federal Funds Rate pending further information on the health of the U.S. economy. A late quarter flight to quality after the Brexit vote left 10 year maturity U.S. Treasury yields within 10 basis points of the lows recorded during the financial crisis.

Growth in U.S. output continues to be sluggish, uneven and sub-par by historical standards, with first quarter 2016 real GDP growing 1.1% at an annualized rate. Inflation remains tame, helped overall by a significant pullback in energy prices during the period despite a recovery surge during the second quarter. Even without the volatile food and energy sectors included, inflation rates remain within a range that gives comfort, for now, to Fed policy makers. As a result, it seems unlikely that the Fed will raise rates in the near-term, preferring to continue its wait-and-see stance. One bright spot for the economy continues to be the labor market, with the unemployment rate continuing a gradual decline and labor costs beginning to show signs of advance. A higher rate of compensation growth would be a welcome development for U.S. workers, putting more discretionary income in their pockets and supporting a higher rate of consumption spending.

The wild card, as the year continues, will be developments on the political front, both globally and here at home in the U.S. Uncertainty surrounding the implications of the UK's decision to withdraw from the EU continue to weigh on global markets, and political upheaval in the UK and tough rhetoric from Europe are contributing to heightened daily price volatility. As we head in earnest into election season here in the U.S., it's difficult to predict how political projections will affect the markets. Fortunately, the direct impact on the types of companies in which we invest should be minor, as they continue to produce solid results in a slowly expanding domestic economy. We will be carefully monitoring the political backdrop around the world as the summer progresses for signs of impact on the markets and the companies we hold.

How did the Fund perform given the marketplace conditions during the first six months of 2016?

For the six months ending June 30, 2016, the Fund's Net Asset Value (NAV) rose 3.34%, outperforming the CBOE S&P BuyWrite Index (BXM) return of 2.43%. The S&P 500 rose 3.84% during the period. The Fund's market price rose 8.79% as the discount to NAV narrowed during the period from -13% to -8.8%. On an NAV basis, the Fund was consistently ahead of the BXM index for the full period. The Fund entered the year with a very conservative posture which led to positive relative results as the market corrected in January and early February.

SHARE PRICE AND NAV PERFORMANCE FOR MADISON COVERED CALL & EQUITY STRATEGY FUND

The Fund shifted to a somewhat more aggressive stance in February with less option coverage and benefitted as the market recouped all of its early year losses by the end of

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the first quarter. The April/May period was one of market consolidation with the S&P 500 trading sideways in a very narrow range. During this period, the Fund was able to maintain and slightly increase its performance lead over the BXM index primarily by adding value as the market moved toward the lower end of the trading range. In early June, as the Brexit fears began to increase market volatility, despite being very well hedged, the Fund gave up some ground to the BXM as the index was extremely hedged going into the actual Brexit vote. As the market negatively reacted to the vote over the following 2 day period, the Fund again lost ground to the well hedged BXM but outperformed the overall market. The sharp market decline resulted in the BXM becoming almost completely unhedged over a very short period of 2 days and the subsequent bounce in the market resulted in the BXM capturing a good degree of the upside. The Fund did not exhibit such a large swing in its hedged levels and was a much steadier performer over the intensely volatile market reaction. The end result was that the Fund maintained its advantage over the BXM but gave up some ground as a direct result of the Brexit extreme volatility. Relative to the S&P 500, stock selection and sector allocation within the Fund were both positive contributors to performance. The largest positive influences from a sector perspective were the Fund's allocation to gold, which surged in price, the Fund's underweighting in the Financial sector, which was a poor relative performer, and the Fund's higher exposure to Energy stocks, which rebounded nicely along with the price of crude oil. The single largest negative impact came from the Fund's absence from the Utilities sector which was one of the top performing areas of the market given the declining trend of interest rates. Slowing revenue and earnings growth along with an economy that is struggling to gain momentum has resulted in increased concern and volatility as the market struggles to maintain its elevated levels.

Describe the Fund's portfolio equity and option structure.

As of June 30, 2016, the Fund held 44 equity securities (including investment companies) and unexpired call options had been written against 81.1% of the Fund's stock holdings. It is the strategy of the Fund to write out-of-the-money call options. As of June 30, 76.3% of the Fund's call options (61 of 80 different options) remained out-of-the-money. (Out-of-the-money means the stock price is below the strike price at which the shares could be called away by the option holder). On average, the Fund's call options were 2.6% out-of-the-money at period end and the average time to expiration of the options within the Fund was 45.5 days.

Which sectors are prevalent in the Fund?

From a sector perspective, MCN's largest exposure as of June 30, 2016 was to the Information Technology sector which was slightly higher than that within the S&P 500, followed by the Health Care sector which was also higher than the S&P 500 weight. This was followed by a small underweighting in the Consumer Discretionary sector and an underweighting in the Financial sector. The Fund's next largest sector exposure was a small overweight in the Energy sector followed by an underweight in the Industrial sector. The Fund had smaller exposure to the Consumer Staples and Telecom sectors while being absent the Materials and Utilities sectors.

ALLOCATION AS A PERCENTAGE OF TOTAL INVESTMENTS

AS OF 6/30/16 Consumer Discretionary 11.6 % Consumer Staples 6.5 % Energy 8.6 % Financials 10.4 %
Health Care 18.1 % Industrials 8.4 % Information Technology 19.9 % Telecommunication Services 3.2 % Exchange
Traded Funds 4.2 % U.S. Government and Agency Obligations 6.0 % Short-Term Investments 3.1 %

Discuss the Fund's security and option selection process.

The Fund is managed by primarily focusing on active stock selection before adding the call option overlay utilizing individual equity call options rather than index options. We use fundamental analysis to select solid companies with good growth prospects and attractive valuations. We then seek attractive call options to write on those stocks. It is our belief that this partnership of active management of the equity and option strategies provides investors with an innovative, risk-moderated approach to equity investing. The Fund's portfolio managers seek to invest in a

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portfolio of common stocks that have favorable PEG ratios (Price-Earnings ratio to Growth rate) as well as financial strength and industry leadership. As bottom-up investors, we focus on the fundamental businesses of our companies. Our stock selection philosophy strays away from the beat the street mentality, as we seek companies that have sustainable competitive advantages, predictable cash flows, solid balance sheets and high-quality management teams. By concentrating on long-term prospects and circumventing the instant gratification school of thought, we believe we bring elements of consistency, stability and predictability to our shareholders.

Once we have selected attractive and solid names for the Fund, we employ our call writing strategy. This procedure entails selling calls that are primarily out-of-the-money, meaning that the strike price is higher than the common stock price, so that the Fund can participate in some stock appreciation. By receiving option premiums, the Fund receives a high level of investment income and adds an element of downside protection. Call options may be written over a number of time periods and at differing strike prices in an effort to maximize the protective value to the strategy and spread income evenly throughout the year.

What is the management's outlook for the market and Fund for the remainder of 2016?

Markets hate uncertainty as was just recently illustrated by the extreme volatility that ensued from an unexpected Brexit result. Unfortunately, we remain awash in that commodity. Geo-political uncertainty has become the norm in recent years, but that doesn't mean its impact has disappeared. Clearly, the world we live in has become more perilous, not less. Negative events overseas will elicit market reaction particularly if such events impact consumer and other economic behavior. Domestically, the political situation is anything but stable and there is the potential for a very divisive and unconventional run to our presidential election. Our domestic economy has shown some signs of improvement, but its stability is far from given. The markets will continue to be driven, in part, by each new tidbit of economic data as it is released.

Volatility is likely to ebb and flow in the future rather than remain at historically low levels. It will be much more of a recurring staple of our investment lives going forward than it has been over the past 7 year bull market. The strategy of covered call writing on top of a high quality equity portfolio can help buffer the volatility while still participating in the long term benefits of equity investing. We are always looking for a margin of safety in our lives while living life to its fullest. Our strategy takes care of this from an investing perspective.

TOP TEN EQUITY HOLDINGS AS OF 6/30/16 % of Total Investments Apple Inc. 3.5 % T-Mobile U.S. Inc. 3.2 % Alphabet Inc., Class C 3.2 % Microsoft Corp. 3.0 % CBS Corp., Class B 2.8 % Jacobs Engineering Group Inc. 2.7 % Cerner Corp. 2.7 % Visa Inc., Class A 2.6 % Costco Wholesale Corp. 2.5 % T. Rowe Price Group Inc. 2.5 %

INDEX DEFINITIONS

Indices are unmanaged and reflect no expenses. It is not possible to invest directly in an index.

The Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage backed-securities, asset-backed securities and corporate securities, with maturities greater than one year.

The Barclays U.S. Intermediate Government Credit Bond Index measures the performance of U.S. dollar denominated U.S. Treasuries, government related and investment grade U.S. corporate securities with maturities between one and 10 years.

The MSCI EAFE (Europe, Australasia & Far East) Index (net) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI

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EAFE Index (net) is calculated on a total return basis with dividends reinvested after the deduction of withholding taxes.

The Russell Midcap® Index is a mid-cap market index which measures the performance of the mid-cap segment of the U.S. equity universe.

The Russell 2000® Index is a small-cap market index which measures the performance of the smallest 2,000 companies in the Russell 3000® Index.

The S&P 500® Index is an unmanaged, capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Chicago Board Options Exchange (CBOE) Market Volatility Index, often referred to as the VIX (its ticker symbol), the fear index or the fear gauge, is a measure of the implied volatility of S&P 500® Index options. It represents a measure of the market's expectation of stock market volatility over the next 30-day period. Quoted in percentage points, the VIX represents the expected daily movement in the S&P 500® Index over the next 30-day period, which is then annualized.

The CBOE S&P 500 Buy/Write Index (BXM) is a benchmark index designed to show the hypothetical performance of a portfolio that purchases all the constituents of the S&P 500® Index and then sells at-the-money (meaning same as purchase price) call options of one-month duration against those positions.

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Portfolio of Investments (unaudited)

Shares	Value (Note 2)	COMMON STOCKS - 88.5%				Consumer Discretionary - 11.9%	
CarMax Inc.* (A)	64,200	\$ 3,147,726	CBS Corp., Class B (A)	84,200	4,583,848	Discovery Communications Inc., Class C* (A)	120,300
2,416,175	Starbucks Corp. (A)	59,200	3,381,504	19,217,770	Consumer Staples - 6.6%	Nordstrom Inc. (A)	63,500
Costco Wholesale Corp. (A)	26,800	4,208,672	Diageo PLC, ADR (A)	30,300	3,420,264	Hershey Co./The (A)	27,200
27,200	3,086,928	10,715,864	Energy - 8.7%	Apache Corp. (A)	62,900	3,501,643	Baker Hughes Inc. (A)
48,300	3,649,548	Schlumberger Ltd. (A)	30,000	2,372,400	14,080,593	Financials - 10.6%	Occidental Petroleum Corp. (A)
American Tower Corp. (A)	15,300	1,738,233	Berkshire Hathaway Inc., Class B* (A)	17,400	2,519,346	PNC Financial Services Group Inc./The (A)	40,600
61,900	3,337,648	T. Rowe Price Group Inc. (A)	57,060	4,163,668	17,090,079	State Street Corp. (A)	61,900
Health Care - 18.5%	Agilent Technologies Inc. (A)	54,400	2,413,184	Allergan PLC* (A)	16,000	3,697,440	Biogen Inc.* (A)
13,800	3,337,116	Celgene Corp.* (A)	16,500	1,627,395	Cerner Corp.* (A)	75,100	4,400,860
Express Scripts Holding Co.* (A)	50,300	3,812,740	Gilead Sciences Inc. (A)	42,700	3,562,034	McKesson Corp. (A)	19,700
3,677,005	Varian Medical Systems Inc.* (A)	41,500	3,412,545	29,940,319	Industrials - 8.6%	Jacobs Engineering Group Inc.* (A)	89,600
3,190,005	United Technologies Corp. (A)	27,500	2,820,125	W.W. Grainger Inc. (A)	14,900	3,386,025	13,859,131
Information Technology - 20.3%	Alphabet Inc., Class C* (A)	7,700	5,329,170	Apple Inc. (A)	61,200	5,850,720	Linear Technology Corp. (A)
56,500	3,026,705	32,886,754	Telecommunication	Oracle Corp. (A)	95,500	3,908,815	QUALCOMM Inc. (A)
58,300	4,324,111	T-Mobile U.S. Inc.* (A)	123,700	5,352,499	143,143,009	INVESTMENT COMPANIES - 4.4%	SPDR S&P 500 ET>/s/ Nicole PoweName: Nicole
Service - 3.3%							PoweTitle: Senior Vice President and Secretary

Total Common Stocks

(Cost \$157,775,809)

143,143,009 **INVESTMENT COMPANIES - 4.4%** SPDR S&P 500 ET>/s/ Nicole PoweName: Nicole
PoweTitle: Senior Vice President and Secretary

Rentech Nitrogen Holdings, Inc.

By: /s/ Nicole Powe
Name: Nicole Powe
Title: Senior Vice President and Secretary