

Covered Call CEF MCN Ends Q2 Ahead of Market Indexes

As the first half of 2025 came to a close, the XAI Madison Equity Premium Income Fund, a covered call closed-end fund with the NYSE ticker symbol MCN, outperformed key market indexes and generated results placing it in the lower third of its peer group's NAV volatility.

As of June 30, 2025, the annualized distribution rate was 11.52% based on market price of \$6.25 and 11.32% based on NAV of \$6.36, fund representatives said on a Q2 quarterly MCN webinar on August 7, 2025.

MCN recently celebrated its 20th anniversary and was one of the first [covered call](#) strategies in the closed-end fund market. Chicago-based XA Investments took

over as advisor to MCN in December 2024. Madison, WI-based Madison Investments is now the fund's sub-advisor, and has managed MCN since 2004. The fund's strategy and objective remains the same: current income and long-term capital appreciation. MCN invests in an actively managed equity portfolio comprised of individual stocks and covered call options.

Tracking the Market

As Ray Dibernardo, Portfolio Manager and Analyst at Madison Investments, tells it, the last six months were a wild ride for him and his team. MCN wasn't immune to the tariff and inflationary concerns that roiled markets in mid-February, he said. But after flagging early, the fund caught up and surpassed the market, outperforming both the S&P 500 and CBOE S&P 500 BuyWrite Index in the first quarter, he added.

Moving into Q2, MCN likewise outlasted other market disruptions, including President Trump's Liberation Day announcement on April 2 and the mega-cap rally that occurred weeks later, Dibernardo said. How exactly? By "protecting on the way down," he added.

"As the market rallied through the rest of April and May, we started to get recovered on the underlying positions at higher strike prices than we would have had we done this in early April," Dibernardo said. "As the market recovered very strongly, we tracked

it pretty well, and ... ultimately the fund became 93% covered" late in the second quarter, he added.

That said, Dibernardo said his team will remain "defensive" as active fund managers going into the remainder of the year, noting the market has neither shown recent signs of an earnings Renaissance, nor has it returned to common sense valuation.

Further Benchmark Bona Fides

The Q2 MCN update follows in the wake of the fund's change in distribution frequency from quarterly to monthly, which XA Investments President Kimberly Flynn said is in keeping with market preference. "Advisors and investors prefer more frequent cash flows," she added.

In terms of yield, MCN was the leader among its peers in CEF Advisors' Covered Call / Option Funds Index, generating a rate of 11.65%, with 0.00% leverage and at a -3.44% discount to NAV as of August 11, 2025. The index includes just under two dozen covered call closed-end funds, each with at least \$500,000 in average 90-day trade dollar liquidity.

MCN is managed by Ray Dibernardo and Drew Justman, Portfolio Manager and Analyst at Madison Investments. The portfolio management team is supported by over 15

equity research analysts that span market caps and sectors.

Additional Resources

Access a [replay](#) of the August 7, 2025, MCN Q2 2025 Quarterly Webinar.

Learn more about [XA Investments](#) and [Madison Investments](#). Learn more about [MCN](#) and review the individual fund profile for [MCN at CEFDData.com](#).

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