BOULDER TOTAL RETURN FUND INC
Form N-CSR
February 08, 2010

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 80302
(Address of principal executive offices) (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: November 30, 2009

Item 1. Reports to Stockholders.

The Report to Stockholders is attached herewith.

Table of Contents

Table of Contents

BOULDER TOTAL RETURN FUND, INC.

TABLE OF CONTENTS

Table of Contents

LETTER FROM THE ADVISERS

Dear Shareholder:

The Boulder Total Return Fund (BTF) had a total return on its market price of 38.4% for the fiscal year ending 11/30/09. The total return on its net asset value (NAV) was 19.8%, compared to the S&P 500 Index which had a total return of 25.4% for the year ending 11/30/2009. The Fund s discount narrowed from -27.8% on 11/30/08 to a discount of -16.6% on 11/30/09, explaining the superior performance of its market price compared to its performance on NAV. Performance of the Fund s assets is best judged by looking at NAV performance, even though the performance of market price is what shareholders realize. This is the second consecutive year BTF s NAV has underperformed the S&P 500. However, in the 10 years BIA/SIA have been advisers, BTF has outperformed the S&P 500 seven out of the ten years. The cumulative annualized return of BTF since 1999 has been 4.4% vs. 0.0% for the S&P 500. Since August 1999, an investment in BTF s NAV has turned $10,000 into $15,581, while $10,000 invested in the S&P would still be worth approximately $10,000. Shareholders are better off by 56% having invested in BTF.

Cumulative Returns	**3 Months Ended 11/30/09**	**6 Months Ended 11/30/09**	**One Year Ended 11/30/09**	**Three Years* Ended 11/30/09**	**Five Years* Ended 11/30/09**	**Since August 1999****
Boulder Total Return Fund (NAV)	6.4%	21.1%	19.8%	-7.5%	-0.4%	4.4%
S&P 500 Index	7.9%	20.5%	25.4%	-5.8%	0.7%	0.0%
Dow Jones Industrial Average	9.7%	23.5%	21.1%	-2.7%	2.5%	1.8%
NASDAQ Composite	7.0%	21.4%	41.1%	-3.2%	1.3%	-1.8%

The total returns for BTF in the table above do not include the affect of dilution on non-participating shareholders 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.*

Two primary drivers in BTF s performance in 2009 were two of its large holdings: Berkshire Hathaway and Walmart, which were largely responsible for BTF s underperformance.

For the Fund s fiscal year, Berkshire Hathaway had a total return of -3.3%, far behind the S&P 500, which returned 25.4%. Since Berkshire currently makes up 37.4% of the Fund s total assets, its performance is key for the Fund. For the 3-year period ending 12/31/09, Berkshire had a total return of -9.1% vs. the S&P 500 which had a total return of -5.6%. Berkshire is currently trading around $100,000 per share, which is somewhere around 1.3 or 1.4 times its conservatively calculated book value. Historically, this is

Table of Contents

on the low end of the book value totem pole from where Berkshire typically trades. You may have heard Ben Graham s saying, the market is a voting machine in the short-term, but a weighing machine in the long-term. As for the voting, with all the day traders and program trading, there are some out there voting thousands of times every day! As for the weighing machine, the market may want to invest in a new weighing machine. Buffett announced the largest acquisition in Berkshire Hathaway s fabled history: Burlington Northern Santa Fe Railroad, a $34 billion company. While hopping this train uses up most of Berkshire s investable cash hoard, it also puts Berkshire on the tracks to increase its earning power. It s like adding another locomotive to Berkshire s already long and diversified train of companies. Only on Berkshire s train, each company is its own locomotive, earning money independently of the others. The only drag on the Berkshire train was the caboose full of cash it had been dragging around while looking for an investment. The caboose of cash has been replaced by an economic caboose. A slower US economy is a drag on almost all US businesses. Nonetheless, recently this cash earned virtually nothing. But exchanging the caboose full of cash for Burlington Northern will help speed up the rate at which Berkshire s book value grows.

Walmart had a total return (including dividends) of -0.5% for the year. Walmart was 7.5% of the Fund s total assets at calendar year-end. While Walmart was one of the Fund s top performers in 2008, it was near the bottom of large cap stocks in terms of performance in 2009. Nonetheless, Walmart s earnings relative to its stock price are reasonable and it remains a well run company with bright outlooks. If you ve never shopped at Walmart, you should try it. You ll save some money.

So, between Berkshire and Walmart, over 40% of the Fund s investments had negative returns in 2009. We bought these companies because of their long-term viability, profitability, strong management, potential for increased earnings, and strong market shares. In our view, none of these things have changed, so we are happy holding them. It should be expected that even strong, profitable, well run companies may experience periods of under-performance versus the overall market for a year or two, or even longer.

How did the Fund achieve a 19.8% total return? YUM! Brands, which represents 14.6% of the Fund s assets, had a total return of 34% in fiscal 2009. BTF had some very strong returns in other securities during the year, including Midland Holdings (up 142%), Cheung Kong Holdings (up 37%), Caterpillar (up 48%), Heineken (up 48%), and all of the closed-end funds that we bought. Some of these returns were a reflection of the very low starting point a year ago after the market had taken a dive. This is a good example of the benefits of being a long-term investor: not selling everything at the market lows.

Table of Contents

From December 1, 2008 through March 9, 2009 (about the first fiscal quarter of 2009 for BTF), the S&P 500 Index fell 17%, from 816 to 676. Less than 3 weeks later, the S&P 500 had rebounded all the way back above 832. This was an increase of 23% in the market in less than 3 weeks! Was this a dead-cat bounce or had we seen the market bottom? The answer was totally irrelevant. The question should have been how are stocks valued? Timing the markets is nearly impossible. The example above is proof. But buying fairly or under-valued stocks is not impossible. While we did buy some stocks from January 2009 all the way through April while the market was at its lows, we didn t buy enough.

The Fund holds cash and cash-equivalents totaling slightly over $18 million, or about 7% of the Fund s assets. The markets recuperated from the March 2009 lows so fast and so furiously, we don t expect a repeat performance in 2010. The markets have had quite a ride upward over the past 8 months. Stocks seem to be more fully valued based on earnings, but the economy is not out of the woods quite yet. Unemployment could remain high for quite some time. A high foreclosure rate in the housing market will also temper potential rebounds. We ve tried to make investments that will perform reasonably well even in a topsy-turvy economy. In any case, among our top investment rules are: (1) Don t lose what we already have, (2) Invest in companies we understand with good margins, good management, and a reasonable use of debt and (3) Invest more money in our best ideas. The S&P 500 Index is trading around 1,100 which is about 20 times earnings. This is on the high end of where the S&P 500 has historically traded. So for the time being, we re probably more likely to hold onto the cash we have unless we find something intriguing.

Sincerely,

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

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

January 14, 2010

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, 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.

Table of Contents

FINANCIAL DATA [Unaudited]

	Per Share of Common Stock		
	Net Asset Value	NYSE Closing Price	Dividend Paid
11/30/2008	$ 12.70	$ 9.17	$ 0.000
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
6/30/2009	12.36	9.42	0.000
7/31/2009	13.90	10.76	0.000
8/31/2009	14.30	11.47	0.000
9/30/2009	14.66	12.01	0.000
10/31/2009	14.43	12.00	0.000
11/30/2009	15.21	12.69	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.

LIPPER and the LIPPER Corporate Marks are propriety trademarks of Lipper, a Reuters Company. Used by permission.

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

Table of Contents

PORTFOLIO OF INVESTMENTS

November 30, 2009

Shares	Description		Value (Note 1)
LONG TERM INVESTMENTS 94.1%			
DOMESTIC COMMON STOCKS 82.2%			
Construction Machinery 1.3%			
60,000	Caterpillar, Inc.	$	3,503,400