

BOULDER TOTAL RETURN FUND INC
Form N-CSRS
August 08, 2008

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, 2008

Date of reporting period: May 31, 2008

Item 1. Reports to Stockholders.

Boulder Total Return Fund, Inc.

Semi-Annual Report

May 31, 2008

Dear Stockholder:

Over the past six months, both the Boulder Total Return Fund and the market in general have declined. The Fund was down 5.2% for the six months ending 5/31/08 and the S&P 500 Index was down 4.5%. There are some sectors of the stock market that are down much more than that. For instance, many of the financials banks, investment banks, brokers, finance companies, real estate companies are off more than 50% from their highs. The housing market continues to decline in value which has a more encompassing impact on the wealth of Americans than does the decline in the stock market. Increasing oil prices have driven the cost of gas above \$4.00 per gallon. The cost of transportation impacts nearly every facet of our economy. Inflation now becomes more of a threat. Do I paint an ugly picture here, or do I exaggerate? Driving around town, we've seen people jumping off curbs.

Cumulative Returns	3 Months Ended 5/31/08	6 Months Ended 5/31/08	One Year Ended 5/31/08	Three Years* Ended 5/31/08	Five Years* Ended 5/31/08	Since August 1999**
Boulder Total Return Fund (NAV)	0.7%	-5.2%	-8.7%	8.1%	11.8%	8.5%
S&P 500 Index	5.8%	-4.5%	-6.7%	7.6%	9.8%	2.3%
Dow Jones Industrial Average	3.7%	-3.7%	-5.0%	9.0%	9.8%	3.9%
NASDAQ Composite	11.3%	-4.8%	-1.9%	7.7%	10.3%	-0.4%

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 5 year and since 8/99 annualized return would have been 10.3% and 7.7% respectively.

* 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 advisers to the Fund in August, 1999, and was able to buy it at NAV, would have \$20,418 on May 31, 2008. Had the investor purchased the S&P 500 Index at the same time, he'd only have \$12,201. So after expenses (and assuming no expenses on the S&P), an investor would be better off by 67% having purchased BTF.

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The markets have seen some tumultuous times led by a real credit crunch. While the Federal Reserve keeps short term interest rates low in an attempt to keep the economy going, banks are having a tough time and can't find the money to lend out at such low rates. They have enough problems internally without making things worse by lending out money to credit-starved clients in a declining economy. One can hardly blame them. Most of this seems to have been caused by the decline in the housing market and too much debt issued without providing enough margin of safety to the lender. We keep this in the back of our minds when we look at potential investments - that is, borrowed money always has to be paid back, usually at an inconvenient time.

Although the Fund underperformed the S&P 500 Index the last 6 months, the Fund's top 4 largest positions have performed decently. First, the Fund's largest position, Berkshire Hathaway, was down 3.9% during the period. However, given Berkshire's large cash position, in the long-term it will benefit from this market decline by giving it the opportunity to invest in cheaper stocks. Another large position, Anheuser-Busch Cos., has agreed to a takeover bid by InBev, NV. Its shares were up 9% in the past 6 months ending 5/31/08 and more since then. Wal-Mart was up 20.5% during the period. The recession has tightened the pocketbooks of consumers, and there's no better place to go with a tight pocketbook than Wal-Mart.

We decreased our positions in two financial securities during the period, selling over half of the Citigroup stock and 50,000 shares of Washington Mutual. Washington Mutual was down 54% in the 6-month period ending 5/31/08, and Citigroup was down 34%. In hindsight, we probably should have sold all of them. Not selling them all was a mistake. We didn't foresee either the depth or the force of the credit market crunch and the impact it has had on these financial institutions. Another financial stock that the Fund owns is

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American International Group, which was down 38% during the 6 months. However, we recently added slightly to this position at lower prices.

The Fund's AMPs which were issued as leverage have not had a successful auction since mid-February, so holders of the AMPs haven't had the opportunity to sell their shares in an auction since then. Around mid-February, the broker-dealers who regularly participated in the auctions as buyers, stopped buying. They just didn't have the capital to commit. However, when this backstop disappeared, auctions began failing. The effect snow-balled and soon every single auction was failing. Everyone rushed to sell their shares all at once, but there were no buyers. Auctions failed as a result, and 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 AMPs. Most auction rate preferred stock (ARPs), including the AMPs issued by the Fund, are rated AAA.

A few closed-end fund issuers of ARPs have redeemed in whole or in part, but the majority have not. Some broker-dealers have offered to loan the value of their clients' ARPs back to them. We have also learned that there is a secondary market exchange where ARPs and other restricted securities have traded below par. AMPs stockholders should contact their brokers regarding access to this exchange. At this time, the Fund has not found an adequate alternative to replace the AMPs. In the meantime, all of the terms of the AMPs are being met and importantly, the common stockholders benefit from the low cost of leverage, which was the whole purpose of issuing the AMPs back in 2000. We will continue to seek a better source of leverage; one that will allow the AMPs holders to sell their shares without disadvantaging or increasing the risk to the common stockholders.

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 July 8, 2008 was 3.711%, which was the fail rate. As of 5/31/08, the Fund's \$77.5 million of auction rate preferreds represent 22% of the Fund's total assets.

In February of this year, the monthly distribution was increased by 13.75% from \$.24 per month to \$.273 per month. Since the Fund's level distribution plan started in December, 2007, common stockholders have received a total of \$1.57 per share. At the current distribution rate of \$.273 per month, the Fund is paying out at an annual rate of \$3.27 per share. Based on a market price of \$19.20, that is a payout rate of 17% and based on the latest Net Asset Value (NAV) of \$19.80, a payout rate of 16.5%. We use the term payout rate instead of yield because we don't want to confuse stockholders, leading them to think the Fund is paying out dividends and interest it earned at that rate. Some or all of our payout may come from return of capital, which has the advantage of providing tax free cash flow to stockholders. To the extent that it is a return of capital, it needs to be deducted from your cost basis in your shares; you should consult a tax advisor on the issue for more details.

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

July 10, 2008

Boulder Total Return Fund, Inc.

Financial Data

(Unaudited)

	Net Asset Value	Per Share of Common Stock NYSE Closing Price	Dividends Paid
11/30/07	\$ 24.95	\$ 22.70	\$ 0.0000
12/31/07	24.60	21.89	0.2400
1/31/08	23.42	22.15	0.2400
2/29/08	22.70	21.50	0.2730
3/31/08	21.65	20.08	0.2730
4/30/08	22.26	20.80	0.2730
5/31/08	21.96	20.46	0.2730

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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Portfolio of Investments as of May 31, 2008 (Unaudited) Boulder Total Return Fund, Inc.

Shares	Description	Value (Note 1)
LONG TERM INVESTMENTS-97.3%		
DOMESTIC COMMON STOCKS-84.5%		
Beverages-3.6%		
220,000	Anheuser-Busch Companies, Inc.	\$ 12,641,200
Buildings-Residential/Commercial-0.5%		
34,100	DR Horton, Inc.(a)	433,412
10,000	KB Home(a)	205,100
22,700	Ryland Group, Inc.(a)	631,060
18,900	Toll Brothers, Inc.	398,223
		1,667,795
Construction Machinery-1.4%		
60,000	Caterpillar, Inc.(a)	4,958,400
Diversified-38.5%		
690	Berkshire Hathaway, Inc., Class A	92,908,500
9,200	Berkshire Hathaway, Inc., Class B	41,381,600
		134,290,100
Diversified Financial Services-3.2%		
135,328	Legg Mason, Inc.(a)	7,281,999
100,000	Moody s Corporation(a)	3,708,000
		10,989,999
Financial Services-0.9%		
146,500	Citigroup, Inc.	3,206,885
Health Care Products & Services-1.0%		
52,000	Johnson & Johnson	3,470,480
Insurance-2.2%		
106,000	American International Group, Inc.	3,816,000
120,000	First American Corporation(a)	4,028,400
		7,844,400
Manufacturing-4.2%		
150,500	Eaton Corporation	14,550,340
Pharmaceuticals-0.6%		
100,000	Pfizer, Inc.	1,936,000
Real Estate Investment Trust (REIT)-0.7%		
75,000	Redwood Trust, Inc.(a)	2,531,250
Retail-22.0%		
110,000	The Home Depot, Inc.	3,009,600
370,000	Wal-Mart Stores, Inc.	21,363,800
150,000	Walgreen Company	5,403,000
1,180,000	Yum! Brands, Inc.	46,846,000
		76,622,400
Registered Investment Company (RIC)-2.5%		
549,200	Flaherty & Crumrine/Claymore Preferred Securities Income Fund, Inc.(a)	8,754,248

See accompanying Notes to Financial Statements.

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Shares	Description	Value (Note 1)
DOMESTIC COMMON STOCKS - continued		
Savings & Loan Companies-0.9%		
342,549	Washington Mutual, Inc.(a)	\$ 3,089,792
Transport-Trucking-2.3%		
60,000	Burlington Northern Santa Fe Corporation	6,783,000
63,100	YRC Worldwide, Inc. (a)	1,101,726
		7,884,726
	Total Domestic Common Stocks (cost \$173,182,551)	294,438,015
FOREIGN COMMON STOCKS-9.3%		
Canada-0.4%		
123,000	Canfor Pulp Income Fund(a)	1,433,370
Hong Kong-4.2%		
515,000	Cheung Kong Holdings, Ltd.	7,912,721
500,000	Henderson Investment, Ltd., REIT	49,336
104,500	Henderson Land Development Co., Ltd.	726,466
6,156,000	Midland Holdings, Ltd.	5,884,870
		14,573,393
Japan-0.2%		
340	New City Residence Investment Corporation, REIT	834,178
Netherlands-1.6%		
95,117	Heineken NV	5,583,032
New Zealand-1.2%		
4,150,136	Kiwi Income Property Trust, REIT(a)	4,127,199
Turkey-0.0%		
57,183	Dogus Ge Gayrimenkul Yatirim Ortakligi A.S., REIT	45,956
United Kingdom-1.7%		
75,000	Diageo PLC, Sponsored ADR	5,896,500
	Total Foreign Common Stocks (cost \$21,857,193)	32,493,628
AUCTION MARKET PREFERRED SECURITIES-3.5%		
120	Cohen & Steers Quality Income & Realty Fund, Series M7	3,000,000
200	Cohen & Steers REIT & Utility Income Fund, Inc. Series T7	5,000,000
120	Duff & Phelps Utility & Corporate Fund	3,000,000
50	Neuberger Berman Real Estate Securities Income Fund, Series B	1,250,000
	Total Auction Market Preferred Securities (cost \$12,250,130)	12,250,000
	Total Long Term Investments (cost \$207,289,874)	339,181,643

See accompanying Notes to Financial Statements.

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Par Value	Description	Value (Note 1)
SHORT TERM INVESTMENTS-7.5%		
BANK DEPOSITS-0.2%		
\$ 721,360	Eurodollar Time Deposit, 1.832% due 06/02/08 (cost \$721,360)	\$ 721,360
FOREIGN GOVERNMENT BONDS-1.4%		
New Zealand-0.7%		
3,300,000	New Zealand Treasury Bill, 6.000% due 07/15/08(a) NZD	2,578,664
United Kingdom-0.7%		
1,200,000	United Kingdom Treasury Bill, 0.000% due 06/09/08(b) GBP	2,368,719
	Total Foreign Government Bonds (cost \$4,947,533)	4,947,383
INVESTMENTS OF SECURITY LENDING COLLATERAL-5.9%		
20,466,109	State Street Navigator Securities Lending Prime Portfolio (cost \$20,466,109)	20,466,109
	Total Short Term Investments (cost \$26,135,002)	26,134,852
Total Investments-104.8%		
	(cost \$233,424,876)	365,316,495
	Other Assets and Liabilities-(4.8%)	(16,865,831)
	Total Net Assets Available to Common Stock and Preferred Stock-100%	348,450,664
	Auction Market Preferred Stock (AMPs) Redemption Value	(77,500,000)
	Total Net Assets Available to Common Stock	\$ 270,950,664

Non-income producing security

(a) Securities or partial securities on loan. See Note 1

(b) Zero coupon bond

ADR - American Depositary Receipt

GBP - British Pound

NZD - New Zealand Dollar

See accompanying Notes to Financial Statements.

Investments as a % of Net Assets (Unaudited)

See accompanying Notes to Financial Statements.

Statement of Assets and Liabilities Boulder Total Return Fund, Inc.

May 31, 2008 (Unaudited)

ASSETS:		
Investments, at value (Cost \$233,424,876) (Note 1)	\$	365,316,495
Foreign currency, at value (Cost \$3,853,230)		3,885,724
Dividends and interest receivable		310,351
Securities lending income receivable		41,091
Prepaid expenses and other assets		53,633
TOTAL ASSETS		369,607,294
LIABILITIES:		
Collateral on securities loaned, at value (Note 1)	\$	20,466,109
Investment co-advisory fees payable (Note 2)		362,858
Co-administration and custodian fees payable (Note 2)		108,674
Accumulated undeclared dividends on Taxable Auction Market Preferred Stock (Note 5)		138,301
Legal and audit fees payable		45,722
Accrued expenses and other payables		34,966
TOTAL LIABILITIES		21,156,630
FUND TOTAL NET ASSETS	\$	348,450,664
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)	\$	270,950,664
NET ASSETS (Applicable to Common Stockholders) consist of:		
Distributions in excess of net investment income	\$	(18,761,014)
Accumulated net realized loss on investments sold and foreign currency transactions		(3,885,720)
Unrealized appreciation on investments and foreign currency transactions		131,923,704
Par value of Common Stock (Note 4)		123,387
Paid-in Capital in excess of par value of Common Stock		161,550,307
TOTAL NET ASSETS (Applicable to Common Stockholders)	\$	270,950,664
Net asset value per share outstanding (12,338,660 shares outstanding)	\$	21.96

See accompanying Notes to Financial Statements.

Statement of Operations Boulder Total Return Fund, Inc.

Six Months Ended May 31, 2008 (Unaudited)

INVESTMENT INCOME:		
Dividends (net of foreign withholding taxes of \$46,942)	\$	3,697,442
Interest and other income		217,658
Securities lending income		211,027
TOTAL INVESTMENT INCOME:		4,126,127
EXPENSES:		
Investment co-advisory fees (Note 2)	\$	2,230,950
Co-administration and custodian fees (Note 2)		459,346
Preferred Stock broker commissions and Auction Agent fees		104,764
Director's fees and expenses (Note 2)		51,750
Legal and audit fees		45,115
Printing fees		27,865
Insurance expenses		23,691
Other		39,541
OPERATING EXPENSES		2,983,022
NET INVESTMENT INCOME		1,143,105
REALIZED AND UNREALIZED GAIN/LOSS ON INVESTMENTS:		
Net realized gain/(loss) on:		
Securities		(4,343,747)
Foreign currency related transactions		9,119
		(4,334,628)
Net change in unrealized appreciation/(depreciation) of:		
Securities		(12,558,669)
Foreign currency related transactions		29,844
		(12,528,825)
NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS		(16,863,453)
LESS: PREFERRED STOCK DIVIDENDS		(1,808,405)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$	(17,528,753)

See accompanying Notes to Financial Statements.

Statement of Changes in Net Assets Boulder Total Return Fund, Inc.

	Six Months Ended May 31, 2008 (Unaudited)	Year Ended November 30, 2007
OPERATIONS:		
Net investment income	\$ 1,143,105	\$ 4,345,702
Net realized gain/(loss) on investments sold during the period	(4,334,628)	1,678,509
Net change in unrealized appreciation/(depreciation) of investments during the period	(12,528,825)	27,131,779
Net increase/(decrease) in net assets resulting from operations	(15,720,348)	33,155,990
DISTRIBUTIONS: PREFERRED STOCK DIVIDENDS		
Dividends paid from net investment income	(1,808,405)	(3,180,201)
Dividends paid from long term capital gains		(1,053,132)
Total Distributions: Preferred Stock Dividends	(1,808,405)	(4,233,333)
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS APPLICABLE TO COMMON SHARES		
	(17,528,753)	28,922,657
DISTRIBUTIONS: COMMON SHARES		
Dividends paid from net investment income	(19,396,374)	(2,321,372)
Dividends paid from long term capital gains		(10,387,446)
Total Distributions: Common Shares	(19,396,374)	(12,708,818)
NET INCREASE/(DECREASE) IN NET ASSETS FOR THE PERIOD	(36,925,127)	16,213,839
NET ASSETS:		
Beginning of period	385,375,791	369,161,952
End of period (including (distributions in excess)/undistributed net investment income of \$(18,761,014) and \$1,300,660, respectively)	\$ 348,450,664	\$ 385,375,791
AUCTION MARKET PREFERRED SHARES (AMPS) REDEMPTION VALUE		
	(77,500,000)	(77,500,000)
NET ASSETS APPLICABLE TO COMMON SHARES	\$ 270,950,664	\$ 307,875,791

See accompanying Notes to Financial Statements.

Financial Highlights Boulder Total Return Fund, Inc.

For a Common share outstanding throughout each period.

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 year indicated. This information has been determined based upon information provided in the financial statements and market price data for the Fund's shares.

	Six Months Ended May 31, 2008 (Unaudited)	2007	2006	Year Ended November 30,			2004	2003
				2005				
OPERATING PERFORMANCE:								
Net asset value, beginning of period	\$ 24.95	\$ 23.64	\$ 21.02	\$ 19.91	\$ 17.61	\$ 15.04		
Net investment income	0.09	0.35	0.30	0.15	0.03	0.07		
Net realized and unrealized gain/(loss) on investments	(1.36)	2.34	3.37	1.17	2.35	3.78		
Total from investment operations	(1.27)	2.69	3.67	1.32	2.38	3.85		
DISTRIBUTIONS: PREFERRED STOCK								
Dividends paid from net investment income to AMP* Stockholders	(0.15)	(0.26)	(0.04)	(0.05)	(0.09)	(0.01)		
Dividends paid from tax return of capital to AMP* Stockholders						(0.07)		
Dividends paid from long term capital gains to AMP* Stockholders		(0.09)	(0.27)	(0.15)				
Change in accumulated undeclared dividends on AMP* Stockholders				(0.01)	0.01	0.00		
Net Increase/(Decrease) from operations applicable to common shares	(1.42)	2.34	3.36	1.11	2.30	3.77		