

# Madison Covered Call & Equity Income Fund



*A high-quality, high-conviction equity portfolio with an active, single-stock option overlay to capture growth and income.*

## Philosophy

Madison's philosophy revolves around the principle of "Participate and Protect®," which means we strive to build portfolios that participate as fully as possible in favorable markets and, more importantly, protect principal in difficult markets. We believe that this is best pursued through active stock selection with an active option management investment approach.

## Investment Strategy & Process

We first employ a fundamental bottom-up process to invest in common stocks of large and mid cap companies that we believe are selling at a reasonable price in relation to their long-term growth rate. Then, under normal market conditions, we write (sell) covered call options on a substantial portion of portfolio securities. We aim to produce a high level of current income generated from writing these options and, to a lesser extent, from dividends, all while allowing for upside participation.

*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.*

## Active Stock Selection

Bottom-up, fundamental analysis of macro and technical factors applied to large and mid cap U.S. companies results in a concentrated, high active share portfolio distinct from broad market benchmarks.

## High Quality, Best Ideas Approach

- Companies with a sustainable competitive advantage, strong balance sheet, accelerating earnings growth, rising return on invested capital, and free cash flow generation.
- Attractive absolute and relative valuation
- Reasonable option premiums
- 30-60 high-quality stocks

## Active Options Overlay

Individual stock options typically offer higher premiums than index options. Options contracts 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:

- Out-of-the-money calls when the stock has attractive upside potential or during market corrections with elevated volatility.
- At-the-money or in-the-money calls when the stock nears its valuation target for higher premiums and downside protection.
- Close-to-the-money calls when the overall market appears extended.

## Investment Objective

The Fund seeks to provide consistent total return and a high level of income and gains from option premiums.

## Why Madison Covered Call & Equity Income?

- Diversified income stream, historically ranging from 6-9%.
- High-quality, high-conviction stock investing with an active, single-stock options overlay.
- Out-of-the-money call writing allows for upside participation, while premium income helps partially offset potential market losses.

## Key Facts

Tickers	MENYX, MENIX, MENAX, MENRX
Fund Inception	October 2009
Benchmarks	S&P 500, BXM
Positions	30-60
30-Day SEC Yield (Class Y, as of 3/31/25)	0.9%

## Experienced Management



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



**Drew Justman, CFA**  
Portfolio Manager, Analyst  
Industry since 2000



Why Madison Investments?

Madison Investments is a nationally recognized and trusted investment firm offering actively managed, risk-aware investment strategies to a broad range of clients. Our Participate & Protect® philosophy of pursuing superior risk-adjusted returns is at the heart of our value proposition to clients.

Aligned Interests	Investment Excellence	Exceptional Client Service
— Self-invested portfolio managers	— High-quality investments	— Investment-centric service model
— Independent, employee-owned	— Active strategies with a focus on downside protection	— Transparent, easy-to-understand strategies

Consider the investment objectives, risks, and charges and expenses of Madison Funds carefully before investing. Each fund's prospectus contains this and other information about the fund. Call 800.877.6089 or visit madisonfunds.com to obtain a prospectus and read it carefully before investing.

"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.

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 option risk, tax risk, derivatives risk, concentration risk, equity risk, mid cap risk, and 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 foregoes, 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.

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

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).

Our expectation is that investors will participate near fully in market appreciation during bull markets and experience something less than full participation during bear markets compared with investors in portfolios holding more speculative and volatile securities. Therefore, the investment

Distribution History - Class Y, Per Share

	Yr-End NAV	Total Distribution	30 Day SEC Yield	Distribution Yield
2024	\$9.38	\$0.73	0.55%	7.65%
2023	\$9.84	\$0.76	0.65%	7.81%
2022	\$9.60	\$0.67	0.33%	6.91%
2021	\$9.80	\$0.63	0.63%	6.82%
2020	\$8.80	\$0.56	0.66%	6.49%

philosophy is intended to represent a conservative investment strategy. There is no assurance that Madison's expectations regarding this investment strategy will be realized.

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 and is not investment advice.

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.

S&P 500 Index: a large cap market index that measures the performance of a representative sample of 500 leading companies in leading industries in the U.S.

CBOE S&P 500 BuyWrite Index (BXM): a benchmark index designed to track the performance of a hypothetical buy-write strategy (i.e. holding a long position in and selling covered call options on that position) on the S&P 500 Index.

30-day SEC Yield: represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. It is calculated based on the standardized formula set forth by the SEC.

Distribution Yield: equals the total distribution amount divided by the average of the beginning and end-of-year net asset value (NAV). Distribution yield includes net investment income plus both short and long-term capital gain distributions.

At the money: the current market value of the underlying security is the same as the exercise price of the option.

In the money: the current market value of the underlying security is above (call options) or below (put options) the exercise price of the option.

Out of the money: the current market value of the underlying security is below (call options) or above (put options) the exercise price of the option.

Strike Price: the price at which the option holder has the right to purchase or sell the underlying security.

Exercise: the holder of an option wishes to buy (in the case of a call) or sell (in the case of a put) the underlying security at the exercise price.

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