

BOULDER TOTAL RETURN FUND INC
Form N-CSR
February 06, 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: November 30, 2008
end:

Date of reporting period: November 30, 2008

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 Stockholder:

In fiscal 2008 the Boulder Total Return Fund (BTF), along with the entire US economy, didn't just have a bad year, they both suffered a cataclysmic shift downward. What has taken place in our economy and in our Fund is not something that will correct itself in the near term. The total return on NAV for BTF was -40.3% for the fiscal year ending 11/30/08. This compares to the S&P 500 Index which was down 38.1% over the same period.

Cumulative Returns	3 Months Ended 11/30/08	6 Months Ended 11/30/08	One Year Ended 11/30/08	Three Years* Ended 11/30/08	Five Years* Ended 11/30/08	Since August 1999**
Boulder Total Return Fund	-25.9%	-36.9%	-40.3%	-8.2%	-1.6%	2.8%
S&P 500 Index	-29.6%	-35.2%	-38.1%	-8.7%	-1.4%	-2.5%
Dow Jones Industrial Average	-22.8%	-29.0%	-32.1%	-4.2%	0.3%	-0.1%
NASDAQ Composite	-35.0%	-38.8%	-41.8%	-11.0%	-4.1%	-5.5%

The total returns for BTF in the table above do not include the effect of dilution from the 7/2003 rights offering. If the effect of dilution is included, the annualized return since 8/99 would be 2.1%.

* Annualized

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

An investor who purchased \$10,000 of BTF when BIA and SIA became co-advisers to the Fund in August 1999, and was able to buy it at NAV, would have \$12,910 on November 30, 2008. Had the investor purchased the S&P 500 Index at the same time, he'd have less than he started with only \$7,912. So after expenses (and assuming no expenses on the S&P), an investor would have 63% more money having purchased BTF. In a year like 2008, it's worth noting that the Fund's performance is effected by the leverage it has. The losses of the Fund were amplified this year by this leverage, just as gains we've had in prior years were amplified in up markets.

While we held some cash and cash equivalents in the Fund during the year (about 10% at year-end) which helped, nearly all the equities we held declined significantly. We wish we had seen this coming, but the plain and simple truth is we didn't and don't have the ability to predict what will happen in the future. Trying to time the market by taking money in and out isn't a game we try to play. In the long run, we'd lose. What we can do is invest your money in companies who use debt wisely, that have a competitive edge, and that have good margins. We believe these types of companies will survive tumultuous times like this so that when times do get better, they can thrive. There are some companies that didn't, and won't survive this economic crisis because of too much debt. And it's really too bad because some of them were good companies, but they were living too close to the edge. The outcome of this is yet to be determined, but a few companies that survive will see themselves with less competition for a time; a silver lining in this dark cloud.

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The Fund's two largest positions, Berkshire Hathaway (44% of the Fund's assets) and YUM! Brands (12.5% of the Fund's assets) were down 26% and 27% respectively. The Fund's third largest position, Wal-Mart (9% of the Fund's assets) was actually up 17% during the year, one of the better performing stocks in 2008. One of the reasons we own so much of Berkshire Hathaway is Warren Buffet. For the past few years, he has been building a war chest of cash, which he has recently started to put to work. His patience has been rewarded with investments such as the recent \$8 billion worth of 10% preferreds he bought from GE and Goldman Sachs. Considering that the cash was likely earning only around 1% to 2%, prior to these investments he just increased Berkshire's earnings by about \$640 million a year with those two investments alone. Furthermore, because of the weakening financial position of other insurers in the US and abroad, Berkshire will likely be able to start charging a premium for the insurance services of its two largest operating companies: GEICO and GeneralRe.

Next to Wal-Mart, another positive we had in the portfolio was Anheuser-Busch, which was recently bought out by In-Bev. Three of the financials we held in the Fund, Citi-group, Washington Mutual, and AIG, were all sold in the last six months. Not before we suffered some losses, but the losses would have been much greater had we not sold when we did. So what did poorly in the Fund? Where to begin; the list is like a trail of tears long and sad. Legg Mason and Midland Holdings were down 76% and 78% respectively. Legg Mason suffered due to the stock market decline while Midland suffered due to the property decline in Hong Kong. Cheung Kong Holdings, another Hong Kong stock, which holds a significant position in Hutchison Whampoa, was down 50%. Pfizer was down 31% and Johnson & Johnson was only down 13.5%. It's a sad commentary when you can say a stock was down only 13.5%.

If there were ever a good time to talk about fear, it's now. In relation to the market, we can put fear into two different camps: warranted fear and unwarranted fear. We've seen a lot of both in recent months. When fear strikes and the market price of a security declines rapidly and/or precipitously, the reasons seem to come from short-term circumstances or it comes simply from the fact that the security price is falling. This is unwarranted fear. It's the kind we look for because an investor can sometimes find great bargains as a result. The question in these cases is when does the unwarranted fear stop? Trying to buy at the right time can be like catching a falling knife. In the other camp, we've seen a lot of warranted fear. The economy is such that, as mentioned above, many companies will be worth a lot less for well, maybe forever. Others will go bankrupt. A healthy fear of such companies is warranted.

In the second half of the year, we made three relatively small purchases: Heineken Holdings, down slightly from where we bought, Constellation Energy, actually up from where we bought, and we added slightly to our Walgreens position. Total dollars spent on these three amounted to about \$4.5 million, less than 2% of our assets.

The Fund stopped paying a monthly dividend. The last dividend paid was October 31, 2008. The decision to suspend the dividend had to do with two primary issues. First, a declining stock market has provided some good values which the Fund could take advantage of by using its cash. Second, the declining stock market has caused our leverage ratio to climb. Under the 1940 Investment Company Act, the highest leverage ratio

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permissible using preferreds (AMPs) is 2:1. We were approaching this level. The Fund paid out a total of \$2.94 per share in dividends in the fiscal year, all a return of capital. There was no December dividend in 2008. We've had a few people ask if the Fund will resume the managed distribution in the future. The answer for now is not likely. Ending the dividend payments does not change our investment objective of total return one bit. We will still strive to invest in the best companies we can find. We take into consideration whether or not dividends are paid by these companies, but it won't necessarily drive our decision. Remember, total return means both income and capital appreciation from the companies we buy. We expect long-term capital appreciation from companies we buy which don't pay dividends. You will receive a Form 1099-DIV from your broker or the transfer agent with the tax characteristics of those dividends.

The Fund's AMPs which were issued as leverage have not had a successful auction since mid-February 2008, meaning holders of the AMPs haven't had the opportunity to sell their shares in an auction since then. Around this timeframe, the broker-dealers who had regularly been participating in the auctions as buyers, stopped buying. They simply didn't have the capital to commit. However, when this backstop disappeared, auctions began failing. Everyone rushed to sell their shares all at once, but there were no buyers. It has remained that way ever since. Unlike most financials, which have been downgraded in this credit crunch, the Fund's AMPs still have AAA rated credit quality and the Fund is meeting all its obligations with respect to preferred stockholders. The AMPs continue paying regular monthly dividends, and are backed by all the assets in the Fund. The auction failures have nothing to do with the credit quality of the Fund's AMPs. Most auction rate preferred stock, including the AMPs issued by the Fund, are rated AAA.

The fail rate on the Fund's unsuccessful auctions sets the rate at the greater of 1.25% of 30-day LIBOR or 30-day LIBOR plus 125 basis points. The last rate set on November 25, 2008 was 2.661%, which was the fail rate. As of 11/30/08, the Fund's \$77.5 million of auction rate preferreds represent 33% of the Fund's total assets.

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
11/30/07	\$ 24.95	\$ 22.70	\$	0.000
12/31/07	24.60	21.89		0.240
1/31/08	23.42	22.15		0.240
2/29/08	22.70	21.50		0.273
3/31/08	21.65	20.08		0.273
4/30/08	22.26	20.80		0.273
5/31/08	21.96	20.46		0.273
6/30/08	18.74	18.05		0.273
7/31/08	17.83	16.60		0.273
8/31/08	17.82	16.69		0.273
9/30/08	17.16	14.57		0.273
10/31/08	14.15	12.62		0.273
11/30/08	12.70	9.17		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 SHARES

PORTFOLIO OF INVESTMENTS

November 30, 2008

Shares	Description	Value (Note 1)
LONG TERM INVESTMENTS 92.4%		
DOMESTIC COMMON STOCKS 81.9%		
Buildings - Residential/Commercial 0.5%		
34,100	DR Horton, Inc.	\$ 234,267
10,000	KB Home	116,300
22,700	Ryland Group, Inc.	385,219
18,900	Toll Brothers, Inc.*	376,677
		1,112,463
Construction Machinery 1.1%		
60,000	Caterpillar, Inc.	2,459,400
Diversified 44.4%		
690	Berkshire Hathaway, Inc., Class A*	71,760,000
9,200	Berkshire Hathaway, Inc., Class B*	32,190,800
		103,950,800
Diversified Financial Services 0.8%		
106,328	Legg Mason, Inc.	1,916,031
Electric Utilities 0.8%		
80,000	Constellation Energy Group, Inc.	1,957,600
Healthcare Products & Services 1.3%		
52,000	Johnson & Johnson	3,046,160
Insurance 1.2%		
120,000	First American Corp.	2,882,400
Manufacturing 3.0%		
150,500	Eaton Corp.	6,974,170
Pharmaceuticals 0.7%		
100,000	Pfizer, Inc.	1,643,000
Real Estate Investment Trust (REIT) 0.4%		
75,000	Redwood Trust, Inc.	978,750
Registered Investment Company (RIC) 1.7%		
549,200	Flaherty & Crumrine/Claymore Preferred Securities Income Fund, Inc.	4,086,048

See accompanying notes to financial statements.

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Shares	Description	Value (Note 1)
Retail 23.9%		
72,500	The Home Depot, Inc.	\$ 1,675,475
177,000	Walgreen Co.	4,378,980
370,000	Wal-Mart Stores, Inc.	20,675,600
1,085,000	Yum! Brands, Inc.	29,229,900
		55,959,955
Transportation 2.1%		
60,000	Burlington Northern Santa Fe Corp.	4,596,600
63,100	YRC Worldwide, Inc.*	251,138
		4,847,738
TOTAL DOMESTIC COMMON STOCKS (Cost \$142,652,173)		191,814,515
FOREIGN COMMON STOCKS 7.8%		
Canada 0.1%		
123,000	Canfor Pulp Income Fund	296,541
Hong Kong 3.1%		
515,000	Cheung Kong Holdings, Ltd.	4,850,906
500,000	Henderson Investment, Ltd.	24,193
104,500	Henderson Land Development Co., Ltd.	354,621
6,156,000	Midland Holdings, Ltd.	2,025,496
		7,255,216
Japan 0.0% (1)		
340	New City Residence Investment Corp.(2)	14,764
Netherlands 1.8%		
60,000	Heineken Holding NV	1,549,759
95,117	Heineken NV	2,616,325
		4,166,084
New Zealand 1.0%		
4,150,136	Kiwi Income Property Trust	2,304,351
Turkey 0.0% (1)		
57,183	Dogus GE Gayrimenkul Yatirim Ortakligi A.S.*	17,148
United Kingdom 1.8%		
75,000	Diageo PLC, Sponsored ADR	4,227,750
TOTAL FOREIGN COMMON STOCKS (Cost \$24,797,904)		\$ 18,281,854

See accompanying notes to financial statements.

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Shares/ Principal Amount	Description	Value (Note 1)
AUCTION PREFERRED SECURITIES 2.7%		
34	Cohen & Steers Quality Income Realty Fund, Inc., Series M7(2)	850,000
81	Cohen & Steers REIT and Utility Income Fund, Inc., Series T7(2)	2,025,000
120	Duff & Phelps Utility and Corporate Bond Trust, Inc., Series T7(2)	3,000,000
15	Neuberger Berman Real Estate Securities Income Fund, Inc., Series C(2)	375,000
TOTAL AUCTION PREFERRED SECURITIES (Cost \$6,250,039)		6,250,000
TOTAL LONG TERM INVESTMENTS (Cost \$173,700,116)		216,346,369
SHORT TERM INVESTMENTS 7.7%		
DOMESTIC GOVERNMENT BONDS 4.7%		
\$ 11,100,000	United States Cash Management Bills, Discount Notes, 0.430%, due 04/29/2009	11,082,085
TOTAL DOMESTIC GOVERNMENT BONDS (Amortized Cost \$11,080,246)		11,082,085
FOREIGN GOVERNMENT BONDS 2.8%		
New Zealand 0.9%		
3,630,000	New Zealand Treasury Bills, Discount Notes, 5.020%, due 01/28/2009, NZD	1,980,091
United Kingdom 1.9%		
2,900,000	United Kingdom Treasury Bills, Discount Notes, 5.050%, due 12/01/2008, GBP	4,460,029
TOTAL FOREIGN GOVERNMENT BONDS (Amortized Cost \$7,659,747)		6,440,120

See accompanying notes to financial statements.

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Shares	Description	Value (Note 1)
MONEY MARKET FUNDS 0.2%		
577,947	Dreyfus Treasury Cash Management Money Market Fund, Institutional Class, 7 day yield 0.364%	\$ 577,947
TOTAL MONEY MARKET FUNDS (Cost \$577,947)		
		577,947
TOTAL SHORT TERM INVESTMENTS (Cost \$19,317,940)		
		18,100,152
TOTAL INVESTMENTS 100.1% (Cost \$193,018,056)		
		234,446,521
OTHER ASSETS AND LIABILITIES -0.1%		
		(213,824)
TOTAL NET ASSETS AVAILABLE TO COMMON STOCK AND PREFERRED STOCK 100.0%		
		234,232,697
AUCTION MARKET PREFERRED SHARES (AMPS) REDEMPTION VALUE		
		(77,500,000)
TOTAL NET ASSETS AVAILABLE TO COMMON STOCK		
		\$ 156,732,697

* *Non-income producing security.*

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

(2) *Fair valued security under procedures established by the Fund's Board of Directors. Total market value of fair valued securities as of November 30, 2008 is \$6,264,764.*

Common Abbreviations:

ADR - American Depositary Receipt

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

GBP - British Pound

Ltd. - Limited

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

NZD - New Zealand Dollar

PLC - Public Limited Company

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

November 30, 2008

ASSETS:

Investments, at value (Cost \$193,018,056) (Note 1)	\$	234,446,521
Foreign currency, at value (Cost \$3,913)		3,913
Dividends and interest receivable		204,494
Prepaid expenses and other assets		7,290
Total Assets		234,662,218

LIABILITIES:

Investment co-advisory fees payable (Note 2)		242,040
Legal and audit fees payable		54,277
Administration and co-administration fees payable (Note 2)		52,700
Accumulated undeclared dividends on Taxable Auction Market Preferred Shares (Note 5)		28,643
Directors' fees and expenses payable (Note 2)		20,089
Printing fees payable		12,105
Accrued expenses and other payables		19,667
Total Liabilities		429,521

FUND TOTAL NET ASSETS	\$	234,232,697
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TAXABLE AUCTION MARKET PREFERRED SHARES:

\$0.01 par value, 10,000,000 shares authorized, 775 shares outstanding, liquidation preference of \$100,000 per share (Note 5)		77,500,000
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TOTAL NET ASSETS (APPLICABLE TO COMMON STOCKHOLDERS)	\$	156,732,697
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NET ASSETS (APPLICABLE TO COMMON STOCKHOLDERS) CONSIST OF:

Par value of common stock (Note 4)	\$	123,387
Paid-in capital in excess of par value of common stock		124,495,248
Accumulated net realized loss on investments sold and foreign currency related transactions		(9,313,829)
Net unrealized appreciation on investments and foreign currency translation		41,427,891
NET ASSETS (APPLICABLE TO COMMON STOCKHOLDERS)	\$	156,732,697

Net Asset Value, \$156,732,697/12,338,660 common shares outstanding	\$	12.70
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See accompanying notes to financial statements.

STATEMENT OF OPERATIONS
For the Year Ended November 30, 2008

INVESTMENT INCOME:

Dividends (net of foreign withholding tax of \$81,213)	\$	6,426,196
Interest and other income		428,004
Securities lending income, net		260,026
Total Investment Income		7,114,226

EXPENSES:

Investment co-advisory fee (Note 2)	4,026,427
Administration and co-administration fees (Note 2)	850,623
Preferred stock broker commissions and auction agent fees	213,032
Directors fees and expenses (Note 2)	95,832
Legal and audit fees	90,746
Insurance expense	45,025
Printing fees	29,666
Transfer agency fees	24,548
Other	54,657
Total Expenses	5,430,556