

BOULDER TOTAL RETURN FUND INC
Form N-CSRS
August 07, 2009

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 811-07390

Boulder Total Return Fund, Inc.
(Exact name of registrant as specified in charter)

Fund Administrative Services

2344 Spruce Street, Suite A

Boulder, CO
(Address of principal executive offices)

80302
(Zip code)

Fund Administrative Services

2344 Spruce Street, Suite A

Boulder, CO 80302
(Name and address of agent for service)

Registrant's telephone number, including area code: (303) 444-5483

Date of fiscal year end: November 30, 2009

Date of reporting period: May 31, 2009

Item 1. Reports to Stockholders.

The Report to Stockholders is attached herewith.

BOULDER TOTAL RETURN FUND, INC.

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LETTER FROM THE ADVISERS

Dear Shareholder:

The Boulder Total Return Fund (BTF) had a total return of -1.1% based on its net asset value (NAV) for the 6-months ending 05/31/2009. The total return based on BTF's market price for the same period was 4.0%. The S&P 500 Index was up 4.1% over the same period.

Cumulative Returns	3 Months Ended 5/31/09	6 Months Ended 5/31/09	One Year Ended 5/31/09	Three Years* Ended 5/31/09	Five Years* Ended 5/31/09	Since August 1999**
Boulder Total Return Fund (NAV)	31.2%	(1.1)%	(37.6)%	(10.0)%	(3.5)%	2.5%
S&P 500 Index	25.8%	4.1%	(32.6)%	(8.3)%	(1.9)%	(1.9)%
Dow Jones Industrial Average	21.3%	(2.0)%	(30.4)%	(6.2)%	(1.1)%	(0.3)%
NASDAQ Composite	29.1%	16.2%	(28.9)%	(5.8)%	(1.4)%	(3.8)%

The total returns for BTF in the table above do not include the affect of dilution from the 7/2003 rights offering. If the affect of dilution is included, the annualized return since August 1999 would be 1.7%.

* Annualized

** Annualized since August 1999, when the current Advisers became investment advisers to the Fund.

You can see in the table above that BTF had a big return in the latest fiscal quarter. This good quarter made up for nearly all of the losses that it incurred in the 1st quarter of this fiscal year. In the first quarter ended 2/28/09, BTF had a total return on NAV of -24.7%. If you've done the simple arithmetic, you may be scratching your head saying, "why wasn't the return for the 6 months positive since the Fund was up 31.2% in the second three month period while it was only down 24.7% in the first three months?" The simple answer is that it's not simple arithmetic. Returns are compounded. That is why our first rule of investing "Don't lose what you already have" is so important. Think about it this way: If you have \$1.00 and you lose \$.50, your return is -50%. But in order to get back to where you started, you're going to need a return of 100%.

These huge swings in returns give an indication of the huge volatility in the markets. Obviously we suffered with the rest of the market. We wish we could have avoided the downturn and kept what we had in tact, but we're not smart enough to know when the market will rise and fall. We try to find long-term investments that will: 1) survive in even the most severe economic downturns such as the one we had, and are currently witnessing, and 2) provide good returns when the economy is on cruise control.

5.31.09 SEMI-ANNUAL REPORT

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A \$10,000 investment in BTF at NAV when BIA and SIA became co-advisers to the Fund in August, 1999 would be worth \$12,780 on May 31, 2009. Had the investor purchased the S&P 500 Index at the same time, he'd have less than he started with - only \$8,270. So after expenses (and assuming no expenses on the S&P), an investor would have 54% more money having purchased BTF.

Looking at the Fund's investments, its largest one, Berkshire Hathaway, was down (11.9%) in the 6 months ending 5/31/09. But leading the pack performance-wise was BTF's second largest position, YUM! Brands, up 30.2% during the 6 months. YUM has grown to be over 16% of the Fund's assets due to capital appreciation; when we bought YUM back in 2000 it was less than 5% of BTF's assets. We're still quite happy to hold on to this fast food restaurant gem. Some other significant positions in the Fund are WalMart, down (9.6%), Eaton Corp, down (4%), and Cheung Kong Holdings, up 31%.

We are finding some places to put your money to work at what we believe are good prices. Yet, we're not convinced that we've seen the bottom, so we continue to be very cautious before making new commitments or adding to some good companies we already own. At this point, we do not anticipate a quick end to the worldwide economic crisis and the cash we hold makes us feel quite comfortable.

When making additional equity investments, we continue to try to estimate what effect inflation will have on them. With the U.S. Treasury issuing debt at an unprecedented rate, and the Federal Reserve continuing to monetize it, we think there is a high probability of increasing inflation; but we have no idea how soon such inflation will occur. What we can tell you for certain is we won't pay a price we don't think is reasonable. We'd rather be patient with your money. This economy is by no means out of the woods yet; there are potential dark clouds on the horizon. The State of California is in a sorry state. How would you like to get an IOU for your State income tax refund? Try taking that to the grocery store. Other state and local governments across the nation are also hurting.

But there are still bargains to be found. We have been buying other closed-end funds trading at discounts to their NAV's which more than offsets the expenses and provides us with income through a diversified portfolio. For the most part, the funds we bought specialize in REITs, utilities and/or preferreds. All of the funds we bought pay a regular monthly or quarterly dividend. If the underlying assets in these funds recover, we may have the chance to double-dip in our returns if the discounts narrow at the same time.

BOULDER TOTAL RETURN FUND, INC.

www.boulderfunds.net

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The Fund holds cash and cash-equivalents totaling about \$24 million, or about 10% of the Fund's assets as of 5/31/09. Included in the cash-equivalents are Auction Rate Preferreds (ARPs) issued by other closed-end funds. The Fund holds a total of \$2.1 million par value of these preferred instruments (which are currently fair valued at 98% of par). One year ago, the Fund held \$12.2 million of these securities. Since then, many funds have redeemed their ARPs at their full stated par value. We consider these somewhat frozen assets (the auctions continue to fail) to be good assets that is to say, they are still rated AAA and continue paying dividends. In fact, we recently read that we can expect another \$1.9 million in redemptions this July, which would leave BTF holding only \$200,000 worth of ARPs.

Our website at www.boulderfunds.net is an excellent source for information on the Fund. One of the features on the website is the ability to sign up for electronic delivery of stockholder information. Through electronic delivery, you can enjoy the convenience of receiving and viewing stockholder communications, such as annual reports, managed distribution information, and proxy statements online in addition to, but more quickly than, the hard copies you currently receive in the mail. To enroll, simply go to www.boulderfunds.net/enotify.htm. You will also find information about the Boulder Total Return Fund's sister fund the Boulder Growth & Income Fund on the website.

Sincerely,

Stewart R. Horejsi
Stewart Investment Advisers
Barbados, W.I.

Carl D. Johns
Boulder Investment Advisers, LLC
Boulder, Colorado

FINANCIAL DATA [Unaudited]

	Net Asset Value	Per Share of Common Stock NYSE Closing Price		Dividend Paid
12/31/2008	\$ 12.71	\$ 9.86	\$ 0.000	
1/31/2009	11.21	9.30	0.000	
2/28/2009	9.57	7.75	0.000	
3/31/2009	10.68	8.07	0.000	
4/30/2009	12.27	9.40	0.000	
5/31/2009	12.56	9.54	0.000	

The Boulder Total Return Fund was ranked #1 in Lipper Closed-End Equity Fund Performance for the year ended December 31, 2000 by Lipper Inc.

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INVESTMENTS AS A % OF NET ASSETS AVAILABLE TO COMMON AND PREFERRED STOCK

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PORTFOLIO OF INVESTMENTS [Unaudited]

May 31, 2009

Shares	Description	Value (Note 1)
LONG TERM INVESTMENTS 90.8%		
DOMESTIC COMMON STOCKS 79.9%		
Construction Machinery 0.9%		
60,000	Caterpillar, Inc.	\$ 2,127,600
Diversified 38.9%		
690	Berkshire Hathaway, Inc., Class A*	63,203,999
9,200	Berkshire Hathaway, Inc., Class B*	27,342,400
		90,546,399
Diversified Financial Services 0.2%		
5,700	Franklin Resources, Inc.	381,045
Healthcare Products & Services 2.4%		
100,000	Johnson & Johnson	5,516,000
Insurance 1.2%		
120,000	First American Corp.	2,737,200
Manufacturing 3.0%		
8,000	3M Co.	456,800
150,500	Eaton Corp.	6,546,750
		7,003,550
Pharmaceuticals 0.8%		
123,300	Pfizer, Inc.	1,872,927
Real Estate Investment Trust (REIT) 0.5%		
75,000	Redwood Trust, Inc.	1,194,000
Registered Investment Company (RIC) 3.0%		
151,250	Cohen & Steers REIT and Utility Income Fund, Inc.	983,125
92,940	Cohen & Steers Select Utility Fund, Inc.	1,029,775
549,200	Flaherty & Crumrine/Claymore Preferred Securities Income Fund, Inc.	4,970,260
4,600	Flaherty & Crumrine/Claymore Total Return Fund, Inc.	41,676
		7,024,836
Retail 27.1%		
72,500	The Home Depot, Inc.	1,679,100
177,000	Walgreen Co.	5,272,830
370,000	Wal-Mart Stores, Inc.	18,403,800
1,085,000	Yum! Brands, Inc.	37,573,550
		62,929,280

See accompanying notes to financial statements.

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Shares	Description	Value (Note 1)
Transportation - Trucking 1.9%		
60,000	Burlington Northern Santa Fe Corp.	\$ 4,346,400
63,100	YRC Worldwide, Inc.*	162,798
		4,509,198
TOTAL DOMESTIC COMMON STOCKS		
(Cost \$135,534,515)		185,842,035
FOREIGN COMMON STOCKS 10.0%		
Canada 0.1%		
123,000	Canfor Pulp Income Fund	233,213
Hong Kong 4.8%		
515,000	Cheung Kong Holdings, Ltd.	6,364,217
500,000	Henderson Investment, Ltd.	39,343
104,500	Henderson Land Development Co., Ltd.	630,862
6,156,000	Midland Holdings, Ltd.	4,113,397
		11,147,819
Japan 0.0% (1)		
340	New City Residence Investment Corp.*(2)(3)	14,809
Netherlands 2.2%		
60,000	Heineken Holding NV	1,801,629
95,117	Heineken NV	3,385,894
		5,187,523
New Zealand 1.1%		
4,177,436	Kiwi Income Property Trust	2,461,975
Turkey 0.0% (1)		
57,183	Dogus GE Gayrimenkul Yatirim Ortakligi A.S.*	29,449
United Kingdom 1.8%		
75,000	Diageo PLC, Sponsored ADR	4,092,000
TOTAL FOREIGN COMMON STOCKS		
(Cost \$24,813,737)		23,166,788

See accompanying notes to financial statements.

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Shares/ Principal Amount	Description	Value (Note 1)
AUCTION PREFERRED SECURITIES 0.9%		
20	Cohen & Steers Quality Income Realty Fund, Inc., Series M7(3)	\$ 490,000
56	Cohen & Steers REIT and Utility Income Fund, Inc., Series T7(3)	1,372,000
8	Neuberger Berman Real Estate Securities Income Fund, Inc., Series C(3)	196,000
TOTAL AUCTION PREFERRED SECURITIES (Cost \$2,100,021)		2,058,000
TOTAL LONG TERM INVESTMENTS (Cost \$162,448,273)		211,066,823
SHORT TERM INVESTMENTS 9.3%		
DOMESTIC GOVERNMENT BONDS 7.7%		
United States Treasury Bills		
\$ 8,000,000	0.110% due 6/18/2009	7,999,584
10,000,000	0.120% due 6/25/2009	9,999,200
TOTAL DOMESTIC GOVERNMENT BONDS (Amortized Cost \$17,998,784)		17,998,784
FOREIGN GOVERNMENT BONDS 1.1%		
New Zealand 1.0%		
3,800,000	New Zealand Treasury Bills, Discount Notes, 2.260% due 07/29/2009 NZD	2,424,441
TOTAL FOREIGN GOVERNMENT BONDS (Amortized Cost \$2,213,474)		2,424,441
MONEY MARKET FUNDS 0.5%		
1,220,906	Dreyfus Treasury Cash Management Money Market Fund, Institutional Class, 7 Day Yield - 0.122%	1,220,906
TOTAL MONEY MARKET FUNDS (Cost \$1,220,906)		1,220,906
TOTAL SHORT TERM INVESTMENTS (Amortized Cost \$21,433,164)		21,644,131

See accompanying notes to financial statements.

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	Value (Note 1)
TOTAL INVESTMENTS 100.1%	
(Cost \$183,881,437)	\$ 232,710,954
OTHER ASSETS AND LIABILITIES -0.1%	(185,913)
TOTAL NET ASSETS AVAILABLE TO COMMON STOCK AND PREFERRED STOCK 100.0%	232,525,041
AUCTION MARKET PREFERRED STOCK (AMPS) REDEMPTION VALUE	(77,500,000)
TOTAL NET ASSETS AVAILABLE TO COMMON STOCK	\$ 155,025,041

* *Non-income producing security.*

(1) *Less than 0.05% of Total Net Assets Available to Common and Preferred Stock.*

(2) *On October 9, 2008, the company declared bankruptcy.*

(3) *Fair valued security under procedures established by the Fund's Board of Directors. Total market value of fair valued securities as of May 31, 2009 is \$2,072,809, or 0.9% of total net assets available to common and preferred stock.*

Percentages are stated as a percent of Total Net Assets Available to Common and Preferred Stock.

Common Abbreviations:

ADR - American Depositary Receipt

A.S. - Anonim Sirketi (Turkish: Joint Stock Company)

Ltd. - Limited

NV - Naamloze Vennootchap is the Dutch term for a public limited liability corporation

NZD - New Zealand Dollar

PLC - Public Limited Company

REIT - Real Estate Investment Trust

For Fund compliance purposes, the Fund's industry and/or geography classifications refer to any one of the industry/geography sub-classifications used by one or more widely recognized market indexes, and/or as defined by Fund Management. This definition may not apply for purposes of this report, which may combine industry/geography sub-classifications for reporting ease. Industries/geographies are shown as a percent of net assets available to common and preferred shares. These industry/geography classifications are unaudited.

See accompanying notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES [Unaudited]

May 31, 2009

ASSETS:

Investments, at value (Cost \$183,881,437) (Note 1)	\$	232,710,954
Foreign currency, at value (Cost \$13,600)		16,555
Dividends and interest receivable		187,053
Prepaid expenses and other assets		54,862
Total Assets		232,969,424

LIABILITIES:

Payable for investments purchased		15,833
Investment co-advisory fees payable (Note 2)		242,075
Accumulated undeclared dividends on Taxable Auction Market Preferred Stock (Note 5)		65,610
Administration and co-administration fees payable (Note 2)		52,513
Legal and audit fees payable		41,984
Directors' fees and expenses payable (Note 2)		3,380
Printing fees payable		255
Accrued expenses and other payables		22,733
Total Liabilities		444,383
FUND TOTAL NET ASSETS	\$	232,525,041

TAXABLE AUCTION MARKET PREFERRED STOCK:

\$0.01 par value, 10,000,000 shares authorized, 775 shares outstanding, liquidation preference of \$100,000 per share (Note 5)		77,500,000
TOTAL NET ASSETS (APPLICABLE TO COMMON STOCKHOLDERS)	\$	155,025,041

NET ASSETS (APPLICABLE TO COMMON STOCKHOLDERS) CONSIST OF:

Par value of common shares (Note 4)	\$	123,387
Paid-in capital in excess of par value of common stock		124,495,248
Overdistributed net investment income		(493,941)
Accumulated net realized loss on investments sold and foreign currency related transactions		(17,931,707)
Net unrealized appreciation on investments and foreign currency translation		48,832,054
NET ASSETS (APPLICABLE TO COMMON STOCKHOLDERS)	\$	155,025,041
Net Asset Value, \$155,025,041/12,338,660 common stock outstanding	\$	12.56

See accompanying notes to financial statements.

STATEMENT OF OPERATIONS [Unaudited]
For the Six Months Ended May 31, 2009

INVESTMENT INCOME:		
Dividends (net of foreign withholding tax of \$4,060)	\$	2,090,529
Interest and other income		45,593
Total Investment Income		2,136,122
EXPENSES:		
Investment co-advisory fee (Note 2)		1,357,492
Administration and co-administration fees (Note 2)		296,634
Preferred stock broker commissions and auction agent fees		71,762
Directors' fees and expenses (Note 2)		48,979
Legal and audit fees		34,493
Insurance expense		22,191
Printing fees		18,919
Custody fees		10,234
Transfer agency fees		9,418
Other		47,918
Total Expenses		1,918,040
Net Investment Income		218,082
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:		
Net realized loss on:		
Investment securities		(7,447,432)
Foreign currency related transactions		(1,170,446)
		(8,617,878)
Net change in unrealized appreciation of:		
Investment securities		7,404,007
Foreign currency related transactions		156
		7,404,163
NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS:		(1,213,715)
LESS: PREFERRED STOCK DISTRIBUTIONS (NOTE 9)		
From net investment income		(712,023)
Total Distributions: Preferred Stock		(712,023)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$	(1,707,656)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

	For the Six Months Ended May 31, 2009 (Unaudited)	For the Year Ended November 30, 2008
OPERATIONS:		
Net investment income	\$ 218,082	\$ 1,683,670
Net realized loss on investments sold	(8,617,878)	(10,172,497)
Net change in unrealized appreciation/ (depreciation) on investments during the year	7,404,163	(103,024,638)
Net Decrease in Net Assets Resulting from Operations	(995,633)	(111,513,465)
DISTRIBUTIONS: PREFERRED STOCK (NOTE 9)		
From net investment income	(712,023)	(822,246)
From tax return of capital		(2,568,738)
Total Distributions: Preferred Stock	(712,023)	(3,390,984)
Net Decrease in Net Assets Resulting from Operations Applicable to Common Stockholders	(1,707,656)	(114,904,449)
DISTRIBUTIONS: COMMON STOCK (NOTE 9)		
From net investment income		(1,303,416)
From net realized capital gains		(448,908)
From tax return of capital		(34,486,321)
Total Distributions: Common Stock		(36,238,645)
Net Decrease in Net Assets	(1,707,656)	(151,143,094)
NET ASSETS:		
Beginning of period	234,232,697	385,375,791
End of period (including overdistributed net investment income of \$(493,941) and \$0, respectively)	232,525,041	234,232,697
Auction Market Preferred Stock (AMPS) Redemption Value	(77,500,000)	(77,500,000)
Net Assets Applicable to Common Stockholders	\$ 155,025,041	\$ 156,732,697

See accompanying notes to financial statements.

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Contained below is selected data for a share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data for the period indicated. This information has been determined based upon information provided in the financial statements and market price data for the Fund's shares.

	For the Six Months Ended May 31, 2009 (Unaudited)	
OPERATING PERFORMANCE:		
Net Asset Value - Beginning of Period	\$	12.70
Income/(Loss) From Investment Operations		
Net investment income(a)		0.02
Net realized and unrealized gain/(loss) on investments		(0.10)
Total from Investment Operations		(0.08)
Distributions: Preferred Stock		
Dividends paid from net investment income(a)		(0.06)
Distributions paid from net realized capital gains(a)		
Distributions paid from tax return of capital(a)		
Change in accumulated undeclared dividend on AMPS*		
Total Dividends Paid to AMPS*		(0.06)
Net Increase/(Decrease) from Operations Applicable to Common Stock		(0.14)
Distributions: Common Stock		
Dividends paid from net investment income		
Distributions paid from net realized capital gains		
Distributions paid from tax return of capital		
Total Distributions Paid to Common Stockholders		
Net Increase/(Decrease) in Net Asset Value		(0.14)
Common Share Net Asset Value - End of Period	\$	12.56
Common Share Market Value - End of Period	\$	9.54
Total Return, Common Share Net Asset Value(b)		(1.1)%
Total Return, Common Share Market Value(b)		4.0%
RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCKHOLDERS:(c)		
Net Operating Expenses		2.70%(d)
Net Investment Income		0.31%(d)
SUPPLEMENTAL DATA:		
Portfolio Turnover Rate		3%
Net Assets Applicable to Common Stockholders, End of Period (000s)	\$	155,025
Number of Common Shares Outstanding - End of Period (000s)		12,339
Ratio of operating expenses to Total Average Net Assets including AMPS*		1.75%(d)

* Taxable Auction Market Preferred Stock (AMPS).

(a) Calculated based on the average number of common shares outstanding during each fiscal period.

(b) Total return based on per share net asset value reflects the effects of changes in net assets value on the performance of the Fund during each fiscal period. Total return based on per share market value assumes the purchase of common shares at the market price on the first day and sales of common shares at the market price on the last day of the period indicated. Dividends and distributions, if any, are assumed to be reinvested at prices obtained under the

FINANCIAL HIGHLIGHTS

For a Common Share Outstanding Throughout Each Period.

	For the Years Ended November 30,				
	2008	2007	2006	2005	2004
OPERATING PERFORMANCE:					
Net Asset Value - Beginning of Period	\$ 24.95	\$ 23.64	\$ 21.02	\$ 19.91	\$ 17.61
Income/(Loss) From Investment Operations					
Net investment income(a)	0.14	0.35	0.30	0.15	0.03
Net realized and unrealized gain/(loss) on investments	(9.18)	2.34	3.37	1.17	2.35
Total from Investment Operations	(9.04)	2.69	3.67	1.32	2.38
Distributions: Preferred Stock					
Dividends paid from net investment income(a)	(0.06)	(0.26)	(0.04)	(0.05)	(0.09)
Distributions paid from net realized capital gains(a)		(0.09)	(0.27)	(0.15)	
Distributions paid from tax return of capital(a)	(0.21)				
Change in accumulated undeclared dividend on AMPS*				(0.01)	0.01
Total Dividends Paid to AMPS*	(0.27)	(0.35)	(0.31)	(0.21)	(0.08)
Net Increase/(Decrease) from Operations					
Applicable to Common Stock	(9.31)	2.34	3.36	1.11	2.30
Distributions: Common Stock					
Dividends paid from net investment income	(0.04)	(0.84)	(0.57)		
Distributions paid from net realized capital gains	(2.79)				