

# CVRD - Madison Covered Call ETF

## Strategy Overview



The Madison Covered Call ETF (CVRD) is a high-quality biased equity portfolio that delivers an alternative income source via call writing. Our strategy of active stock selection and active, single stock options overlay differentiates the portfolio from the more common, index-based passive covered call strategies and provides an opportunity to manage risk while exploiting the higher premiums available for individual stocks.

Stock options writing is the act of selling call options (granting the buyer the right to purchase a stock at a specified price) and put options (granting the buyer the right to sell a stock at a specified price) to generate income or hedge risk.

### Key Facts

Ticker	CVRD
Exchange	NYSE Arca
Inception Date	8/21/2023
Expense Ratio	0.90%
Sector Guidelines	Neutral to S&P 500
Benchmarks	S&P 500, BXM

### ACTIVE STOCK SELECTION

Bottom-up fundamental analysis that considers macro and technical factors, applied to a universe of large and mid-cap U.S. companies, resulting in a concentrated, high active share portfolio differentiated from the benchmark.

#### Underlying Investment Criteria

- Sustainable competitive advantage
- Industry leadership
- Strong balance sheet
- Accelerating earnings growth
- Rising Return on Invested Capital (ROIC)
- Free Cash Flow generators
- Positive technical trends
- Reasonable options premiums

### ACTIVE OPTIONS OVERLAY

Individual stock options with higher premiums are evaluated based on the outlook for the underlying stock and market to assess the total return potential for each stock/option pairing.

#### Call Options Strategy

- Outlook for the underlying stock and overall market determines strike price and expiration parameters.
- Typically 45-60 day expirations, but can be adjusted based on outlook.
- Typically sell out-of-the-money (OTM) calls to capture upside potential, and at-the-money (ATM) or in-the-money (ITM) calls for higher premiums and greater downside protection.



Active decision-making puts us in control at each stage.

#### CALL OPTION

Stock ABC approaching valuation target, write ATM or ITM.

#### CALL OPTION

Stock XYZ has attractive upside potential, write OTM.

#### CALL OPTION

Overall market appears extended, write "close-to-the-money"

#### CALL OPTION

Overall market correction with elevated volatility, write further OTM.

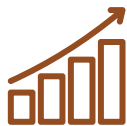
#### Diversified Sources of Income

- Option premium
- Dividends
- Long-term and short-term capital gains from options assignments and position sells/trims



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### UP MARKETS

- Call writing strategies may underperform in steep up markets as underlying securities are called away.
- Participate by writing out-of-the-money calls or deciding not to write at all.
- Income primarily from option premiums and capital gains.



### SIDEWAYS MARKETS

- Call writing strategies can outperform the market because of the income from call premiums.
- Options prices tend to rise with volatile markets, meaning more income for the strategy.
- Income primarily from option premiums.



### DOWN MARKETS

- Call writing strategies can outperform the market because of the call premium cushion.
- High-quality biased stock selection has the potential to be additive to performance.
- Income primarily from option premiums.

### Prioritizing Transparency

We are committed to providing investors with full transparency of our portfolio and process. On a daily basis, we provide a complete list of holdings and options written so our investors know what the fund holds and understand the risks to their investment.

### Portfolio Management



Ray Di Bernardo, CFA  
Portfolio Manager, Analyst  
Industry since 1986



Drew Justman, CFA  
Portfolio Manager, Analyst  
Industry since 2000

*Before investing, please fully consider the investment objectives, risks, charges and expenses of the fund. This and other important information is contained in the current prospectus, which you should carefully read before investing or sending money. For more complete information about Madison Funds® obtain a prospectus from your financial adviser, by calling 800.877.6089 or by visiting [www.madisonfunds.com/ETFProspectusReports](http://www.madisonfunds.com/ETFProspectusReports) to view or download a copy.*

Madison Asset Management, LLC does not provide investment advice directly to shareholders of the Madison Funds.

Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only, and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance.

The S&P 500® Index is a large-cap market index which measures the performance of a representative sample of 500 leading companies in leading industries in the U.S.

The CBOE S&P 500 BuyWrite (ticker: BXM) Index is the passive representation of a covered call strategy. The BXM Index is an unmanaged (passive) total return index based on buying the S&P 500® stock index portfolio and "writing" (or selling) the near term S&P 500® Index "covered" call option (SPX) every month with an exercise price just above the prevailing index level (i.e., slightly out of the money). Source: CBOE

An investment in the fund is subject to risk and there can be no assurance the fund will achieve its investment objective. The risks associated with an investment in the fund can increase during times of significant market volatility. The principal risks of investing in the fund include: equity risk, growth and value investing risk, special risks associated with dividend paying stocks, option risk, interest rate risk, capital gain realization risks to taxpaying shareholders, and foreign security and emerging market risk. More detailed information regarding these risks can be found in the fund's prospectus.

As a 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 has retained the risk of loss should the price of the underlying security decline. In addition to its covered call strategy, the fund may pursue an option strategy that includes the writing of both put options and call options on certain of the common stocks in the fund's portfolio.

A call option is considered "out of the money" if its exercise (or strike) price is above the current market value of the underlying stock.

An option is "at the money" when the current market value of the underlying security is the same as the exercise price of the option.

A call option is "in the money" when the current market value of the underlying security is above the exercise price of the option.

An option's strike price is the price at which the option holder has the right to purchase or sell the underlying security.

Exercising a call option refers to the holder of an option electing to use the write to buy the underlying security at the exercise price.

Diversification does not assure a profit or protect against loss in a declining market.

Madison Funds are distributed by MFD Distributor, LLC, member of FINRA. Portfolio data is as of the date of this piece unless otherwise noted and holdings are subject to change.

"Madison" and/or "Madison Investments" is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC ("MAM"), and Madison Investment Advisors, LLC ("MIA"). MAM and MIA are registered as investment advisers with the U.S. Securities and Exchange Commission. Madison Funds are distributed by MFD Distributor, LLC. MFD Distributor, LLC is registered with the U.S. Securities and Exchange Commission as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority. The home office for each firm listed above is 550 Science Drive, Madison, WI 53711. Madison's toll-free number is 800-767-0300.

Any performance data shown represents past performance. Past performance is no guarantee of future results.

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

For more information on options and related risks, contact your financial advisor and review the Options Clearing Corporation "Characteristics and Risks of Standardized Options" available at [www.theocc.com](http://www.theocc.com).

