

Columbia Seligman Premium Technology Growth Fund, Inc.

Form N-CSR

March 05, 2013

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-22328

Columbia Seligman Premium Technology Growth Fund, Inc.

(Exact name of registrant as specified in charter)

225 Franklin Street, Boston, Massachusetts 02110

(Address of principal executive offices) (Zip code)

Scott R. Plummer

5228 Ameriprise Financial Center

Minneapolis, MN 55474

(Name and address of agent for service)

Registrant's telephone number, including area code: 1-612-671-1947

Date of fiscal year end: December 31

Date of reporting period: December 31, 2012

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. § 3507.

Table of Contents

Item 1. Reports to Stockholders.

Table of Contents

Annual Report

December 31, 2012

**Columbia Seligman Premium Technology
Growth Fund**

Table of Contents

Columbia Seligman Premium Technology Growth Fund

Under the Fund's managed distribution policy and subject to the approval of the Fund's Board of Directors (the Board), the Fund expects to make quarterly cash distributions (in November, February, May, and August) to Common Stockholders. The Fund's next distribution (February 27, 2013) will amount to \$0.4625 per share, which is equal to a quarterly rate of 2.3125% (9.25% annualized) of the \$20.00 offering price in the Fund's initial public offering in November 2009. You should not draw any conclusions about the Fund's investment performance from the amount of the distribution or from the terms of the Fund's distribution policy. The Fund estimates that it has distributed more than its income and net realized capital gains; therefore, a portion of your distribution may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income". The Fund's Board may determine in the future that the Fund's managed distribution policy and the amount or timing of the distributions should not be continued in light of changes in the Fund's portfolio holdings, market or other conditions or factors, including that the distribution rate under such policy may not be dependent upon the amount of the Fund's earned income or realized capital gains. The Board could also consider amending or terminating the current distribution policy because of potential adverse tax consequences associated with maintaining the policy. In certain situations, returns of capital could be taxable for federal income tax purposes, and all or a portion of the Fund's capital loss carryforwards from prior years, if any, could effectively be forfeited. The Board may amend or terminate the Fund's distribution policy at any time without prior notice to Fund stockholders; any such change or termination may have an adverse effect on the market price of the Fund's shares.

See Notes to Financial Statements for additional information related to the Fund's managed distribution policy.

Table of Contents

Columbia Seligman Premium Technology Growth Fund

Letter to Stockholders

Dear Stockholders,

We are pleased to present the annual stockholder report for Columbia Seligman Premium Technology Growth Fund (the Fund). The report includes the Fund's investment results, a discussion with the Fund's portfolio managers, a portfolio of investments and financial statements as of December 31, 2012.

The Fund's Common Stock returned 0.36% based on net asset value, and 3.71% based on market price, for the 12 months ended December 31, 2012. The Fund underperformed its benchmark, the S&P North American Technology Sector Index, which returned 15.23% during the same period.

During 2012, the Fund paid four distributions that aggregated \$1.85 per share. In October 2010, the Fund received exemptive relief from the Securities and Exchange Commission that permits the Fund to make periodic distributions of long-term capital gains more often than once in any one taxable year. Unless you elected otherwise, distributions were paid in additional shares of the Fund.

The Board of Directors has approved modifying the Fund's Rules-based Option Strategy based on the recommendation of the Fund's Investment Manager, Columbia Management Investment Advisers, LLC. This strategy is employed to determine the level of call options written by the Fund as it seeks to cushion downside volatility and produce current income. The modification will seek to provide the Fund with greater investment flexibility in seeking its investment objective. It is expected that the implementation of this change will take effect on or about March 18, 2013. The Rules-based Option Strategy approach is based upon the Investment Manager's research and may change over time based upon the Fund's experience and market factors. Details about the modification were mailed to all Fund stockholders in January 2013.

Information about the Fund, including daily pricing, current performance, Fund holdings, stockholder reports, distributions and other information can be found at columbiamanagement.com under the Closed-End Funds tab.

On behalf of the Board, we would like to thank you for your support of Columbia Seligman Premium Technology Growth Fund.

Regards,

Stephen R. Lewis

Chairman of the Board

For more information, go online to columbiamanagement.com; or call American Stock Transfer & Trust Company, LLC, the Fund's Stockholder Servicing Agent, at 800.937.5449. Customer Service Representatives are available to answer your questions Monday through Friday from 9 a.m. to 5 p.m. Eastern time.

Table of Contents

Columbia Seligman Premium Technology Growth Fund

Table of Contents

The views expressed in this report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Columbia Fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any particular Columbia Fund. References to specific securities should not be construed as a recommendation or investment advice.

<u>Performance Overview</u>	3
<u>Manager Discussion of Fund Performance</u>	4
<u>Portfolio of Investments</u>	7
<u>Statement of Assets and Liabilities</u>	10
<u>Statement of Operations</u>	11
<u>Statement of Changes in Net Assets</u>	12
<u>Financial Highlights</u>	14
<u>Notes to Financial Statements</u>	15
<u>Report of Independent Registered Public Accounting Firm</u>	26
<u>Directors and Officers</u>	27
<u>Important Information About This Report</u>	33

Annual Report 2012

Table of Contents

Columbia Seligman Premium Technology Growth Fund

Performance Overview

Performance Summary

- > Columbia Seligman Premium Technology Growth Fund (the Fund) Common Stock returned 0.36% based on net asset value and 3.71% based on market price for the 12-month period ended December 31, 2012.
- > The Fund's benchmark, the S&P North American Technology Sector Index, returned 15.23% for the same 12-month period.
- > A combination of industry allocation and stock selection accounted for the Fund's underperformance relative to the benchmark.

Average Annual Total Returns (for the period ended December 31, 2012)

	Inception	1 Year	Life
Market Price	11/24/09	3.71	-0.31
Net Asset Value	11/30/09	0.36	3.07
S&P North American Technology Sector Index		15.23	10.68

Life total return for market price is based on the initial offering price on November 24, 2009, which was \$20.00 per share.

Life total return for net asset value (NAV) is from the opening of business on November 30, 2009 and includes the 4.50% initial sales load. The NAV price per share of the Fund's Common Stock at inception was \$19.10.

Index inception return is calculated from 11/30/2009.

Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than the original cost. For current month-end performance information, please visit columbiamanagement.com.

Returns reflect changes in market price or net asset value, as applicable, and assume reinvestment of distributions. Returns do not reflect the deduction of taxes that investors may pay on distributions or the sale of shares.

The S&P North American Technology Sector Index is an unmanaged modified capitalization-weighted index based on a universe of technology-related stocks.

Indices are not available for investment, are not professionally managed and do not reflect sales charges, fees, brokerage commissions, taxes or other expenses of investing. Securities in the fund may not match those in an index.

Price Per Share

	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Market price (\$)	14.51	15.94	15.90	18.90
Net asset value (\$)	15.36	16.09	16.84	19.39

Distributions Paid Per Common Share

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Payable date	Per share amount (\$)
February 23, 2012	0.4625
May 24, 2012	0.4625
August 23, 2012	0.4625
November 21, 2012	0.4625

The net asset value of the Fund's shares may not always correspond to the market price of such shares. Common stock of many closed-end funds frequently trade at a discount from their net asset value. The Fund is subject to stock market risk, which is the risk that stock prices overall will decline over short or long periods, adversely affecting the value of an investment in the Fund.

Annual Report 2012 3

Table of Contents

Columbia Seligman Premium Technology Growth Fund

Manager Discussion of Fund Performance**Portfolio Management**

Paul Wick

Ajay Diwan

Braj Agrawal

Morningstar Style Box

The Morningstar Style Box is based on a fund's portfolio holdings. For equity funds, the vertical axis shows the market capitalization of the stocks owned, and the horizontal axis shows investment style (value, blend, or growth). Information shown is based on the most recent data provided by Morningstar.

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Top Ten Holdings (%)**(at December 31, 2012)**

Synopsys, Inc.	8.9
Apple, Inc.	7.6
Symantec Corp.	7.1
Nuance Communications, Inc.	4.8
Lam Research Corp.	4.8
Check Point Software Technologies Ltd.	4.5
KLA-Tencor Corp.	4.4
QUALCOMM, Inc.	4.3
Parametric Technology Corp.	4.0
NetApp, Inc.	3.7

Percentages indicated are based upon total investments (excluding Money Market Funds).

For further detail about these holdings, please refer to the section entitled [Portfolio of Investments](#).

Fund holdings are as of the date given, are subject to change at any time, and are not recommendations to buy or sell any security.

For the 12-month period that ended December 31, 2012, shares of Columbia Seligman Premium Technology Growth Fund (the Fund) returned 0.36% at net asset value and 3.71% at market value. The Fund underperformed its benchmark, the S&P North American Technology Sector Index, which returned 15.23%. Stock selection within the semiconductor, software, Internet software & services and computer & peripheral industries detracted from performance as did an overweight relative to the benchmark in the semiconductor industry and a relative underweight in the Internet software & services industry. Stock selection and a relative underweight in the communications industry benefited relative results. The Fund's call option strategy also detracted from returns over the period.

Market Conditions

Early in 2012, positive economic data raised consumer expectations and restored investor confidence in the equity markets. Job growth picked up, manufacturing activity remained solid and the housing market showed signs of modest improvement. Consumer confidence was also bolstered by a decline in energy prices. However, second quarter news was weaker. Lingering debt problems in Europe, a slowdown in growth in China and a contentious presidential campaign weighed on investors, who retreated from riskier assets, and the equity markets gave back a portion of their first quarter gains. The national mood improved in the second half of the year, although most of the problems and challenges of the first half remained. Last-minute negotiations produced a deal to avoid the automatic tax increases and spending cuts that were scheduled for year-end. Taxes were raised on income, dividend, capital gains and large estates for the wealthiest Americans. However, Congress failed to address the budget deficit or debt-ceiling limit that the federal government will reach early in 2013. An accommodative Federal Reserve kept borrowing rates low while injecting some liquidity into the economy through several programs that were extended into the new year. In this environment, equities posted solid gains for the year after a rocky ride.

Significant Performance Factors

Information technology stocks lagged the broader equity market by a slim margin in 2012, as measured by the S&P 500 Index. However, the annual return masked the volatility the sector suffered during the second and fourth quarters, which cut into annual gains. From an industry perspective, Internet software & services, information technology services and computers & peripherals were the best performers, while office electronics and semiconductors & semiconductor equipment were the weakest industries for the period.

A combination of industry allocation and stock selection accounted for the Fund's underperformance relative to the benchmark. Within semiconductors & semiconductor equipment, the Fund was overweight relative to the index, which hampered returns as a significant slowdown in the personal computer market had an immediate impact on this industry. Positions in Advanced Micro Devices and Marvell Technology Group detracted the most from Fund results. Advanced Micro Devices shares declined as the company failed to execute on its product delivery plan. Marvell Technology Group, which has significant exposure to the hard disc drive market, performed poorly as personal computer (PC) demand among consumers and businesses disappointed. A decision not to invest during the period in Intel, a leading semiconductor manufacturer, proved beneficial as the industry bellwether performed poorly in 2012.

In computers & peripherals, the Fund lost some ground by underweighting industry giant Apple, which generated strong gains. As part of our management team's risk

Table of Contents

Columbia Seligman Premium Technology Growth Fund

Manager Discussion of Fund Performance *(continued)*

management strategy, we typically trim high conviction names as they grow beyond a certain percentage of portfolio assets, which may differ from name to name. Network Appliance, which manufactures storage arrays, detracted from Fund results, as its product transition took longer than anticipated. A position in Dell Computer was hurt by the slowdown in the PC market even though the company has taken steps to diversify away from being solely a PC manufacturer. A decision not to invest in Hewlett-Packard, which performed poorly in 2012, helped offset some of these losses.

In the software industry, a position in Rovi significantly detracted from results. However, positions in software companies Synopsis and Symantec each added value, rebounding solidly from earlier weakness. An underweight in Internet software & services also hampered relative results. The industry rose strongly in 2012, and valuation concerns relative to growth prospects led us to underweight the industry relative to the index, which hurt returns during the period.

Communications Equipment Industry Buoyed Fund Results

Stock selection relative to the index in the communications equipment industry helped the Fund's relative results most. The Fund was overweight in Qualcomm, which was an outstanding performer for the period. In addition, the Fund did not own certain benchmark stocks that lost competitive ground to Apple's iPhone during the period.

Call Options Detracted From Returns

The Fund's call option strategy detracted from returns, as expected, given the strong market and relatively low volatility in technology and technology-related stocks. The net loss for the year from overwriting amounted to 4.65% of assets under management. As background, the call option writing strategy is designed to provide income and cushion downside volatility by earning cash premiums. In general, the Fund writes more options in more volatile markets (when the cash premiums are higher) and fewer in less volatile markets (when cash premiums are lower.) Writing call options involves a tradeoff between the options premiums received and reduced participation in potential price appreciation during a strong market.

During the year under review, the strategy produced a loss because market movements frequently caused us to close option positions by buying at a higher price and paying a premium that more than offset the premium received for the original sale. Based on this experience, we believed that a modification to the strategy would be prudent (the Fund's IPO prospectus allows us to make changes to the strategy over time based upon the Fund's experience and market factors). As a result of this decision, toward the end of the year we received Board approval to sell call options that are further out-of-the-money than the Fund typically has written. This change, which will be implemented in early 2013, is intended to provide more flexibility for us to evaluate the market at the time of the call writing and choose the strike of the call option target that we believe will better position the Fund to retain more of the premium income from the option strategy with potentially less drag on the returns in a market that trends upward.

Looking Ahead

The U.S. economy has shown modest improvement, and we believe that fiscal and monetary policy are likely to play a meaningful role in determining whether the current fragile economic recovery blossoms or continues to deliver uninspiring growth in 2013.

Portfolio Breakdown (%) (at December 31, 2012)

Common Stocks	96.1
Consumer Discretionary	0.1

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Health Care	0.8
Industrials	0.2
Information Technology	95.0
Money Market Funds	3.9
Total	100.0

Percentages indicated are based upon total investments. The Fund's portfolio composition is subject to change.

Annual Report 2012

5

Table of Contents

Columbia Seligman Premium Technology Growth Fund

Manager Discussion of Fund Performance *(continued)*

We intend to adjust the Fund portfolio's exposure accordingly. We are currently optimistic that the personal computer supply chain has worked through its excess inventory and are hopeful that the worst is over for PC-related companies. At present, we are still of the opinion that demand for computing is growing globally, and traditional PCs will remain a part of that landscape along with the fast-growing tablet and smart-phone categories. The Fund remains overweight relative to the index in the semiconductor industry. Given attractive valuations, investor apathy and positive semiconductor capital equipment trends, we are optimistic that the chip-related holdings in the portfolio may also be poised for better performance. Finally, we are currently constructive in our view toward an uptick in enterprise spending, as corporations invest in information technology in an effort to improve productivity. The key question that remains is the timing of such an upward turn.

As always, we intend to seek long-term capital appreciation by constructing a conviction-weighted portfolio of technology and technology-related companies, driven by rigorous bottom-up fundamental and valuation analysis.

Table of Contents

Columbia Seligman Premium Technology Growth Fund

Portfolio of Investments

December 31, 2012

(Percentages represent value of investments compared to net assets)

Common Stocks 96.9%

	Issuer	Shares	Value (\$)
Consumer Discretionary 0.2%			
Diversified Consumer Services 0.2%			
	LifeLock, Inc. ^(a)	50,059	406,980
Total Consumer Discretionary			406,980
Health Care 0.8%			
Health Care Equipment & Supplies 0.8%			
	Stryker Corp.	33,144	1,816,954
Total Health Care			1,816,954
Industrials 0.2%			
Commercial Services & Supplies 0.2%			
	Performant Financial Corp. ^(a)	43,464	438,987
Total Industrials			438,987
Information Technology 95.7%			
Communications Equipment 7.4%			
	Cisco Systems, Inc.	327,200	6,429,480
	QUALCOMM, Inc.	159,045	9,863,971
	Radware, Ltd. ^(a)	30,610	1,010,130
Total			17,303,581
Computers & Peripherals 16.4%			
	Apple, Inc.	32,200	17,163,566
	Dell, Inc.	95,200	964,376
	EMC Corp. ^(a)	292,000	7,387,600
	NCR Corp. ^(a)	117,700	2,998,996
	NetApp, Inc. ^(a)	250,300	8,397,565
	SanDisk Corp. ^(a)	36,300	1,581,228
Total			38,493,331
Electronic Equipment, Instruments & Components 4.4%			
	Arrow Electronics, Inc. ^(a)	83,800	3,191,104

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Avnet, Inc. ^(a)	103,900	3,180,379
Fabrinet ^(a)	52,700	692,478
Flextronics International Ltd. ^(a)	332,000	2,061,720
Murata Manufacturing Co., Ltd.	8,000	471,931
Vishay Intertechnology, Inc. ^(a)	64,100	681,383
Total		10,278,995
Internet Software & Services 0.2%		
Akamai Technologies, Inc. ^(a)	12,700	519,557
IT Services 4.8%		
Global Payments, Inc.	32,900	1,490,370
Pactera Technology International Ltd, ADR ^(a)	147,640	1,172,262
VeriFone Systems, Inc. ^(a)	117,300	3,481,464
Common Stocks (continued)		
Issuer	Shares	Value (\$)
Visa, Inc., Class A	19,800	3,001,284
WNS Holdings Ltd., ADR ^(a)	213,889	2,228,723
Total		11,374,103
Semiconductors & Semiconductor Equipment 24.2%		
Advanced Micro Devices, Inc. ^(a)	691,480	1,659,552
Avago Technologies Ltd.	78,200	2,475,812
Broadcom Corp., Class A	187,000	6,210,270
Intersil Corp., Class A	60,600	502,374
KLA-Tencor Corp.	208,212	9,944,205
Lam Research Corp. ^(a)	302,137	10,916,210