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Madison Strategic Sector Premium Fund
Form N-CSRS
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21713

Madison Strategic Sector Premium Fund
(Exact name of registrant as specified in charter)

550 Science Drive, Madison, WI 53711
(Address of principal executive offices)(Zip code)

W. Richard Mason
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, 2014

Form N-CSR 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-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR 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, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. s 3507.

Semi-annual Report
June 30, 2014

MADISON STRATEGIC SECTOR
PREMIUM FUND (MSP)

Active Equity Management combined
with a Covered Call Option Strategy

MSP | Madison Strategic Sector Premium Fund | June 30, 2014

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Review of Period

What happened in the market during the first half of 2014?

The first half of 2014 was a positive period across the board for stocks and bonds. Investors showed considerable confidence with robust flows to domestic stocks, which were up 7.14% as measured by the S&P 500[®] Index. Smaller stocks also had positive results, with the Russell Midcap[®] Index advancing 8.67% and the Russell 2000[®] Index of small-cap stocks up 3.19%. International stocks were also up broadly, with the MSCI EAFE Index (net) up 4.78% and the Russell Emerging Markets[®] Index up 6.64%. Bond investors benefited from a drop in interest rates across the period which boosted bond valuations. The bellwether 10-year Treasury began the period yielding 3.03% and ended the period with a 2.53% yield. The Barclays U.S. Aggregate Bond Index, considered a good proxy for the broad domestic bond market, was up 3.93%. The CBOE S&P BuyWrite[®] Index (BXM) which represents a passive version a covered call strategy, rose 5.66%.

While the results of all the cited indices indicate a benign environment for investors, the year didn't start out quite so positively. Plenty of cautionary economic indicators were evident, as the U.S. economy showed the results of a deep and bitter winter. Many stocks faltered in the opening months, particularly some which had benefitted most from the extremely strong returns of 2013. Many emerging markets and Japan also corrected sharply, and the initial reports that the U.S. economy had contracted in the first quarter at a -2.9% annual clip gave credence to those concerns.

Overwhelming these early negatives was a growing confidence that the U.S. economy was making solid progress and the first quarter setback was only temporary. Unemployment fell during the first six months of 2014 by 1.4%, the largest such decline since 1984, while inflation remained contained. Even as the Federal Reserve eased its bond purchase program, there was a consensus that the Fed would likely keep rates low for some time, promoting continued expansion. Geopolitical stresses in the Ukraine and Middle East gave investors around the world reason to allocate funds to the perceived safety of U.S. Treasuries, despite yields which provide little real return when matched with inflation rates.

With the exception of a late January setback, equity markets have moved steadily higher for most of the period, with market volatility continuing to trend lower. On June 30, 2014, volatility as measured by the CBOE Volatility Index (VIX) was at seven-plus year lows. Low volatility results in lower call option premiums and can signal a level of investor complacency which we are increasingly wary of.

How did the fund perform given the marketplace conditions during the first six months of 2014?

For the six months ending June 30, 2014, the fund's net asset value (NAV) rose 5.02%, trailing the CBOE S&P BuyWrite[®] Index (BXM) return of 5.66%. The S&P 500[®] rose 7.14% during the period. The fund's market price rose 11.51% as the discount to NAV narrowed to 8.9% at June 30, compared with an average discount for the six month period of 11.4%. On an NAV basis, the fund performed in line with the BXM index for much of the period. As the S&P 500[®] Index moved sharply higher in mid-May through the end of June, management became increasingly defensive and the fund increasingly hedged. Given this posture, the fund began lagging the performance of the BXM through the end of the period and lagged the S&P 500[®] Index's surge by a greater margin. Relative to the S&P 500[®] Index, stock selection in the fund was a positive contributor to performance, however, sector allocation caused a drag on performance. The primary negative drivers of sector allocation were centered on the fund's absence from the relatively small Utilities Sector which performed very well as interest rates declined, and the fund's underweighted positioning in the Energy Sector which enjoyed strong performance as geopolitical issues resulted in stronger crude oil pricing. In addition, the fund was overweighted in the Consumer Discretionary Sector, which lagged primarily on weather related concerns. The most significant headwind to the fund was extremely active assignment activity as a result of the strong upward momentum of the overall market, particularly in the second quarter of the year. An upward trending market will result in a number

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of underlying equity positions rising above the strike price of the call option over which they are written, resulting in the equity position potentially being assigned or called away at the option strike price. As a result, the fund received significant amounts of cash which we reinvested opportunistically. However, the higher cash balance in the fund was a headwind to performance given the generally upward trend of the market.

SHARE PRICE AND NAV PERFORMANCE FOR MADISON STRATEGIC SECTOR PREMIUM FUND

Describe the fund's portfolio equity and option structure.

As of June 30, 2014, the fund held 43 equity securities and unexpired call options had been written against 87% 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, 45.1% of the fund's call options (32 of 71 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). This level is lower than previous periods due to the strong upward move in equities this year which moved a number of call options in-the-money. Of the 71 option positions, three were put options which we sold against existing equity holdings that also have covered call options written. The writing of out-of-the-money put options allows the fund to increase the level of income generated and provides for a lower entry point for adding to existing equity holdings. The cash potentially required to purchase additional shares of the underlying stocks in the event a put option is assigned is segregated from other cash and held in separated short-term Treasury securities. In addition, the fund had two protective put option holdings against the S&P 500® Index. The fund will opportunistically own protective put options in order to provide additional insurance against a potential market decline.

Which sectors are prevalent in the fund?

From a sector perspective, MSP's largest exposure as of June 30, 2014 was to the Consumer Discretionary Sector, followed very closely by the Information Technology Sector. The fund's third largest sector exposure was a neutral position (relative to the S&P 500® sector weighting) in the Industrial Sector. The fund had smaller, underweighted holdings in the Health Care, Energy, Consumer Staples and Financial Sectors. The fund had a small overweighted position in the Materials Sector and an underweighted position in the Telecommunications Sector, although both of these are relatively small portfolio exposures. There was no representation in the Utilities Sector.

ALLOCATION AS A PERCENTAGE OF TOTAL INVESTMENTS AS OF 6/30/14

Consumer Discretionary	19.0%
Consumer Staples	4.0%
Energy	4.9%
Financials	4.1%
Health Care	8.1%
Industrials	9.1%
Information Technology	17.9%
Materials	3.5%
Telecommunication Services	1.2%
Exchange Traded Funds	3.8%
U.S. Government and Agency Obligations	5.6%
Options Purchased	0.4%
Short-Term Investments	18.4%

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 what we see as solid companies with good growth prospects and attractive valuations. We then seek attractive call options to write on

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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 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 in 2014?

Our outlook for the rest of this year is muted with an inclination to become increasingly defensive. Economic growth has improved from the weather induced collapse of the first quarter. However, a portion of the second quarter growth should prove to have resulted from pent-up demand from consumers who didn't shop during the frigid winter months. We expect overall growth for the full year should continue to be challenged since the economy does not appear to have entered a self-sustaining growth phase that doesn't require artificially low interest rates. Equity valuations are no longer cheap although we don't believe they are overly stretched yet. Corporate profits are at all-time highs but the rate of growth is slowing and an increasing proportion of the growth is coming from stock buy-backs rather than organic earnings improvement. The geopolitical environment is becoming progressively strained with particular focus on regions that could impact crude oil supply.

Typically the market has a correction (defined as a 10%-20% pullback) about every 18 months or so. The most recent market correction occurred in the fall of 2011 or about 32 months ago, so we are due. Another sign that we are nearing the end of a cycle is the surge we have seen in merger and acquisition (M&A) activity. Peak M&A activity has historically coincided with a top in the market cycle.

TOP TEN EQUITY HOLDINGS AS OF 6/30/14

	% of Total Investments
Ebay Inc.	2.9%
Costco Wholesale Corp.	2.9%
Amazon.com Inc.	2.7%
Discovery Communications Inc., Class C	2.7%
EMC Corp.	2.6%
CBS Corp., Class B	2.4%
Apache Corp.	2.3%
The Mosaic Company	2.2%
Carmax Inc.	2.2%
Ross Stores Inc.	2.0%

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Portfolio of Investments (unaudited)

	Shares	Value (Note 2)
COMMON STOCKS - 78.2%		
Consumer Discretionary - 20.7%		
Amazon.com Inc. * (A)	7,500	\$ 2,435,850
CarMax Inc. * (A)	37,000	1,924,370
CBS Corp., Class B (A)	34,500	2,143,830
Discovery Communications Inc., Class C * (A)	33,000	2,395,470
Home Depot Inc./The (A)	21,000	1,700,160
Lululemon Athletica Inc. * (A)	27,000	1,092,960
Panera Bread Co., Class A * (A)	2,500	374,575
Priceline Group Inc./The * (A)	1,000	1,203,000
Ross Stores Inc. (A)	28,000	1,851,640
Starbucks Corp. (A)	22,000	1,702,360
		16,824,215
Consumer Staples - 4.4%		
Costco Wholesale Corp. (A)	22,000	2,533,520
Whole Foods Market Inc. (A)	27,000	1,043,010
		3,576,530
Energy - 5.4%		
Apache Corp. (A)	20,000	2,012,400
Occidental Petroleum Corp. (A)	14,500	1,488,135
Petroleo Brasileiro S.A., ADR	60,000	877,800
		4,378,335
Financials - 4.4%		
Morgan Stanley (A)	56,000	1,810,480
State Street Corp. (A)	27,000	1,816,020
		3,626,500
Health Care - 8.8%		
Amgen Inc. (A)	10,500	1,242,885
Baxter International Inc. (A)	5,500	397,650
Celgene Corp. * (A)	9,200	790,096
Cerner Corp. * (A)	32,000	1,650,560
Gilead Sciences Inc. * (A)	13,500	1,119,285
Teva Pharmaceutical Industries Ltd., ADR (A)	12,000	629,040
Varian Medical Systems Inc. * (A)	16,000	1,330,240
		7,159,756
Industrials - 9.9%		
C.H. Robinson Worldwide Inc. (A)	20,000	1,275,800
FedEx Corp. (A)	4,300	650,934
Jacobs Engineering Group Inc. *	34,000	1,811,520
Rockwell Collins Inc. (A)	18,500	1,445,590
Stericycle Inc. * (A)	10,500	1,243,410
United Technologies Corp. (A)	14,500	1,674,025
		8,101,279
Information Technology - 19.5%		
Accenture PLC, Class A (A)	18,000	1,455,120

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Altera Corp. (A)	42,500	1,477,300
Apple Inc. (A)	11,900	1,105,867
Broadcom Corp., Class A (A)	30,000	1,113,600
eBay Inc. * (A)	51,000	2,553,060
EMC Corp. (A)	86,000	2,265,240
Linear Technology Corp. (A)	36,000	1,694,520
Microsoft Corp. (A)	41,000	1,709,700
Nuance Communications Inc. *	45,000	844,650
QUALCOMM Inc. (A)	21,000	1,663,200
		15,882,257
Materials - 3.8%		
Freeport-McMoRan Copper & Gold Inc. (A)	31,000	1,131,500
Mosaic Co./The (A)	40,000	1,978,000
		3,109,500
Telecommunication Service - 1.3%		
Verizon Communications Inc. (A)	22,000	1,076,460
Total Common Stocks (Cost \$62,771,496)		63,734,832
	Contracts	
PUT OPTIONS PURCHASED - 0.5%		
S&P 500 Index, Put, July 2014, \$1,900	90	35,550
S&P 500 Index, Put, Sept 2014, \$1,950	86	331,100
Total Put Options Purchased (Cost \$668,476)		366,650
	Shares	
INVESTMENT COMPANIES - 4.2%		
Powershares QQQ Trust Series 1 (A)	18,000	1,690,380
SPDR S&P 500 ETF Trust (A)	8,600	1,683,192
Total Investment Companies (Cost \$3,262,101)		3,373,572
	Par Value	
U.S. GOVERNMENT AND AGENCY OBLIGATIONS - 6.1%		
U.S. Treasury Bill (B) (C) - 6.1%		
0.026%, 8/21/14	\$ 5,000,000	4,999,819
Total U.S. Government and Agency Obligations (Cost \$4,999,819)		4,999,819

See accompanying Notes to Financial Statements.

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	Shares	Value (Note 2)
SHORT-TERM INVESTMENTS - 20.0%		
State Street Institutional U.S. Government Money Market Fund	16,280,502	\$ 16,280,502
Total Short-Term Investments (Cost \$16,280,502)		16,280,502
TOTAL INVESTMENTS - 109.0% (Cost \$87,982,394**)		88,755,375
NET OTHER ASSETS AND LIABILITIES - (6.2%)		(4,982,417)
TOTAL CALL & PUT OPTIONS WRITTEN - (2.8%)		(2,311,388)
TOTAL NET ASSETS - 100.0%		\$ 81,461,570

* Non-income producing.

** Aggregate cost for Federal tax purposes was \$87,991,691.

(A) All or a portion of these securities positions represent covers (directly or through conversion rights) for outstanding options written.

(B) All or a portion of these securities are segregated as collateral for put options written. As of June 30, 2014, the total amount segregated was \$4,999,819.

(C) Rate noted represents annualized yield at time of purchase.

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 2)
Accenture PLC, Class A	90	August 2014	\$ 80.00	\$ 19,575
Accenture PLC, Class A	90	August 2014	82.50	8,325
Altera Corp.	225	August 2014	35.00	23,625
Altera Corp.	200	September 2014	35.00	26,000
Amazon.com Inc.	37	July 2014	315.00	48,840
Amazon.com Inc.	38	August 2014	325.00	59,565
Amgen Inc.	105	July 2014	115.00	44,100
Apache Corp.	100	July 2014	90.00	108,750
Apache Corp.	100	October 2014	95.00	84,000
Apple Inc.	119	August 2014	93.57	37,485
Baxter International Inc.	55	August 2014	75.00	3,960
Broadcom Corp., Class A	300	August 2014	36.00	60,900
C.H. Robinson Worldwide Inc.	100	August 2014	60.00	44,500
C.H. Robinson Worldwide Inc.	100	November 2014	60.00	54,000
CarMax Inc.	167	July 2014	45.00	115,230
CarMax Inc.	90	October 2014	50.00	36,000
CarMax Inc.	113	October 2014	52.50	29,098
CBS Corp.	100	July 2014	60.00	28,000
CBS Corp.	115	September 2014	60.00	48,875
Celgene Corp.	92	July 2014	77.50	78,660
Cerner Corp.	145	September 2014	55.00	12,687
Costco Wholesale Corp.	110	July 2014	115.00	12,760

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Costco Wholesale Corp.	110	October 2014	115.00	39,875
Discovery Communications Inc.	80	July 2014	75.00	3,800
Discovery Communications Inc.	170	September 2014	75.00	33,150
Discovery Communications Inc.	80	September 2014	80.00	5,600
eBay Inc.	250	September 2014	52.50	30,125
eBay Inc.	70	October 2014	55.00	6,965
EMC Corp.	300	August 2014	26.00	28,200
EMC Corp.	300	August 2014	27.00	14,250
EMC Corp.	260	October 2014	27.00	20,280
FedEx Corp.	30	July 2014	140.00	34,425
FedEx Corp.	13	August 2014	150.00	5,330
Freeport-McMoRan Copper & Gold Inc.	310	August 2014	35.00	57,660

See accompanying Notes to Financial Statements.

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Call Options Written	Contracts (100 Shares Per Contract)	Expiration Date	Strike Price	Value (Note 2)
Gilead Sciences Inc.	135	August 2014	\$ 82.50	\$ 43,200
Home Depot Inc.	105	July 2014	80.00	16,590
Home Depot Inc.	105	August 2014	80.00	23,205
Linear Technology Corp.	135	July 2014	46.00	18,900
Linear Technology Corp.	135	August 2014	47.00	18,225
Linear Technology Corp.	90	August 2014	48.00	8,100
Lululemon Athletica Inc.	190	July 2014	47.50	1,235
Microsoft Corp.	220	August 2014	41.00	