

BOULDER TOTAL RETURN FUND INC

Form N-CSR

February 06, 2012

Table of Contents

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:

811-07390

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

Date of Reporting Period: November 30, 2011

Table of Contents

Item 1. Reports to Stockholders.

The Report to Stockholders is attached herewith.

Table of Contents

Table of Contents

TABLE OF CONTENTS

n
n

1	<u>Letter from the Advisers</u>
3	<u>Financial Data</u>
4	<u>Portfolio of Investments</u>
8	<u>Statement of Assets and Liabilities</u>
9	<u>Statement of Operations</u>
10	<u>Statements of Changes in Net Assets</u>
12	<u>Financial Highlights</u>
15	<u>Notes to Financial Statements</u>
25	<u>Report of Independent Registered Public Accounting Firm</u>
26	<u>Summary of Dividend Reinvestment Plan</u>
27	<u>Additional Information</u>
29	<u>Board of Directors Approval of the Investment Advisory Agreements</u>
33	<u>Directors and Officers</u>

Table of Contents

Boulder Total Return Fund, Inc.

Letter from the Advisers

November 30, 2011

Dear Stockholders:

For the 12 month period ending November 30, 2011, the Boulder Total Return Fund, Inc. (the Fund) returned 1.7% on net assets. This compared to 7.8% returned by the S&P 500 during the same period. The table below shows the historic returns for the Fund for various periods ending November 30, 2011:

	3 Months	6 Months	One Year	Three Years*	Five Years*	Ten Years**	Since August 1999***
Boulder Total Return Fund (NAV)	3.7%	-5.2%	1.7%	14.3%	-0.3%	4.2%	5.5%
Boulder Total Return Fund (Market)	4.8%	-9.7%	-1.9%	18.4%	-2.8%	2.3%	5.1%
S&P 500 Index	2.9%	-6.3%	7.8%	14.1%	-0.2%	2.9%	1.4%
Dow Jones Industrial Average	4.5%	-2.8%	12.4%	14.1%	2.5%	4.6%	3.2%
NASDAQ Composite	1.9%	-7.0%	6.0%	20.7%	2.5%	3.9%	0.3%

* Annualized

** Annualized. Does not include the effect of dilution on non-participating stockholders from the July 2003 rights offering.

*** Annualized since August 1999, when the current Advisers became investment advisers to the Fund. Does not include the effect of dilution on non-participating stockholders from the July 2003 rights offering.

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and the principal value of an investment will fluctuate and shares, if sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

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From a price appreciation standpoint, the Fund's largest holdings returned the following for the 12-month period ended November 30, 2011: Berkshire Hathaway, Inc., in which the Fund owns a combined \$118.0 million stake (38.5% of the Fund's assets) between the Class A and Class B shares, returned -1.4% on Class A and -1.2% on Class B; Yum! Brands, Inc., a \$60.8 million stake (19.9% of the Fund's assets), returned 11.9%; Wal-Mart Stores, Inc., a \$21.8 million stake (7.1% of the Fund's assets), returned 8.9%; Johnson & Johnson, a \$14.0 million stake (4.6% of the Fund's assets), returned 5.2%; and Cohen & Steers Infrastructure Fund, a closed-end fund in which the Fund owns a \$11.7 million stake (3.8% of the Fund's assets), returned -2.1%. The Fund's investment in Philip Morris International Inc. was up 34.0% on market price for the period, W.P. Carey & Co. was up 33.4% on market price, and Home Depot was up 29.8% on market price.

On the negative side, AllianceBernstein Holding, LP, in which the Fund owns a \$2.2 million stake (0.7% of the Fund's assets), returned -41.6% on market price during the period. Other detractors from performance included Inergy L.P. which returned -38.0% on market price, Midland Holdings, Ltd., a Hong Kong real estate company, which returned -37.9% on market price, RWE AG which returned -36.5% on market price and Transocean which returned -36.1% on market price for the period.

Table of Contents

Letter from the Advisers

Boulder Total Return Fund, Inc.

November 30, 2011

Since December 1, 2010, we made new investments in Pengrowth Energy Corp. (PGH), Alliance Resource Partners, L.P. (ARLP), Freeport-McMoRan Copper & Gold Inc. (FCX), Buckeye Partners L.P. (BPL), and Republic Services Inc. (RSG). We also added to our positions in AllianceBernstein Holdings (AB), Cheung Kong Holdings, Ltd. (1 HK), Energy Transfer Partners (ETP), PPL Corp. (PPL), Penn Virginia Resource Partners, L.P. (PVR), Inergy, L.P (NRGY), and Boardwalk Pipeline Partners L.P. (BWP). We anticipate making additional new investments as opportunities arise from time to time, although, because of the Fund's investment restrictions, such positions will be on the smaller side relative to our earlier investments (e.g., not greater than 4% of the Fund's assets at the time of purchase). As of November 30, 2011, the Fund held \$16.9 million in cash (5.5% of the Fund's assets).

Sincerely,

Stephen C. Miller

President

The views and opinions in the preceding commentary are subject to change. This material represents an assessment of the market environment at a specific point in time, should not be relied upon as investment advice and is not intended to predict or depict performance of any investment.

Note to Stockholders on the Fund's Discount. As most stockholders are aware, the Fund's shares presently trade at a significant discount to net asset value. Management and the Fund's board of directors are aware of this, monitor the discount and periodically review the limited options available to mitigate the discount. There are numerous factors affecting the Fund's discount over which the board and management have little or no control. In the end, the market sets the Fund's share price. For long-term stockholders of a closed-end fund, we believe the Fund's discount should only be one of many factors taken into consideration at the time of your investment decision. If you buy shares at a 20% discount and hold for 10 years while the Fund returns 8% per annum and then sell at a 20% discount, your return on investment will be the same as if you bought the same shares at net asset value and sold at net asset value. Because the investment philosophy of the Advisers is long-term, we believe that stockholders who invest in the Fund for the short-term arbitrage on the discount ultimately may be disappointed. In contrast, we hope that stockholders who understand the Fund's goals and, like the Fund's largest stockholders, are long-term holders, will be rewarded for their patience.

Note to Stockholders on Leverage. The Fund currently has Auction Market Preferred Shares (AMPS) outstanding, which results in the use of leverage. Leverage creates certain risks for holders of common stock, including the likelihood of greater volatility of the NAV and market price of the common stock. The Fund utilizes leverage to seek to enhance the returns for its common stockholders over the long term; however, this objective may not be achieved in all interest rate and investment environments. As a result of the failed auctions for auction preferred shares, the Fund pays AMPS stockholders a dividend rate that is generally tied to short-term interest rates. This dividend rate has been and remains generally economical compared to the earnings of the Fund's investments. However, to the extent that in the future short-term interest rates increase and the cost of this leverage increases, and earnings from the Fund's investments do not increase, the Fund's net investment returns may decline. Moreover, the Fund is required to maintain an asset coverage ratio of 200% on any outstanding AMPS. If the Fund were unable to maintain the required asset coverage ratio, it could be required to deleverage and sell a portion of its investments at a time when it might be disadvantageous to do so. Fund management and the Fund's Board of Directors continue to explore other liquidity and leverage options, including borrowing through a credit facility; this may result in AMPS being redeemed or repurchased in the future. Notwithstanding this, the Board of Directors may ultimately decide to leave the current AMPS outstanding if, after evaluating liquidity solutions that would enable the Fund to redeem the AMPS, the Board determines that such solutions would be inconsistent with the interests of the Fund's stockholders.

Table of Contents

Boulder Total Return Fund, Inc.

Financial Data

November 30, 2011 (Unaudited)

	Net Asset Value	Per Share of Common Stock NYSE Closing Price	Dividend Paid
11/30/10	\$ 18.66	\$ 15.52	\$ 0.00
12/31/10	18.93	15.52	0.00
1/31/11	19.07	15.95	0.00
2/28/11	20.13	17.33	0.00
3/31/11	19.74	16.76	0.00
4/30/11	20.36	16.96	0.00
5/31/11	20.01	16.87	0.00
6/30/11	19.48	16.44	0.00
7/31/11	18.68	15.51	0.00
8/31/11	18.29	14.53	0.00
9/30/11	16.81	13.50	0.00
10/31/11	18.74	15.25	0.00
11/30/11	18.97	15.23	0.00

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

Table of Contents

Portfolio of Investments

Boulder Total Return Fund, Inc.

November 30, 2011

Shares/

Principal

Amount	Description	Value (Note 1)
LONG TERM INVESTMENTS 94.5%		
DOMESTIC COMMON STOCKS 85.0%		
Coal 0.6%		
10,000	Alliance Resource Partners L.P.	\$714,500
45,000	Penn Virginia Resource Partners L.P.	1,095,300
		1,809,800
Construction Machinery 1.9%		
60,000	Caterpillar, Inc.	5,872,800
Diversified 38.5%		
690	Berkshire Hathaway, Inc., Class A*	81,765,000
460,000	Berkshire Hathaway, Inc., Class B*	36,229,600
		117,994,600
Diversified Financial Services 0.9%		
167,000	AllianceBernstein Holding L.P.	2,239,470
5,700	Franklin Resources, Inc.	574,674
		2,814,144
Electric Utilities 1.4%		
17,500	Black Hills Corp.	573,125
14,340	FirstEnergy Corp.	637,700
60,000	PPL Corp.	1,801,200
16,600	Public Service Enterprise Group, Inc.	546,804
12,400	SCANA Corp.	540,888
		4,099,717
Environmental Control 0.3%		
30,000	Republic Services, Inc.	823,500
Gas 0.3%		
37,000	Inergy L.P.	894,660
Healthcare Products & Services 4.6%		
216,000	Johnson & Johnson	13,979,520
Manufacturing 0.2%		
8,000	3M Co.	648,320
Mining 0.8%		
60,000	Freeport-McMoRan Copper & Gold, Inc.	2,376,000
Pipelines 0.9%		
30,000	Boardwalk Pipeline Partners L.P.	778,800
10,000	Buckeye Partners L.P.	638,000

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19,000	Energy Transfer Partners L.P.	831,440
13,700	Enterprise Products Partners L.P.	623,213
		2,871,453

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Table of Contents

Boulder Total Return Fund, Inc.

Portfolio of Investments

November 30, 2011

Real Estate 0.2%			
17,300	WP Carey & Co. LLC		683,177
Real Estate Investment Trusts (REITs) 0.9%			
16,400	HCP, Inc.		633,860
11,500	Health Care REIT, Inc.		576,955
22,000	Healthcare Realty Trust, Inc.		387,640
16,300	Realty Income Corp.		551,918
11,366	Ventas, Inc.		599,670
			2,750,043
Registered Investment Companies (RICs) 3.9%			
736,836	Cohen & Steers Infrastructure Fund, Inc.		11,664,114
25,181	RMR Asia Pacific Real Estate Fund		358,829
			12,022,943
Retail 29.4%			
72,500	The Home Depot, Inc.		2,843,450
140,000	Walgreen Co.		4,720,800
370,000	Wal-Mart Stores, Inc.		21,793,000
1,085,000	Yum! Brands, Inc.		60,803,400
			90,160,650
Tobacco Products 0.2%			
9,700	Philip Morris International, Inc.		739,528
TOTAL DOMESTIC COMMON STOCKS			
(Cost \$134,324,288)			260,540,855
FOREIGN COMMON STOCKS 9.5%			
Beverages 4.3%			
75,000	Diageo PLC, Sponsored ADR		6,420,750
60,000	Heineken Holding NV		2,405,773
95,117	Heineken NV		4,454,795
			13,281,318
Diversified Financial Services 0.0%⁽¹⁾			
10,500	Guoco Group, Ltd.		97,245
Electric Utilities 0.1%			
4,500	RWE AG		185,784
Food 0.4%			
20,000	Nestle SA		1,119,746
Oil & Gas 0.4%			

Table of Contents

Portfolio of Investments

Boulder Total Return Fund, Inc.

November 30, 2011

	80,000	Pengrowth Energy Corp.	822,400
	8,000	Transocean, Ltd.	342,800
			1,165,200
Real Estate 3.0%			
	529,500	Cheung Kong Holdings, Ltd.	5,830,890
	104,500	Henderson Land Development Co., Ltd.	501,735
	6,156,000	Midland Holdings, Ltd.	2,923,976
			9,256,601
Real Estate Investment Trusts (REITs) 1.3%			
	4,779,336	Kiwi Income Property Trust	3,843,890
TOTAL FOREIGN COMMON STOCKS			
	(Cost \$24,942,002)		28,949,784
TOTAL LONG TERM INVESTMENTS			
	(Cost \$159,266,290)		289,490,639
SHORT TERM INVESTMENTS 4.4%			
MONEY MARKET FUNDS 4.4%			
	881,341	Dreyfus Treasury Cash Management Money Market Fund, Institutional Class, 7-Day Yield - 0.017%	881,341
	12,600,000	JPMorgan Prime Money Markey Fund, 7-Day Yield - 0.120%	12,600,000
			13,481,341
TOTAL MONEY MARKET FUNDS			
	(Cost \$13,481,341)		13,481,341
TOTAL SHORT TERM INVESTMENTS			
	(Cost \$13,481,341)		13,481,341
TOTAL INVESTMENTS 98.9%			
	(Cost \$172,747,631)		302,971,980
OTHER ASSETS AND LIABILITIES 1.1%			
			3,255,036
TOTAL NET ASSETS AVAILABLE TO COMMON AND PREFERRED STOCKHOLDERS 100.0%			
			306,227,016
TAXABLE AUCTION MARKET PREFERRED STOCK (AMPS) REDEMPTION VALUE PLUS ACCRUED DIVIDENDS			
			(72,124,146)

TOTAL NET ASSETS AVAILABLE TO COMMON STOCKHOLDERS

\$234,102,870

Table of Contents

Boulder Total Return Fund, Inc.

Portfolio of Investments

November 30, 2011

* *Non-income producing security.*

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

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

Common Abbreviations:

ADR - American Depositary Receipt.

AG - Aktiengesellschaft is a German term that refers to a corporation that is limited by shares, i.e., owned by shareholders.

LLC - Limited Liability Company.

L.P. - Limited Partnership.

Ltd. - Limited.

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

SA - Generally designates corporations in various countries, mostly those employing the civil law.

This translates literally in all languages mentioned as anonymous company.

Regional Breakdown as a % of Total Net Assets Available to Common and Preferred Stockholders

United States	89.4%
Hong Kong	3.0%
Netherlands	2.2%
United Kingdom	2.1%
New Zealand	1.3%
Switzerland	0.5%
Canada	0.3%
Germany	0.1%
Total assets less other liabilities	1.1%
<i>See accompanying notes to financial statements.</i>	

Table of Contents

Statement of Assets and Liabilities

Boulder Total Return Fund, Inc.

November 30, 2011

ASSETS:

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