

BOULDER TOTAL RETURN FUND INC  
Form N-CSRS  
August 09, 2006

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, 2006

Date of reporting period: May 31, 2006

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**Item 1. Reports to Stockholders.**

The Report to Shareholders is attached herewith.

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**Boulder Total Return Fund, Inc.**

Semi-Annual Report

May 31, 2006

Dear Shareholder:

Your Fund, the Boulder Total Return Fund, or "BTF," had a total return on net asset value (NAV) of 5.1% for the six months ending 5/31/06. This was nearly double the return of the S&P 500 Index over the same period, which was 2.6%.

**Total Returns  
For the Periods ending May 31, 2006**

| Most Recent   | BTF NAV<br>with<br>Dilution(1) | BTF NAV<br>without<br>Dilution | S&P 500<br>Index | Dow Jones<br>Industrial<br>Average | NASDAQ<br>Composite |
|---------------|--------------------------------|--------------------------------|------------------|------------------------------------|---------------------|
| 3 months      | 3.6%                           | 3.6%                           | -0.4%            | 2.2%                               | -4.3%               |
| 6 months      | 5.1%                           | 5.1%                           | 2.6%             | 4.5%                               | -2.0%               |
| <b>1 year</b> | <b>8.0%</b>                    | <b>8.0%</b>                    | <b>8.6%</b>      | <b>9.3%</b>                        | <b>6.2%</b>         |
| 3 years*      | 11.8%                          | 14.3%                          | 11.6%            | 10.5%                              | 11.6%               |
| 5 years*      | 4.8%                           | 6.2%                           | 2.0%             | 2.7%                               | 1.2%                |
| Since 8/99**  | 7.6%                           | 8.7%                           | 1.0%             | 2.5%                               | -2.98%              |

(1) The total returns for BTF include the effect of dilution from the 7/2003 rights offering, affecting the 3 Year, 5 Year and since 8/1999 returns.

\* Annualized

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

We've added quite a few new names to the portfolio over the past 6 months - most of them are other closed-end funds we bought at discounts to their NAV. If you've owned BTF for a while, you'll remember that from 2000 to 2002, we owned positions of closed-end bond funds that were trading at discounts. Looking back, we bought about \$30 million worth of closed-end funds over that 3 year period. They were attractive then for their discounts and for their dividends. They were yielding anywhere from 7% to 10%, and trading at discounts of around 10% to 15%. We sold them all off by the end of 2002, and we realized net gains of \$2.1 million, not including the dividends we collected.

Now we're trying that again. Several of them are closed-end funds that invest in a diversified basket of real estate investment trusts (REIT funds). We've sold off some of the REITs which we had owned outright and reinvested the proceeds in REIT funds that are trading at a discount. In some cases these REIT funds own the same exact stocks we had just sold, but we bought them packaged with other REITs inside a closed-end fund trading at discounts of more than 10%. The other closed-end funds we bought were mostly senior loan funds, which, as the name implies, have their assets invested in senior loans to various companies. The good news is they are adjustable rate loans, so if interest rates continue to climb, we should see increased dividends from these funds. We expect this would cushion any price depreciation often seen in fixed income securities in a rising interest rate environment. Since we've bought them, all 6 funds have already increased their dividends. We don't think the closed-end funds will be long-term investments, but being able to buy \$1.00 worth of assets for say, \$.90, and collecting a dividend while we hold, is our kind of investment. We won't knock the cover off the ball doing this, but we'd call it a solid base hit. We view them as a money market substitute with about twice the yield. As of 5/31/06, we owned 13 closed-end funds with a total value of \$27 million, or about 7.5% of BTF's assets.

Some of the better performers in the Fund's portfolio during the period were Diageo and Eaton Corp., up 13.8% and 15.4% respectively. A big winner was Caterpillar, up over 26% during the period. On the downside, Doral was down 25%, First American was down 10.8%, and Marsh & McLennan was down 9.2%.

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Heineken was up 19.8% during the period. Heineken is one of four stocks the Fund owns in foreign denominated currency. In the case of Heineken, we own it in euros. The euro strengthened against the US dollar by about 9% over the past 6 months. The others we own are Kiwi Income Property Trust a New Zealand REIT; Midlands Company a Hong Kong real estate company; and, Lloyds TSB a bank in the UK. Together, including some investments we have in sovereign bonds, they make up almost 9% of the Fund's assets. Respectively the currencies of these investments are: The New Zealand dollar (of course!), the Hong Kong dollar (also of course), and the British Pound. If these currencies strengthen against the US dollar, the Fund will profit, and if they weaken, the Fund will lose. We think that over time, the US dollar will weaken against these currencies.

Berkshire Hathaway (BRK) continues to be our largest holding and we are enclosing a copy of Warren Buffett's letter to the shareholders this year. His letters are always brilliant, but I think this year's is especially so, and I urge you to take the time to read it. I have never seen a better explanation of business values and common sense. If you like what you read about BRK the cornerstone of our Fund comprising about 27% of the total assets it offers you a chance for a double dip. While BRK's value has increased substantially over the last five years, in spite of what I believe were adverse events that are not likely to be repeated, its price has not matched this progress. Also, with BTF, the market is currently giving you an opportunity to buy a look-through interest in BRK by purchasing our Fund at approximately a 15% discount from NAV.

One way I know for people to obtain professional investment advice at virtually no cost is to buy closed-end funds at a discount. Every mutual fund will under-perform the underlying assets of the fund by the cost of operating the fund. If you can buy closed-end funds at a discount which is greater than the ratio of the fund's expense to its expected return, then you will get the same result as the underlying assets and will avoid the problems Warren discusses on pages 18 and 19 of his letter. This of course assumes the discount doesn't change. So I think all funds should logically trade at a discount. But buying closed-end funds at a discount is the only way you can achieve realizing the same performance as the underlying assets. Thus we think our Fund trading at a discount is rational and beneficial to those buying at the current discount.

Sincerely,

Stewart R. Horejsi  
July 7, 2006

*Our website at [www.boulderfunds.net](http://www.boulderfunds.net) is an excellent source for information on the Fund. If you've lost your annual report, it's available on the website. You will also find information about the Boulder Total Return Fund's sister fund the Boulder Growth & Income Fund.*

Notwithstanding our belief that BRK is and will continue to be an excellent long-term holding for the Fund, affiliates of the Advisers have been and may continue to sell directly-held positions in BRK for independent reasons unassociated with the Advisers' expectations of BRK's long-term performance.

**Boulder Total Return Fund, Inc.****Exhibit 1****(Unaudited)***Change in Principal Value of Asset Classes 11/30/2005 to 5/31/2006*

|   |                    | Common Stock Investments |                |              |                |
|---|--------------------|--------------------------|----------------|--------------|----------------|
|   |                    | REITs                    | Industrials    | RICS         | Total          |
| Beginning Market Value  | 11/30/05           | \$ 47,526,886            | \$ 233,363,862 | \$ 3,870,076 | \$ 284,760,824 |
| Cost of Purchases   | 12/01/05 - 5/31/06 | 3,087,391                | 10,919,768     | 21,315,293   | 35,322,452     |
| Proceeds from Sales   | 12/01/05 - 5/31/06 | 28,030,882               | 3,868,477      | 0            | 31,899,359     |
| Net Purchases/(Sales)   |                    | (24,943,491)             | 7,051,291      | 21,315,293   | \$ 3,423,093   |
| Beginning Market Value Plus Net Purchases/(Sales)   |                    | 22,583,395               | 240,415,153    | 25,185,369   | 288,183,917    |
| Net Appreciation/(Depreciation)   |                    | (250,810)                | 10,421,174     | 21,760       | 10,192,124     |
| Ending Market Value   | 5/31/06            | 22,332,585               | 250,836,327    | 25,207,129   | \$ 298,376,041 |
| Number of Issues Held   | 5/31/06            | 4                        | 26             | 13           |                |
| Cash, Auction Market Preferred Securities, US Treasuries, Foreign Bonds, Other Assets and Liabilities |                    |                          |                |              | \$ 40,498,518  |
| AMPS Redemption Value   |                    |                          |                |              | (77,500,000)   |
| Total Net Assets applicable to Common Stock Shareholders  |                    |                          |                |              | \$ 261,374,559 |

**Financial Data****(Unaudited)**

|             | Net Asset Value | Per Share of Common Stock | NYSE Closing Price |
|-------------|-----------------|---------------------------|--------------------|
| 11/30/2005  | \$ 21.02        |                           | \$ 17.57           |
| 12/31/2005* | 20.08           |                           | 17.00              |
| 1/31/2006   | 20.57           |                           | 17.27              |

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|           |       |       |
|-----------|-------|-------|
| 2/28/2006 | 20.45 | 17.61 |
| 3/31/2006 | 20.99 | 17.82 |
| 4/30/2006 | 21.07 | 17.40 |
| 5/31/2006 | 21.18 | 17.72 |

\* A Common Stock distribution of \$0.74 per share was paid on 12/30/2005.



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Portfolio of Investments as of May 31, 2006 (Unaudited) Boulder Total Return Fund, Inc.

| Shares  | Description                                 | Value (Note 1) |
|---|---|----------------|
| <b>LONG TERM INVESTMENTS-88.6%</b>              |   |                |
| <b>DOMESTIC COMMON STOCKS-81.6%</b>             |   |                |
| <b>Beverages-4.3%</b>                           |   |                |
| 323,000   | Anheuser-Busch Companies, Inc.              | \$ 14,741,720  |
| <b>Buildings-Residential/Commercial-1.0%</b>    |   |                |
| 16,000  | Lennar Corp., Class A                       | 766,560        |
| 16,000  | MDC Holdings Inc.                           | 866,400        |
| 27,000  | Pulte Homes, Inc.                           | 876,690        |
| 30,000  | Standard Pacific Corp.                      | 902,100        |
|   |   | 3,411,750      |
| <b>Construction Machinery-1.3%</b>              |   |                |
| 60,000  | Caterpillar, Inc.                           | 4,377,000      |
| <b>Diversified-27.1%</b>                        |   |                |
| 690   | Berkshire Hathaway Inc., Class A            | 63,680,100     |
| 9,200   | Berkshire Hathaway Inc., Class B            | 28,234,800     |
|   |   | 91,914,900     |
| <b>Financial Services-4.9%</b>                  |   |                |
| 293,360   | Citigroup, Inc.                             | 14,462,648     |
| 267,000   | Doral Financial Corp.                       | 2,013,180      |
|   |   | 16,475,828     |
| <b>Food-0.8%</b>                                |   |                |
| 63,000  | Wm. Wrigley Jr. Company                     | 2,880,360      |
| <b>Health Care Products &amp; Services-0.9%</b> |   |                |
| 52,000  | Johnson & Johnson                           | 3,131,440      |
| <b>Insurance-3.7%</b>                           |   |                |
| 60,000  | Fidelity National Financial, Inc.           | 2,489,400      |
| 10,500  | Fidelity National Title Group Inc., Class A | 229,320        |
| 120,000   | First American Corporation                  | 5,036,400      |
| 169,250   | Marsh & McLennan Companies, Inc.            | 4,744,077      |
|   |   | 12,499,197     |
| <b>Manufacturing-3.3%</b>                       |   |                |
| 150,500   | Eaton Corporation                           | 11,067,770     |
| <b>Pharmaceuticals-1.9%</b>                     |   |                |
| 63,000  | Bristol-Meyers Squibb Company               | 1,546,650      |
| 200,000   | Pfizer, Inc.                                | 4,732,000      |
|   |   | 6,278,650      |
| <b>REITS-5.6%</b>                               |   |                |
| 100,000   | Hospitality Properties Trust                | 4,217,000      |
| 1,000,000                                       | HRPT Properties Trust                       | 11,160,000     |
| 75,000  | Redwood Trust, Inc.                         | 3,447,000      |
|   |   | 18,824,000     |
| <b>Retail-14.1%</b>                             |   |                |
| 370,000   | Wal-Mart Stores, Inc.                       | 17,926,500     |



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590,000

Yum! Brands, Inc.

29,736,000

47,662,500

*See accompanying Notes to Financial Statements*

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Portfolio of Investments as of May 31, 2006 (Unaudited) Boulder Total Return Fund, Inc.

| Shares  | Description   | Value (Note 1) |
|---|---|----------------|
| <b>DOMESTIC COMMON STOCKS - continued</b>       |   |                |
| <b>RICS-7.4%</b>                                |   |                |
| 25,000  | AEW Real Estate Income Fund   | \$ 468,000     |
| 80,000  | AIM Select Real Estate Income Fund                                  | 1,208,800      |
| 30,000  | Citigroup Investments Corporate Loan Fund, Inc.                     | 397,500        |
| 100,000   | Cohen & Steers REIT and Utility Income Fund, Inc.                   | 1,788,000      |
| 93,000  | DWS RREEF Real Estate Fund II                                       | 1,461,960      |
| 160,000   | Eaton Vance Senior Income Trust                                     | 1,315,200      |
| 34,500  | First Trust/Four Corners Senior Floating Rate Income Fund           | 608,235        |
| 110,000   | First Trust/Four Corners Senior Floating Rate Income Fund II        | 1,937,100      |
| 482,700   | Flaherty & Crumrine Claymore Preferred Securities Income Fund, Inc. | 9,567,114      |
| 96,300  | Flaherty & Crumrine Claymore Total Return Fund, Inc.                | 1,887,480      |
| 110,000   | Floating Rate Income Strategies Fund II, Inc.                       | 1,929,400      |
| 77,000  | Floating Rate Income Strategies Fund, Inc.                          | 1,341,340      |
| 100,000   | Nuveen Floating Rate Income Fund                                    | 1,297,000      |
|   |   | 25,207,129     |
| <b>Savings &amp; Loan Companies-5.3%</b>        |   |                |
| 392,549   | Washington Mutual, Inc.   | 18,021,925     |
|   | Total Domestic Common Stocks (cost \$191,096,233)                   | 276,494,169    |
| <b>FOREIGN COMMON STOCKS-6.4%</b>               |   |                |
| <b>Hong Kong-0.9%</b>                           |   |                |
| 6,156,000                                       | Midland Holdings, Ltd.  | 2,955,953      |
| <b>Netherlands-1.1%</b>                         |   |                |
| 95,117  | Heineken NV   | 3,810,577      |
| <b>New Zealand-1.0%</b>                         |   |                |
| 4,150,136                                       | Kiwi Income Property Trust, REIT                                    | 3,508,585      |
| <b>United Kingdom-3.4%</b>                      |   |                |
| 75,000  | Diageo PLC, Sponsored ADR   | 4,964,250      |
| 705,000   | Lloyds TSB Group PLC  | 6,642,507      |
|   |   | 11,606,757     |
|   | Total Foreign Common Stocks (cost \$18,444,053)                     | 21,881,872     |
| <b>AUCTION MARKET PREFERRED SECURITIES-0.6%</b> |   |                |
| 80  | Pioneer High Income Trust (cost \$2,000,000)                        | 2,000,000      |
|   | Total Long Term Investments (cost \$211,540,286)                    | 300,376,041    |
| <b>Par Value</b>                                |   |                |
| <b>SHORT TERM INVESTMENTS-11.1%</b>             |   |                |

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BANK DEPOSIT-1.0%

|    |           |   |           |
|----|-----------|---|-----------|
|    |           | Investors Bank & Trust Money<br>Market Deposit Account,<br>4.000% due 6/01/06 (cost<br>\$3,354,000) |           |
| \$ | 3,354,000 |   | 3,354,000 |

*See accompanying Notes to Financial Statements*

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Portfolio of Investments as of May 31, 2006 (Unaudited) Boulder Total Return Fund, Inc.

| Par Value                            |           | Description  | Value (Note 1) |
|--------------------------------------|-----------|--|----------------|
| <b>FOREIGN GOVERNMENT BONDS-2.2%</b> |           |  |                |
| <b>New Zealand-0.6%</b>              |           |  |                |
| \$                                   | 3,076,000 | New Zealand Government Bond,<br>8.000% due 11/15/06                    | \$ 1,965,223   |
| <b>United Kingdom-1.6%</b>           |           |  |                |
|                                      | 2,825,000 | UK Gilt Treasury Bond, 7.750% due<br>9/08/06                           | 5,330,300      |
|                                      |           | Total Foreign Government Bonds (cost<br>\$7,097,086)                   | 7,295,523      |
| <b>U.S. TREASURY BILLS-7.9%</b>      |           |  |                |
|                                      | 4,000,000 | 4.575% due 6/08/06   | 3,996,442      |
|                                      | 5,000,000 | 4.593% due 6/29/06   | 4,982,140      |
|                                      | 5,000,000 | 4.605% due 6/15/06   | 4,991,046      |
|                                      | 7,000,000 | 4.623% due 7/06/06   | 6,968,541      |
|                                      | 3,000,000 | 4.650% due 6/22/06   | 2,991,862      |
|                                      | 3,000,000 | 4.650% due 7/13/06   | 2,983,725      |
|                                      |           | Total U.S. Treasury Bills (cost<br>\$26,913,756)                       | 26,913,756     |
|                                      |           | Total Short Term Investments (cost<br>\$37,364,842)                    | 37,563,279     |
| <b>Total Investments-99.7%</b>       |           |  |                |
|                                      |           | (cost \$248,905,128)   | 337,939,320    |
|                                      |           | Other Assets and Liabilities-0.3%                                      | 935,239        |
|                                      |           | Total Net Assets Available to Common<br>Stock and Preferred Stock-100% | 338,874,559    |
|                                      |           | Auction Market Preferred Stock<br>(AMPs) Redemption Value              | (77,500,000)   |
|                                      |           | Total Net Assets Available to Common<br>Stock                          | \$ 261,374,559 |

Non-income producing security.

ADR - American Depository Receipt

REIT - Real Estate Investment Trust

RIC - Registered Investment Company

See accompanying Notes to Financial Statements

**Investments as a % of Net Assets (Unaudited)**

*See accompanying Notes to Financial Statements*



**Statement of Assets & Liabilities Boulder Total Return Fund, Inc.****May 31, 2006 (Unaudited)**

|   |              |                       |
|---|--------------|-----------------------|
| <b>ASSETS:</b>  |              |                       |
| Investments, at value (Cost, \$248,905,128) (Note 1)                                |              | \$ 337,939,320        |
| Cash  |              | 783                   |
| Foreign currency (Cost \$448,691)   |              | 456,630               |
| Receivable for investments sold   |              | 3,770,914             |
| Dividends and interest receivable   |              | 331,807               |
| Prepaid expenses and other assets   |              | 88,153                |
| <b>TOTAL ASSETS</b>   |              | <b>342,587,607</b>    |
| <b>LIABILITIES:</b>   |              |                       |
| Payable for investments purchased   | \$ 2,983,725 |                       |
| Investment co-advisory fees payable (Note 2)  | 358,641      |                       |
| Accumulated undeclared dividends on   |              |                       |
| Taxable Auction Market Preferred Stock (Note 5)                                     | 150,695      |                       |
| Administration, co-administration and custodian fees payable (Note 2)               | 113,505      |                       |
| Legal and Audit fees payable  | 45,661       |                       |
| Accrued expenses and other payables   | 60,821       |                       |
| <b>TOTAL LIABILITIES</b>  |              | <b>3,713,048</b>      |
| <b>FUND TOTAL NET ASSETS</b>  |              | <b>\$ 338,874,559</b> |
| <b>TAXABLE AUCTION MARKET PREFERRED STOCK:</b>                                      |              |                       |
| \$0.01 par value, 10,000,000 shares authorized, 775 shares outstanding, liquidation |              |                       |
| preference of \$100,000 per share (Note 5)  |              | 77,500,000            |
| <b>TOTAL NET ASSETS (APPLICABLE TO COMMON STOCK SHAREHOLDERS)</b>                   |              | <b>\$ 261,374,559</b> |
| <b>NET ASSETS</b> (Applicable to Common Stock Shareholders) consist of:             |              |                       |
| Undistributed net investment income   |              | \$ 738,090            |
| Accumulated net realized gain on investments sold and foreign currency transactions |              | 9,914,660             |
| Unrealized appreciation of investments and foreign currency transactions            |              | 89,048,116            |
| Par value of Common Stock (Note 4)  |              | 123,387               |
| Paid-in Capital in excess of par value of Common Stock                              |              | 161,550,306           |
| <b>TOTAL NET ASSETS</b> (Applicable to Common Stock, 12,338,660 shares outstanding) | \$ 21.18     | <b>\$ 261,374,559</b> |

*See accompanying Notes to Financial Statements*

**Statement of Operations Boulder Total Return Fund, Inc.****For the Six Months Ended May 31, 2006 (Unaudited)****INVESTMENT INCOME:**

|  |                  |
|--|------------------|
| Dividends (net of foreign withholding taxes of \$20,728) | \$ 4,293,801     |
| Interest and other income                                | 1,093,091        |
| <b>TOTAL INVESTMENT INCOME</b>                           | <b>5,386,892</b> |

**EXPENSES:**

|   |              |
|---|--------------|
| Investment co-advisory fees (Note 2)                          | \$ 2,079,875 |
| Administration, co-administration and custodian fees (Note 2) | 424,659      |
| Preferred Stock broker commissions and Auction Agent fees     | 106,270      |
| Legal and Audit fees  | 68,846       |
| Directors fees and expenses (Note 2)                          | 63,586       |
| Insurance expenses  | 31,842       |
| Printing fees   | 29,125       |
| Other   | 45,842       |

|                              |                  |
|------------------------------|------------------|
| <b>OPERATING EXPENSES</b>    | <b>2,850,045</b> |
| <b>NET INVESTMENT INCOME</b> | <b>2,536,847</b> |

**REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:**

|   |            |
|---|------------|
| Net realized gain/(loss) on:              |            |
| Securities                                | 10,405,828 |
| Foreign currency related transactions     | (187,913)  |
| Net change in unrealized appreciation of: |            |
| Securities                                | 161,521    |
| Foreign currency related transactions     | 23,988     |

|  |                    |
|--|--------------------|
| <b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b> | <b>10,403,424</b>  |
| <b>LESS: PREFERRED STOCK DIVIDENDS</b>                 | <b>(1,797,958)</b> |

|   |                      |
|---|----------------------|
| <b>NET INCREASE IN NET ASSETS FROM OPERATIONS APPLICABLE TO COMMON SHARES</b> | <b>\$ 11,142,313</b> |
|---|----------------------|

*See accompanying Notes to Financial Statements*



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

|  | Six Months Ended<br>May 31, 2006<br>(Unaudited) | Year Ended<br>November 30, 2005 |
|--|---|---------------------------------|
| <b>OPERATIONS:</b>   |   |                                 |
| Net investment income  | \$ 2,536,847                                    | \$ 2,414,078                    |
| Net realized gain on investments sold during the period  | 10,217,915                                      | 11,683,755                      |
| Change in unrealized appreciation of investments during the period                                       | 185,509   | 2,107,813                       |
| Net increase in net assets resulting from operations   | 12,940,271                                      | 16,205,646                      |
| <b>DISTRIBUTIONS: PREFERRED STOCK DIVIDENDS</b>  |   |                                 |
| Dividends paid from net investment income  | (1,797,958)                                     | (613,751)                       |
| Dividends paid from long term capital gains  |   | (1,855,221)                     |
| <b>Total Distributions: Preferred Stock Dividends</b>  | (1,797,958)                                     | (2,468,972)                     |
| <b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS APPLICABLE TO COMMON SHARES</b>                  |   |                                 |
|  | 11,142,313                                      | 13,736,674                      |
| <b>DISTRIBUTIONS: COMMON SHARES</b>  |   |                                 |
| Dividends paid from net investment income  | (2,097,572)                                     |                                 |
| Dividends paid from long term capital gains to shareholders  | (7,033,036)                                     |                                 |
| <b>Total Distributions: Common Shares</b>  | (9,130,608)                                     |                                 |
| <b>NET INCREASE IN NET ASSETS FOR THE PERIOD</b>   |   |                                 |
|  | 2,011,705                                       | 13,736,674                      |
| <b>NET ASSETS:</b>   |   |                                 |
| Beginning of period  | 336,862,854                                     | 323,126,180                     |
| End of period (including undistributed net investment income of \$738,090 and \$2,096,773, respectively) | \$ 338,874,559                                  | \$ 336,862,854                  |
| <b>AUCTION MARKET PREFERRED STOCK (AMPS)</b>   |   |                                 |
| <b>REDEMPTION VALUE</b>  | (77,500,000)                                    | (77,500,000)                    |
| <b>NET ASSETS APPLICABLE TO COMMON SHARES</b>  |   |                                 |
|  | \$ 261,374,559                                  | \$ 259,362,854                  |

See accompanying Notes to Financial Statements



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**Financial Highlights Boulder Total Return Fund, Inc.**

*For a Common share outstanding throughout each period*

Contained below is per share operating performance data, total investment returns, ratios to average net assets and other supplemental data. This information has been derived from information provided in the financial statements and market price data for the Fund's shares.

|  | Six Months<br>Ended<br>May 31, 2006<br>(Unaudited) | 2005     | 2004     | Year Ended November 30, |          |          |
|--|--|----------|----------|-------------------------|----------|----------|
|  |  |          |          | 2003                    | 2002     | 2001     |
| <b>OPERATING PERFORMANCE:</b>  |  |          |          |                         |          |          |
| Net asset value,<br>beginning of<br>period   | \$ 21.02   | \$ 19.91 | \$ 17.61 | \$ 15.04                | \$ 17.36 | \$ 14.81 |
| Net investment<br>income   | 0.21   | 0.15     | 0.03     | 0.07                    | 0.49     | 0.63     |
| Net realized and<br>unrealized<br>gain/(loss)<br>on investments                      | 0.85   | 1.17     | 2.35     | 3.78                    | (2.51)   | 2.35     |
| Total from<br>investment<br>operations   | 1.06   | 1.32     | 2.38     | 3.85                    | (2.02)   | 2.98     |
| <b>DISTRIBUTIONS: PREFERRED STOCK</b>  |  |          |          |                         |          |          |
| Dividends paid<br>from net<br>investment<br>income to AMP*<br>Shareholders           | (0.15)   | (0.05)   | (0.09)   | (0.01)                  | (0.16)   | (0.40)   |
| Dividends paid<br>from capital<br>to AMP*<br>Shareholders                            |  |          |          | (0.07)                  |          |          |
| Dividends paid<br>from long term<br>capital gains<br>to AMP*<br>Shareholders         |  | (0.15)   |          |                         |          |          |
| Change in<br>accumulated<br>undeclared<br>dividends<br>on AMP*<br>Shareholders       | (0.01)   | (0.01)   | 0.01     | 0.00(c)                 | 0.00(c)  | 0.02     |
| Net<br>Increase/(Decrease)<br>from operations<br>applicable to<br>common shares      | 0.90   | 1.11     | 2.30     | 3.77                    | (2.18)   | 2.60     |
| <b>DISTRIBUTIONS: COMMON SHARES</b>  |  |          |          |                         |          |          |
| Dividends paid<br>from from net<br>investment<br>income to<br>Common<br>Shareholders | (0.17)   |          |          | (0.01)                  | (0.14)   | (0.05)   |
| Distributions paid<br>from long term<br>capital gains                                | (0.57)   |          |          |                         |          |          |

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|   |            |            |            |            |            |            |  |
|---|------------|------------|------------|------------|------------|------------|--|
| to Common Shareholders  |            |            |            |            |            |            |  |
| Dividends paid from capital to Common Shareholders                          |            |            |            |            |            |            |  |
|   |            |            |            |            |            |            |  |
| Dilutive Impact of Rights Offering  |            |            |            |            |            |            |  |
| Accretive Impact of Capital Share Transactions                              |            |            |            |            |            |            |  |
| Net Increase/(Decrease) in Common   |            |            |            |            |            |            |  |
| Net Asset Value   | 0.16       | 1.11       | 2.30       | 2.57       | (2.32)     | 2.55       |  |
| Net asset value, end of the period  | \$ 21.18   | \$ 21.02   | \$ 19.91   | \$ 17.61   | \$ 15.04   | \$ 17.36   |  |
| Market value, end of period   | \$ 17.72   | \$ 17.57   | \$ 17.45   | \$ 14.59   | \$ 12.79   | \$ 16.05   |  |
| Total investment return based on net asset value(a)                         | 5.15%      | 5.58%      | 13.06%     | 17.37%     | (12.62)%   | 17.68%     |  |
| Total investment return based on market value(a)                            | 5.24%      | 0.69%      | 19.60%     | 14.35%     | (19.62)%   | 34.27%     |  |
| <b>RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCK SHAREHOLDERS:</b> |            |            |            |            |            |            |  |
| Operating expenses  | 2.23%      | 2.24%      | 2.30%      | 2.45%      | 2.42%      | 2.47%      |  |
| Net investment income(b)  | 0.58%      | 0.71%      | 0.66%      | (0.08)%    | 1.85%      | 1.52%      |  |
| <b>SUPPLEMENTAL DATA:</b>   |            |            |            |            |            |            |  |
| Portfolio turnover rate   | 16%        | 32%        | 25%        | 9%         | 38%        | 16%        |  |
| Net assets, end of the period (in 000's)                                    | \$ 261,375 | \$ 259,363 | \$ 245,626 | \$ 220,573 | \$ 141,607 | \$ 163,493 |  |
| Number of shares outstanding at the end of period (in 000's)                | 12,339     | 12,339     | 12,339     | 12,527     | 9,417      | 9,417      |  |
| Ratio of operating expenses to Total Average Net Assets including AMP*      | 1.71%      | 1.72%      | 1.73%      | 1.66%      | 1.65%      | 1.66%      |  |

\* Taxable Auction Market Preferred Stock ("AMP").

(a) Assumes reinvestment of distributions at the market price at reinvestment date.

(b) The net investment income ratios reflect income net of operating expenses and payments and change in undeclared dividends to AMP Shareholders.

(c) Amount represents less than \$0.01 per Common share.

The Rights Offering was fully subscribed at a subscription price of \$12.10 for 3,140,517 shares, which equals \$38,000,255 in gross proceeds. The Rights Offering had \$(1.17) NAV impact and the \$120,460 expenses associated with the Rights Offering had a \$(0.01) NAV impact.

Annualized.

See accompanying Notes to Financial Statements



**Financial Highlights (Continued) (Unaudited) Boulder Total Return Fund, Inc.**

The table below sets out information with respect to Taxable Auction Market Preferred Stock currently outstanding. (1)

|          | <b>Total Shares<br/>Outstanding</b> | <b>Average<br/>Coverage<br/>Per Share</b> | <b>Involuntary<br/>Liquidating<br/>Preference<br/>Per Share(2)</b> | <b>Average<br/>Market<br/>Value<br/>Per Share(2)</b> |
|----------|-------------------------------------|---|--|--|
| 05/31/06 | 775                                 | \$ 437,452                                | \$ 100,000   | \$ 100,000   |
| 11/30/05 | 775                                 | 434,662                                   | 100,000  | 100,000  |
| 11/30/04 | 775                                 | 416,937                                   | 100,000  | 100,000  |
| 11/30/03 | 775                                 | 384,611                                   | 100,000  | 100,000  |
| 11/30/02 | 775                                 | 282,719                                   | 100,000  | 100,000  |
| 11/30/01 | 775                                 | 311,122                                   | 100,000  | 100,000  |

(1) See Note 5.

(2) Excludes accumulated undeclared dividends.

*See accompanying Notes to Financial Statements*



**Notes to Financial Statements (Unaudited) Boulder Total Return Fund, Inc.**

**1. Significant Accounting Policies**

Boulder Total Return Fund, Inc. (the "Fund") is a diversified, closed-end management investment company organized as a Maryland corporation and is registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940, as amended, (the "1940 Act"). The policies described below are followed consistently by the Fund in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America.

*Portfolio Valuation:* The net asset value of the Fund's Common Stock is determined by the Fund's administrator no less frequently than on the last business day of each week and month. It is determined by dividing the value of the Fund's net assets attributable to common shares by the number of shares of Common Stock outstanding. The value of the Fund's net assets attributable to common shares is deemed to equal the value of the Fund's total assets less (i) the Fund's liabilities and (ii) the aggregate liquidation value of the outstanding Taxable Auction Market Preferred Stock. Securities listed on a national securities exchange are valued on the basis of the last sale on such exchange or the NASDAQ Official Close Price ("NOCP") on the day of valuation. In the absence of sales of listed securities and with respect to securities for which the most recent sale prices are not deemed to represent fair market value and unlisted securities (other than money market instruments), securities are valued at the mean between the closing bid and asked prices when quoted prices for investments are readily available. Investments for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors of the Fund, including reference to valuations of other securities which are considered comparable in quality, maturity and type. Investments in money market instruments, which mature in 60 days or less at the time of purchase, are valued at amortized cost.

*Securities Transactions and Investment Income:* Securities transactions are recorded as of the trade date. Realized gains and losses from securities sold are recorded on the identified cost basis. Dividend income is recorded on ex-dividend dates. Interest income is recorded using the interest method.

The actual amounts of dividend income and return of capital received from investments in real estate trusts ("REITS") and registered investment companies ("RICS") at calendar year-end are determined after the end of the fiscal year. The Fund therefore estimates these amounts for accounting purposes until the actual characterization of REIT and RIC distributions is known. Distributions received in excess of the estimate are recorded as a reduction of the cost of investments.

*Foreign Currency Translation:* The books and records of the Fund are maintained in US dollars. Foreign currencies, investments and other assets and liabilities denominated in foreign currencies are translated into US dollars at the exchange rate prevailing at the end of the period, and purchases and sales of investment securities, income and expenses transacted in foreign currencies are translated at the exchange rate on the dates of such transactions.

Foreign currency gains and losses result from fluctuations in exchange rates between trade date and settlement date on securities transactions, foreign currency transactions and the difference between amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and the subsequent sale trade date is included in gains and losses on investment securities sold

*Repurchase Agreements:* The Fund may engage in repurchase agreement transactions. The Fund's Management reviews and approves periodically the eligibility of the banks and dealers with which the Fund enters into repurchase agreement transactions. The value of the collateral underlying such transactions is at least equal at all times to the total amount of the repurchase obligations, including interest. The Fund maintains possession of the collateral and, in the event of counterparty default, the Fund has the right to use the collateral to offset losses incurred. There is the possibility of loss to the Fund in the event the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities.

*Dividends and Distributions to Shareholders:* Dividends to Common shareholders will be declared in such a manner as to avoid the imposition of the 4% excise tax described in "Federal Income Taxes" below. The shareholders of Taxable Auction Market Preferred Stock are entitled to receive cumulative cash dividends as declared by the Fund's Board of Directors. Distributions to shareholders are recorded on the ex-dividend date. Any net realized short-term capital gains will be distributed to shareholders at least annually. Any net realized long-term capital gains may be distributed to shareholders at least annually or may be retained by the Fund as determined by the Fund's Board of Directors. Capital gains retained by the Fund are subject to tax at the corporate tax rate. Subject to the Fund qualifying as a registered



**Notes to Financial Statements (Unaudited) Boulder Total Return Fund, Inc.**

investment company, any taxes paid by the Fund on such net realized long-term gains may be used by the Fund's Shareholders as a credit against their own tax liabilities.

*Federal Income Taxes:* The Fund intends to qualify as a registered investment company by complying with the requirements under subchapter M of the Internal Revenue Code of 1986, as amended, (the "Code"), applicable to RICs and intends to distribute substantially all of its taxable net investment income to its shareholders. Therefore, no Federal income tax provision is required.

Income and capital gain distributions are determined and characterized in accordance with income tax regulations, which may differ from generally accepted accounting principles. These differences are primarily due to (1) differing treatments of income and gains on various investment securities held by the Fund, including timing differences, (2) the attribution of expenses against certain components of taxable investment income, and (3) federal regulations requiring proportional allocation of income and gains to all classes of Shareholders. The Code imposes a 4% nondeductible excise tax on the Fund to the extent the Fund does not distribute by the end of any calendar year at least (1) 98% of the sum of its net investment income for that year and its capital gains (both long-term and short-term) for its fiscal year and (2) certain undistributed amounts from previous years.

*Use of Estimates:* The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**2. Investment Co-Advisory Fees, Directors' Fees, Administration Fee, Co-Administration Fee and Transfer Agent Fee**

Boulder Investment Advisers, L.L.C. ("BIA") and Stewart Investment Advisers ("SIA") serve as the Fund's Co-Investment Advisers ("Advisers"). The Fund pays the Advisers a monthly fee at an annual rate of 1.25% of the value of the Fund's average monthly net assets (including the principal amount of leverage, if any). The equity owners of BIA are Evergreen Atlantic, LLC, a Colorado limited liability company ("EALLC"), and the Lola Brown Trust No. 1B (the "Lola Trust"), each of which is a shareholder of the Fund and considered to be an "affiliated person" of the Fund as that term is defined in the 1940 Act. Stewart West Indies Trading Company, Ltd. is a Barbados international business company doing business as Stewart Investment Advisers. SIA receives a monthly fee equal to 75% of the fees earned by the Advisers, and BIA receives 25% of the fees earned by the Advisers. The equity owner of SIA is the Stewart West Indies Trust, a shareholder of the Fund and considered to be an "affiliated person" of the Fund as that term is defined in the 1940 Act.

Fund Administrative Services, LLC ("FAS"), serves as the Fund's Co-Administrator. Under the Co-Administration Agreement, FAS provides certain administrative and executive management services to the Fund including: providing the Fund's principal offices and executive officers, overseeing and administering all contracted service providers, making recommendations to the Board regarding policies of the Fund, conducting shareholder relations, authorizing expenses and performing other administrative tasks. Under the Administration Agreement, the Fund pays FAS a monthly fee, calculated at an annual rate of 0.20% of the value of the Fund's average monthly net assets up to \$250 million; 0.18% of the Fund's average monthly net assets on the next \$150 million; and, 0.15% on the value of the Fund's average monthly net assets over \$400 million. The equity owners of FAS are EALLC and the Lola Trust, each of which is a shareholder of the Fund and considered to be an "affiliated person" of the Fund as that term is defined in the 1940 Act.

The Fund pays each Director who is not a director, officer or employee of the Advisers or FAS a fee of \$8,000 per annum, plus \$4,000 for each in-person meeting of the Board of Directors and \$500 for each telephone meeting. In addition, the Chairman of the Board and the Chairman of the Audit Committee receive \$1,000 per meeting and each member of the Audit Committee receives \$500 per meeting. The Fund will also reimburse all Directors for travel and out-of-pocket expenses incurred in connection with such meetings.

Investors Bank & Trust Company ("Investors Bank") serves as the Fund's Co-Administrator and Custodian. As compensation for its services, Investors Bank receives certain out-of-pocket expenses, transaction fees and asset-based fees, which are accrued daily and paid monthly. The Fund pays Investors Bank an annualized fee of 0.058% of the Fund's average monthly net assets for the first \$300 million and 0.04% for average monthly net assets over \$300 million, in addition to any out-of-pocket and transaction fees.

PFPC Inc. ("PFPC") serves as the Fund's Common Stock servicing agent (transfer agent), dividend-paying agent and registrar, and as compensation for PFPC's services, the Fund pays PFPC a monthly fee plus certain out-of-pocket expenses.

**Notes to Financial Statements (Unaudited) Boulder Total Return Fund, Inc.**

Deutsche Bank Trust Company Americas ("Auction Agent"), a wholly owned subsidiary of Deutsche Bank, serves as the Fund's Taxable Auction Market Preferred Stock transfer agent, registrar, dividend disbursing agent and redemption agent.

**3. Purchases and Sales of Securities**

Cost of purchases and proceeds from sales of securities for the six months ended May 31, 2006 excluding short-term investments, aggregated \$49,332,052 and \$51,899,359, respectively.

On May 31, 2006, based on cost of \$248,905,128 for federal income tax purposes, aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$94,802,536 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$5,810,477.

**4. Common Stock**

At May 31, 2006, 240,000,000 of \$0.01 par value Common Stock were authorized of which 12,338,660 were outstanding.

**5. Taxable Auction Market Preferred Stock**

The Fund's Articles of Incorporation authorize the issuance of up to 10,000,000 shares of \$0.01 par value preferred stock. On August 15, 2000, the Fund's 775 shares of Money Market Cumulative Preferred Stock<sup>TM</sup> were retired and 775 shares of Taxable Auction Market Preferred Stock were issued. Taxable Auction Market Preferred Stock is senior to the Common Stock and results in the financial leveraging of the Common Stock. Such leveraging tends to magnify both the risks and opportunities to Common Stock Shareholders. Dividends on shares of Taxable Auction Market Preferred Stock are cumulative.

The Fund is required to meet certain asset coverage tests with respect to the Taxable Auction Market Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, Taxable Auction Market Preferred Stock at a redemption price of \$100,000 per share plus an amount equal to the accumulated and unpaid dividends on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset requirements could restrict the Fund's ability to pay dividends to Common Stock Shareholders and could lead to sales of portfolio securities at inopportune times.

An auction of the Taxable Auction Market Preferred Stock is generally held every 28 days. Existing shareholders may submit an order to hold, bid or sell such shares at par value on each auction date. Taxable Auction Market Preferred Stock Shareholders may also trade shares in the secondary market between auction dates.

On May 31, 2006, 775 shares of Taxable Auction Market Preferred Stock were outstanding at the annual rate of 5.00%. The dividend rate, as set by the auction process, is generally expected to vary with short-term interest rates. These rates may vary in a manner unrelated to the income received on the Fund's assets, which could have either a beneficial or detrimental impact on net investment income and gains available to Common Stock Shareholders. While the Fund expects to earn a higher return on its assets than the cost associated with the Taxable Auction Market Preferred Stock, including expenses, there can be no assurance that such results will be attained.

**6. Portfolio Investments, Concentration and Investment Quality**

The Fund operates as a "diversified" management investment company, as defined in the 1940 Act. Under this definition, at least 75% of the value of the Fund's total assets must at the time of investment consist of cash and cash items (including receivables), U.S. Government securities, securities of other investment companies, and other securities limited in respect of any one issuer to an amount not greater in value than 5% of the value of the Fund's total assets (at the time of purchase) and to not more than 10% of the voting securities of a single issuer. This limit does not apply, however, to 25% of the Fund's assets, which may be invested in a single issuer. A more concentrated portfolio may cause the Fund's net asset value to be more volatile than it has been historically and thus may subject shareholders to more risk. The Fund may hold a substantial position (up to 25% of its assets) in the common stock of a single issuer. As of May 31, 2006, the Fund held more than 25% of its assets in Berkshire Hathaway, Inc. as a direct result of the market appreciation of the issuer since the time of purchase. Thus, the volatility of the Fund's common stock, and the Fund's net assets value and its performance in general, depends disproportionately more on the performance of this single issuer than that of a more diversified fund.



**Notes to Financial Statements (Unaudited) Boulder Total Return Fund, Inc.**

The Fund intends to concentrate its common stock investments in a few issuers and to take large positions in those issuers. As a result, the Fund is subject to a greater risk of loss than a fund that diversifies its investments more broadly. Taking larger positions is also likely to increase the volatility of the Fund's net asset value reflecting fluctuation in the value of its large holdings. Under normal market conditions, the Fund intends to invest in a portfolio of common stocks. The portion of the Fund's assets invested in each can vary depending on market conditions. The term "common stocks" includes both stocks acquired primarily for their appreciation potential and stocks acquired for their income potential, such as dividend-paying RICs and REITs. The term "income securities" includes bonds, U.S. Government securities, notes, bills, debentures, preferred stocks, convertible securities, bank debt obligations, repurchase agreements and short-term money market obligations.

**7. Significant Shareholders**

On May 31, 2006, the Lola Trust and other trusts and entities affiliated with Stewart R. Horejsi and the Horejsi family owned 5,432,982 shares of Common Stock of the Fund, representing approximately 44.03% of the total Fund shares. Stewart R. Horejsi is the primary portfolio manager for SIA and is the Fund's primary portfolio manager. He is responsible for the day-to-day strategic management of the Fund.

**8. Share Repurchase Program**

In accordance with Section 23(c) of the 1940 Act, the Fund may from time to time repurchase shares of the Fund in the open market at the option of the Board of Directors and upon such terms as the Directors shall determine.

For the six months ended May 31, 2006, and the year ended November 30, 2005, Fund did not repurchase any of its own shares.

**Additional Information (Unaudited) Boulder Total Return Fund, Inc.**

**Portfolio Information**

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available (1) on the Fund's website located at <http://www.boulderfunds.net>; (2) on the SEC's website at <http://www.sec.gov>; or (3) for review and copying at the SEC's Public Reference Room ("PRR") in Washington, DC. Information regarding the operation of the PRR may be obtained by calling 1-800-SEC-0330.

**Proxy Information**

The policies and procedures used to determine how to vote proxies relating to portfolio securities held by the Fund are available on the Fund's website located at <http://www.boulderfunds.net>. Information regarding how the Portfolio voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available at <http://www.sec.gov>.

**Senior Officer Code of Ethics**

The Fund files a copy of its code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions (the "Senior Officer Code of Ethics"), with the SEC as an exhibit to its annual report on Form N-CSR. The Fund's Senior Officer Code of Ethics is available on the Fund's website located at <http://www.boulderfunds.net>.

**Privacy Statement**

Pursuant to SEC Regulation S-P (Privacy of Consumer Financial Information), the Directors of the Fund have established the following policy regarding information about the Fund's shareholders. We consider all shareholder data to be private and confidential, and we hold ourselves to the highest standards in its safekeeping and use. The Fund collects nonpublic information (e.g., your name, address, Social Security Number, Fund holdings) about shareholders from transactions in Fund shares. The Fund will not release information about current or former shareholders (except as permitted by law) unless one of the following conditions is met; (i) we receive your prior written consent; (ii) we believe the recipient to be you or your authorized representative; or (iii) we are required by law to release information to the recipient. The Fund has not and will not in the future give or sell information about its current or former shareholders to any company, individual, or group (except as permitted by law). The Fund will only use information about its shareholders as necessary to service or maintain shareholder accounts in the ordinary course of business. Internally, we also restrict access to shareholder personal data to those who have a specific need for the records. We maintain physical, electronic and procedural safeguards that comply with Federal standards to guard your personal data.

**Board of Directors' Approval (Unaudited) Boulder Total Return Fund, Inc.**

***Discussion Regarding the Board of Trustees' Approval of the Investment Advisory Contracts***

Each of the Advisers has entered into an Investment Advisory Agreement with the Fund (the "Agreements") pursuant to which the Advisers are jointly responsible for managing the Fund's assets in accordance with its investment objectives, policies and limitations. The 1940 Act requires that the Board, including a majority of the Independent Directors, annually approve the terms of the Agreements. At a regularly scheduled meeting held on January 26, 2006, the Directors, by a unanimous vote (including a separate vote of the Independent Directors), approved the renewal of the Agreements.

**Factors Considered**

Generally, the Board considered a number of factors in renewing the Agreements including, among other things, (i) the nature, extent and quality of services to be furnished by the Advisers to the Fund; (ii) the investment performance of the Fund compared to relevant market indices and the performance of peer groups of closed-end investment companies pursuing similar strategies; (iii) the advisory fees and other expenses paid by the Fund compared to those of similar funds managed by other investment advisers; (iv) the profitability to the Advisers of their investment advisory relationship with the Fund; (v) the extent to which economies of scale would be realized as the Fund grows and whether fee levels reflect any economies of scale; (vi) support of the Advisers by the Fund's principal shareholders; (vii) the historical relationship between the Fund and the Advisers, and (viii) the relationship between the Advisers and its affiliated service provider, Fund Administrative Services, LLC ("FAS"). The Board also reviewed the ability of the Advisers to provide investment management and supervision services to the Fund, including the background, education and experience of the key portfolio management and operational personnel, the investment philosophy and decision-making process of those professionals, and the ethical standards maintained by the Advisers.

**Deliberative Process**

To assist the Board in its evaluation of the quality of the Advisers' services and the reasonableness of the Advisers' fees under the Agreements, the Board received a memorandum from independent legal counsel to the Independent Directors discussing the factors generally regarded as appropriate to consider in evaluating investment advisory arrangements and the duties of directors in approving such arrangements. In connection with its evaluation, the Board also requested, and received, various materials relating to the Advisers' investment services under the Agreements. These materials included a report prepared by an independent consultant, Lipper Analytical Services, Inc. ("Lipper"), comparing the Fund's performance, advisory fees and expenses to a group of funds determined to be most similar to the Fund (the "Peer Group") and a broader universe of relevant funds (the "Universe"), in each case as determined by Lipper. The Lipper report also included a performance comparison for the Fund against an appropriate index. In addition, the Board received reports and presentations from the Advisers that described, among other things, the Advisers' financial condition, profitability from its relationship with the Fund, soft dollar commission and trade allocation policies, organizational structure, and compliance policies and procedures. The Board also considered information received from the Advisers throughout the year, including investment performance and expense ratio reports for the Fund.

In advance of the January 26, 2006 meeting, the Independent Directors held a special telephonic meeting with counsel to the Fund and independent legal counsel to the Independent Directors. The principal purpose of the meeting was to discuss the renewal of the Agreements and review the materials provided to the Board by the Advisers in connection with the annual review process. As a result of these discussions, the Independent Directors requested that the Advisers provide supplemental materials to assist the Board in its evaluation of the Agreements. The Board held additional discussions at the January 26, 2006 Board meeting, which included a private session among the Independent Directors and their independent legal counsel at which no employees or representatives of the Advisers were present.

The information below summarizes the Board's considerations in connection with its approval of the Agreements. In deciding to approve the Agreements, the Board did not identify a single factor as controlling and this summary does not describe all of the matters considered. However, the Board concluded that each of the various factors referred to below favored such approval.

**Nature, Extent and Quality of the Services Provided; Ability to Provide Services**

The Board received and considered various data and information regarding the nature, extent and quality of services provided to the Fund by the Advisers under the Agreements. Each Adviser's most recent investment adviser registration form on the Securities and Exchange Commission's Form ADV was provided to the Board, as were the responses of the

**Board of Directors' Approval (Unaudited) Boulder Total Return Fund, Inc.**

Advisers to information requests submitted to the Advisers by the Independent Directors through their independent legal counsel. The Board reviewed and analyzed the materials, which included information about the background, education and experience of the Advisers' key portfolio management and operational personnel and the amount of attention devoted to the Fund by the Advisers' portfolio management personnel. In this regard, it was noted that the Advisers' only clients are the Fund, one other registered investment company (Boulder Growth & Income Fund, Inc.) and a charitable foundation affiliated with the Horejsi family. Accordingly, the Board was satisfied that the Advisers' investment personnel, including Stewart Horejsi, the Fund's principal portfolio manager, devote a significant portion of their time and attention to the success of the Fund and its investment strategy. The Board also considered the Advisers' recently enhanced policies and procedures for ensuring compliance with applicable laws and regulations. Based on the above factors, the Board concluded that it was generally satisfied with nature, extent and quality of the investment advisory services provided to the Fund by the Advisers, and that the Advisers possessed the ability to continue to provide these services to the Fund in the future.

**Investment Performance**

The Board considered the investment performance of the Fund since August 1999, when the Advisers became the investment managers for the Fund, as compared to both relevant indices and the performance of the Fund's peer group universe. The Board noted favorably that for the three- and five-year periods ending December 31, 2005, the Fund's performance based upon total return ranked in the second and first quintile respectively of its Universe (i.e., the upper 40% and 20% of the funds in the Universe), and had outperformed the Standard & Poor's 500 Index, the Fund's primary relevant benchmark. The Board also noted that for the three- and five-year periods ending December 31, 2005, the Fund had outperformed the Dow Jones Industrial Average and, for the five-year period, the Nasdaq Composite, the Fund's secondary benchmarks. The Board acknowledged that the Universe included both leveraged and non-leveraged closed-end funds to provide a more statistically significant group for comparison purposes, even though the Fund is leveraged and comparing the Fund only to funds that use leverage could yield a different result. Although the Board obtained information from Lipper regarding the Fund's investment performance as compared only to leveraged closed-end funds, the Board did not ascribe a great deal of weight to this information given the small number of leverage closed-end funds pursuing investment strategies similar to the Fund. The Board recognized, however, that the Fund's investment performance for the one-year period ending December 31, 2005 was below the median for its peer group, and that the Fund had underperformed its primary and secondary benchmarks. The Board discussed this recent underperformance with the Advisers, who indicated that the Fund's investment strategy would tend to result in the Fund outperforming its peers and benchmarks in poor markets, but would generally track the markets and perhaps under perform in good markets. The Advisers also emphasized the Advisers' philosophy as long-term investors. The Board was satisfied with the Advisers' responses to its inquiries and, based on these factors, the Board concluded that the overall performance results supported the renewal of the Agreements.

**Costs of Services Provided and Profits Realized by the Advisers**

In evaluating the costs of the services provided to the Fund by the Advisers, the Board received statistical and other information regarding the Fund's total expense ratio and its various components, including management fees and investment-related expenses. This information included a comparison of the Fund's various expenses to the Peer Group and the Universe. The Board acknowledged that the level of fees charged by the Advisers is at the higher end of the spectrum of fees charged by similarly situated investment advisers of closed-end funds. The Fund's management fee expense ranked in the fifth quintile of the twelve funds included in the Peer Group and in the fifth quintile of the Universe. The Board noted that the Fund's shareholders had removed most of the Fund's investment limitations, resulting in a much broader (and more difficult to assess) universe of investment possibilities for the Fund than might otherwise be the case for other "sector" or "industry" oriented funds, which requires a greater degree of portfolio management skill on the part of the Advisers. The Board also considered that the Advisers do not participate in soft dollar or directed brokerage transactions. Instead, the Advisers bear the cost of third party research utilized by the Advisers, increasing the cost to the Advisers of providing investment management services to the Fund and decreasing the Fund's transaction expenses. It was also noted that the Advisers have historically waived fees when the Fund held significant levels of un-invested cash.

The Board also obtained detailed information regarding the overall profitability of the Advisers and the combined profitability of the Advisers and FAS, which acts as co-administrator for the Fund. The combined profitability information was obtained to assist the Board in determining the overall benefits to the Advisers from their relationship to the Fund. In particular, the Board reviewed the costs incurred by the Advisers and FAS in providing services to the Fund. The Board

**Board of Directors' Approval (Unaudited) Boulder Total Return Fund, Inc.**

noted that the Advisers anticipated that these costs would materially increase in the near term based on the need for additional compliance resources, investments in technology and other requirements, and requested that the Advisers and FAS periodically update the Board on its cost structure. Based on its analysis of this information, the Board determined that the level of profits earned by the Advisers from managing the Fund bear a reasonable relationship to the services rendered.

Based on these factors, the Board concluded that the fee under the Agreements was reasonable and fair in light of the nature and quality of the services provided by the Advisers.

**Economies of Scale**

The Board considered whether there have been economies of scale with respect to the management of the Fund, whether the Fund has appropriately benefited from any economies of scale, and whether the management fee rate is reasonable in relation to the Fund's assets and any economies of scale that may exist. Based on the relatively small size of the Fund, the Board determined that no meaningful economies of scale would be realized until the Fund achieved significantly higher asset levels. The Board also noted that the Advisers' internal costs of providing investment management services to the Fund had increased, in part due to administrative burdens and expenses resulting from recent legislative and regulatory actions. Based on these factors, the Board concluded that the absence of breakpoints in the Fund's current advisory fee schedule was acceptable.

**Shareholder Support and Historical Relationship with the Fund**

The Board placed considerable weight on the views of the Fund's largest shareholders, which are affiliated with Mr. Horejsi and the Advisers. As of December 31, 2005, these shareholders held approximately 44% of the Fund's outstanding common shares. The Board understands from Mr. Horejsi that these shareholders are supportive of the Advisers and the renewal of the Agreements. The Board also noted that the Fund had not received any negative feedback from other Fund shareholders with respect to the levels of investment management fees and expenses experienced by the Fund.

**Approval**

The Board based its decision to approve the renewal of the Agreements on a careful analysis, in consultation with Fund counsel and independent counsel for the Independent Directors, of these and other factors. In approving the Agreements, the Board concluded that the terms of the Fund's investment advisory agreements are reasonable and fair and that renewal of the Agreements is in the best interests of the Fund and its shareholders.



**Meeting of Stockholders Voting Results(Unaudited) Boulder Total Return Fund, Inc.**

On April 24, 2006, the Fund held its Annual Meeting of Stockholders to consider the election of Directors of the Fund and certain other proposals. The meeting was adjourned with respect to certain proposals and reconvened on May 12, 2006. The following votes were recorded:

**PROPOSAL 1: (Voting by AMPS Shareholders):**

**Election of Susan L. Ciciora as Director of the Fund**

|              | # of Votes Cast | % of Votes Cast |
|--------------|-----------------|-----------------|
| Affirmative  | 579.000         | 100.0           |
| Withheld     |                 | 0.0             |
| <b>TOTAL</b> | <b>579.000</b>  | <b>100.0</b>    |

**Election of Richard I. Barr as Director of the Fund**

|              | # of Votes Cast | % of Votes Cast |
|--------------|-----------------|-----------------|
| Affirmative  | 579.000         | 100.0           |
| Withheld     |                 | 0.0             |
| <b>TOTAL</b> | <b>579.000</b>  | <b>100.0</b>    |

**PROPOSAL 1: (Voting by Common Stock Shareholders):**

**Election of Joel W. Looney as Director of the Fund**

|              | # of Votes Cast       | % of Votes Cast |
|--------------|-----------------------|-----------------|
| Affirmative  | 9,896,277.010         | 83.6            |
| Withheld     | 1,944,111.000         | 16.4            |
| <b>TOTAL</b> | <b>11,840,338.010</b> | <b>100.0</b>    |

**Election of Dennis R. Causier as Director of the Fund**

|              | # of Votes Cast       | % of Votes Cast |
|--------------|-----------------------|-----------------|
| Affirmative  | 9,893,341.010         | 83.6            |
| Withheld     | 1,947,047.000         | 16.4            |
| <b>TOTAL</b> | <b>11,840,388.010</b> | <b>100.0</b>    |

**Election of Dr. Dean L. Jacobson as Director of the Fund**

|              | # of Votes Cast       | % of Votes Cast |
|--------------|-----------------------|-----------------|
| Affirmative  | 9,892,561.010         | 83.5            |
| Withheld     | 1,947,827.000         | 16.5            |
| <b>TOTAL</b> | <b>11,840,388.010</b> | <b>100.0</b>    |



**Meeting of Stockholders Voting Results(Unaudited) Boulder Total Return Fund, Inc.**

**PROPOSAL 2: (a) Common Stock and AMPS voting together as a single class:**

Amendments to the Fund's charter (the "Charter") which will repeal the existing terms of the Fund's taxable auction market preferred stock (the "AMPS") and establish new terms for the AMPS.

|         | # of Votes Cast | % of Votes Cast |
|---------|-----------------|-----------------|
| For     | 10,103,925.010  | 98.1            |
| Against | 124,157.000     | 1.2             |
| Abstain | 73,416.000      | 0.7             |
| TOTAL   | 10,301,498.010  | 100.0           |

**PROPOSAL 2: (b) AMPS voting as a separate class:**

Amendments to the Fund's charter (the "Charter") which will repeal the existing terms of the Fund's taxable auction market preferred stock (the "AMPS") and establish new terms for the AMPS.

|         | # of Votes Cast | % of Votes Cast |
|---------|-----------------|-----------------|
| For     | 471.000         | 100.0           |
| Against | 0.000           | 0.0             |
| Abstain | 0.000           | 0.0             |
| TOTAL   | 471.000         | 100.0           |

**PROPOSAL 3: (Common Stock and AMPS voting together as a single class):**

Amendment to the Fund's Charter to provide that the number of Directors shall be five, subject to the terms of any class or series of Preferred Stock.

|         | # of Votes Cast | % of Votes Cast |
|---------|-----------------|-----------------|
| For     | 10,009,651.010  | 84.6            |
| Against | 216,883.000     | 1.8             |
| Abstain | 74,964.000      | 0.6             |
| No Vote | 1,539,361.000   | 13.0            |
| TOTAL   | 11,840,859.010  | 100.0           |



**Boulder Total Return Fund, Inc.**

P.O. Box 43027  
Providence, RI 02940-3027

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**Boulder  
Total Return  
Fund, Inc.**

(NYSE: BTF)

**Semi-Annual Report**

**May 31, 2006**

**Directors**

Richard I. Barr  
Dennis R. Causier  
Susan L. Ciciora  
Dr. Dean Jacobson  
Joel W. Looney

**Officers**

Stephen C. Miller  
President

Carl D. Johns  
Vice President and Treasurer

Stephanie J. Kelley  
Secretary

Nicole L. Murphey  
Assistant Secretary

**[www.boulderfunds.net](http://www.boulderfunds.net)**

If you have questions regarding shares you held in a Brokerage Account contact your broker, or, if you have physical possession of your shares in certificate form, contact the Fund's Transfer Agent & Shareholder Servicing Agent PFPC Inc., at:

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P.O. Box 43027  
Providence, RI 02940-3027  
1-800-331-1710

This report is sent to shareholders of Boulder Total Return Fund, Inc. for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

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**Item 2. Code of Ethics.**

Not applicable.

**Item 3. Audit Committee Financial Expert.**

Not applicable.

**Item 4. Principal Accountant Fees and Services.**

Not applicable.

**Item 5. Audit Committee of Listed Registrants.**





Not applicable.

**Item 6. Schedule of Investments.**



The Funds' full schedule of investments are included as part of the report to shareholders filed under Item 1 of this Form.

**Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.**

Not applicable.

**Item 8. Portfolio Managers of Closed-End Management Investment Companies.**



**Not applicable.**



**Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.**





Not applicable.

**Item 10. Submission of Matters to a Vote of Security Holders.**

There have been no material changes to the procedures by which the shareholders may recommend nominees to the Registrant's Board of Directors, where those changes were implemented after the Registrant last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A (17 CFR 240.14a-101), or this Item.

**Item 11. Controls and Procedures.**

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's second fiscal quarter of the period covered by

this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 12. Exhibits.**

(a)(1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.

(a)(2) Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(a)(3) Not applicable.

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.



**SIGNATURES**

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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) BOULDER TOTAL RETURN FUND INC.  
By (Signature and Title) /s/ Stephen C. Miller  
Stephen C. Miller, President  
(Principal Executive Officer)  
Date 8/7/06

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

By (Signature and Title) /s/ Stephen C. Miller  
Stephen C. Miller, President  
(Principal Executive Officer)  
Date 8/7/06

By (Signature and Title) /s/ Carl D. Johns  
Carl D. Johns, Vice President and Treasurer  
(Principal Financial Officer)  
Date 8/7/06