BOULDER GROWTH & INCOME FUND
Form 497
October 17, 2005

PROSPECTUS

$25,000,000
Boulder Growth & Income Fund, Inc.
Auction Market Preferred Shares ("AMPS")

1,000 Shares, Series M28
Liquidation Preference $25,000 Per Share

The Boulder Growth & Income Fund, Inc. (the "Fund") is offering 1,000 shares, Series M28 preferred stock, par value $.01 per share, designated as Auction Market Preferred Shares. The shares are referred to in this prospectus as "AMPS." The Fund is a closed-end, non-diversified management investment company.

Description of AMPS. The AMPS will have a liquidation preference of $25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared). The AMPS are preferred shares that entitle their holders to receive dividends when, as and if authorized by the Board and declared by the Fund, out of funds legally available therefor, at a rate per annum that may vary for successive dividend periods. After the initial dividend period, the applicable rate for a particular dividend period for the AMPS will be determined by auction. The AMPS will rank on parity with any other series of preferred shares of the Fund as to the payment of dividends and the distribution of assets upon liquidation. Each share of AMPS carries one vote on matters on which AMPS can be voted. The AMPS, when issued, will be fully paid and non-assessable and have no preemptive, conversion or cumulative voting rights. The AMPS will not be convertible into shares of common stock, par value $.01 per share, or other shares of the Fund. The AMPS will be subject to redemption at the option of the Fund on any dividend payment date for the AMPS (except during the initial dividend period and during a Non-Call Period) at a redemption price generally equal to $25,000 per share plus accumulated and unpaid dividends. In certain circumstances, the AMPS will be subject to mandatory redemption by the Fund at a redemption price of $25,000 per share plus accumulated and unpaid dividends. See "Description of AMPS" below.

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Investing in the AMPS involves risks that are described in the "risk factors" section beginning on page 20 of this prospectus. The minimum purchase amount of the AMPS is $25,000.

	Per Share	Total
Public offering price (1)	$25,000	$25,000,000
Sales load	$250	$250,000
Estimated offering expenses	$195	$195,000
Proceeds, after expenses, to the Fund	$24,555	$24,555,000

(1) The public offering price per share will be increased by the amount of dividends, if any, that have accumulated from the date the AMPS are first

issued.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriter is offering the AMPS subject to various conditions. The underwriter expects to deliver the AMPS to purchasers, in book-entry form, through the facilities of The Depository Trust Company ("DTC") on or about October 17, 2005.

Merrill Lynch & Co.

The date of this Prospectus is October 13, 2005

(continued from previous page)

Investment Objective. The Fund's investment objective is total return. The Fund seeks to produce both income and long-term capital appreciation by investing in a portfolio of equity and debt securities. The Fund invests primarily in common stocks, including dividend paying common stocks such as those issued by utilities, real estate investment trusts ("REITs") and closed-end registered investment companies. The Fund also invests in fixed income securities such as U.S. government securities, preferred stocks and bonds. The Fund invests primarily in securities of U.S.-based companies and to a lesser extent in foreign equity securities and sovereign debt, in each case denominated in foreign currency. The Fund has no restrictions on its ability to invest in foreign securities. The Fund is concentrated in REITs, which means it must invest more than 25% of its total assets in REITs and companies in the real estate industry. No assurance can be given that the Fund will achieve its investment objective.

Investment Advisers. Boulder Investment Advisers, LLC ("BIA") and Stewart West Indies Trading Company, Ltd. d/b/a Stewart Investment Advisers ("SIA") (collectively the "Advisers") act as the co-investment advisers to the Fund. The address of the Fund and BIA is 1680 38th Street, Suite 800, Boulder, Colorado 80301. The address of SIA is Bellerive, Queen Street, St. Peter, Barbados.

You should read this prospectus, which sets forth concisely the information about the Fund that a prospective investor ought to know before investing, before deciding whether to invest in the AMPS, and retain it for future reference. A Statement of Additional Information dated October 13, 2005, containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this prospectus. You can review the table of contents of the Statement of Additional Information on page 71 of this prospectus. You may request a free copy of the Statement of Additional Information or the Fund's annual and semi-annual reports, request other information about the Fund, or make shareholder inquiries by calling (877) 561-7914 or by writing to the Fund. The Fund's Statement of Additional Information and annual and semi-annual reports are also available free of charge on the Fund's website (http://www.boulderfunds.net) and on the Securities and Exchange Commission's website (http://www.sec.gov), which also contains other information about the Fund. You may also email requests for these documents to publicinfo@sec.gov or make a request in writing to the Securities and Exchange Commission's Public

Reference Section, Washington, D.C. 20549-0102. The Fund's registration number under the Investment Company Act of 1940, as amended (the "1940 Act") is 811-02328.

The AMPS do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

The Fund is offering 1,000 AMPS. The AMPS have a liquidation preference of $25,000 per share, plus any accumulated, unpaid dividends. The AMPS also have priority over the Fund's common shares as to distribution of assets, as described in this prospectus. It is a condition of closing this offering that the AMPS be assigned a rating of Aaa by Moody's Investor Services, Inc. ("Moody's") and AAA by Fitch, Inc. ("Fitch").

The dividend rate for the AMPS for the initial dividend period will be 3.85%. The initial dividend period for the AMPS is from the date of issuance through November 14, 2005. For subsequent periods, the AMPS will pay dividends based on a rate set at auction, usually held every twenty-eight days. Prospective purchasers should carefully review the auction procedures described in this prospectus and should note: (1) a buy order (called a "bid order") or sell order is a commitment to buy or sell AMPS based on the results of an auction; and (2) purchases and sales will be settled on the next business day after the auction.

The AMPS will not be listed on an exchange. You may only buy or sell AMPS through an order placed at an auction with or through certain broker-dealers or in a secondary market maintained by certain broker-dealers. These broker-dealers are not required to maintain this market, and it may not provide you with liquidity.

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You should rely only on the information contained in or incorporated by reference into this prospectus. During the period that the Fund is required to deliver this prospectus, the Fund will promptly provide investors with written information fully describing any material changes to the information in this prospectus. The Fund has not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information appearing in this prospectus is given as of the date of this prospectus. The Fund's business, financial condition, results of operations and prospects may have changed since the date of this prospectus.

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PROSPECTUS SUMMARY

The following is only a summary. This summary does not contain all of the information that you should consider before investing in the AMPS, especially the information set forth under the heading "Risk Factors." You should review the more detailed information contained in the body of this prospectus, the Statement of Additional Information and the Fund's Articles Supplementary creating and fixing the rights of the Auction Market Preferred Stock (the "Articles Supplementary") attached as Appendix B to the Statement of Additional Information.

The Fund..........	Boulder Growth & Income Fund, Inc. is a non-diversified, closed-end management investment company that was organized in October 1972 and began investment activities in January 1974. The Fund's common shares are traded on the New York Stock Exchange (the "NYSE") under the symbol "BIF." As of August 31, 2005, the Fund had 11,327,784 common shares outstanding. The average weekly trading volume of the Fund's common shares on the NYSE during the period from August 1, 2005 through August 31, 2005 was 14,043 shares. As of August 31, 2005, the total net assets of the Fund were approximately $108,438,000, including $20,000,000 in leverage. As of August 31, 2005, the Fund had a bank line of credit in the amount of $20,000,000 (the "Bank Debt") of which it had drawn down $20,000,000. The Bank Debt is used for investment and will be repaid entirely in conjunction with the Offering (defined below) out of the proceeds of the Offering. The Fund's investment advisers are Boulder Investment Advisers, LLC ("BIA") and Stewart West Indies Trading Company, Ltd. d/b/a Stewart Investment Advisers ("SIA"). The address of the Fund and BIA is 1680 38th Street, Suite 800, Boulder, Colorado 80301. The address of SIA is Bellerive, Queen Street, St. Peter, Barbados.

The Offering........	The Fund is offering an aggregate of 1,000 Series M28 AMPS at a purchase price of $25,000 per share plus dividends, if any, that have accumulated from the date the Fund first issues the AMPS (the "Offering"). The AMPS are being offered through a group of underwriters (the "Underwriters") led by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"). The AMPS entitle their holders to receive cash dividends at an annual rate that may vary for successive dividend periods. In general, except as described under "Description of AMPS" and "Dividends and Rate Periods" below, the dividend period for each series of AMPS will be twenty-eight days. Deutsche Bank Trust Company Americas (the "Auction Agent") will determine the dividend rate for any dividend period by an auction conducted on the business day immediately prior to the start of that dividend period. See "The Auction." The AMPS are not listed on an exchange. Instead, investors may buy or sell AMPS at an auction by submitting orders to broker-dealers that have entered into agreements ("Broker-Dealer Agreements") with the Auction Agent ("Broker-Dealers") or to broker-dealers that have entered into separate agreements with a Broker-Dealer. Generally, investors in the AMPS will not receive certificates representing ownership of their shares. The Depository Trust Company or any successor (the "Securities Depository" or "DTC") or its nominee for the account of the investor's Broker-Dealer will maintain record ownership of AMPS in book-entry form. An investor's Broker-Dealer, in turn, will maintain records of that investor's beneficial ownership of AMPS.
Investment Objective and Principal Investment Strategies..........	The Fund's investment objective is total return. The Fund seeks to produce both income and long-term capital appreciation by investing in a portfolio of equity and debt securities. The Fund invests primarily in common stocks, including dividend paying common stocks such as those issued by utilities, real estate investment trusts ("REITs") and regulated investment companies under the Code (as defined below) ("RICs"). The Fund also invests in fixed income securities such as U.S. government securities, preferred stocks and bonds. The Fund invests primarily in securities of U.S.-based companies and to a lesser extent in foreign equity securities and sovereign debt, in each case denominated in foreign currency. The Fund has no restrictions on its ability to invest in foreign securities. The Fund is concentrated in REITs, which means it must invest more than 25% of its total assets in REITs and companies in the real estate industry. No assurance can be given that the Fund will achieve its investment objective. See "Investment Objective and Policies." The Fund is a "non-diversified" investment company, as defined in the 1940 Act, which means that it is permitted to invest its assets in a more limited number of issuers than

"diversified" investment companies. A diversified company may not, with respect to 75% of its total assets, invest more than 5% of its total assets in the securities of any one issuer and may not own more than 10% of the outstanding voting securities of any one issuer. However, pursuant to the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), (A) not more than 25% of the Fund's total assets may be invested in securities of any one issuer (other than U.S. government securities and RICs) or of any two or more issuers controlled by the Fund which may be deemed to be engaged in the same, similar or related trades or businesses, and (B) with respect to 50% of the total value of the Fund's portfolio, (i) the Fund must limit to 5% the portion of its assets invested in the securities of a single issuer (other than U.S. government securities and RICs), and (ii) the Fund may not own more than 10% of the outstanding voting securities of any one issuer (other than U.S. government securities and RICs). The Fund intends to concentrate its common stock investments in a few issuers and to take large positions in those issuers, consistent with being a "non-diversified" fund. As a result, the Fund may be subject to a greater risk of loss than a diversified fund or a fund that has diversified 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 large Fund holdings.

The Fund has adopted a concentration policy pursuant to which it must, under normal market conditions, invest more than 25% of its total assets in REITs or companies in the real estate industry. The Fund must obtain shareholder approval prior to changing this policy. The portion of the Fund's total assets invested in REITs and such other companies will vary based on market conditions, but it is not expected to exceed 50% of total assets. As of August 31, 2005, 29.6% of the Fund's total assets were invested in REITs. Although the Fund can invest in REITs of any size, it currently intends to invest in REITs with market capitalizations of greater than $500 million. Although the Fund generally invests in U.S. REITs, such companies may invest directly or indirectly in non-U.S. properties, and the Fund may make direct investments in foreign REITs. As of August 31, 2005, the Fund owned five foreign REIT securities.

Under the 1940 Act, the Fund must limit to 10% the portion of its assets invested in RICs, and under Subchapter M, no single investment can exceed 25% of the Fund's total assets at the time of purchase. These percentage limitations are calculated at the time of investment, and the Fund is not required to dispose of assets if holdings increase above these levels due to appreciation. As of August 31, 2005, none of the Fund's assets were invested in RICs, and 23.8% of the Fund's total assets were invested in Berkshire Hathaway, Inc. (NYSE: BRK). The Fund has no restrictions on its ability to invest in foreign securities. As of August 31, 2005, 15.9% of the Fund's total assets were invested in foreign securities.

Under normal market conditions, the Fund intends to invest at least 80% of its net assets in common stocks, primarily domestic common stocks and secondarily in foreign common stocks denominated in foreign currencies. The Fund's investments in common stocks may include, but is not limited to, RICs whose objective is income, REITs, and other dividend-paying common stocks. The portion of the Fund's assets that are not invested in common stocks may be invested in fixed income securities, cash equivalents and other income-producing securities. The term "fixed income securities" includes but is not limited to corporate bonds, U.S. government securities, notes, bills, debentures, preferred stocks, convertible securities, bank debt obligations, repurchase agreements and short-term money market obligations.

Under normal circumstances, the Fund will not have more than 10% of its assets in cash or cash equivalents. The Fund may, for temporary defensive purposes, allocate a higher portion of its assets to cash and cash equivalents. For this purpose, cash equivalents consist of, but are not limited to, short-term (less than twelve months to maturity) U.S. government securities, certificates of deposit and other bank obligations, investment grade corporate bonds, other debt instruments and repurchase agreements.

Except for the Fund's investment objective, industry concentration and fundamental investment restrictions as described in this prospectus and in the Statement of Additional Information, the percentage limitations and investment policies set forth in this prospectus can be changed by the Fund's Board of Directors (the "Board") without shareholder approval.

Use of Leverage by the Fund.........The Fund expects to utilize financial leverage on an ongoing basis for investment purposes specifically through the issuance of the AMPS. After completion of the Offering, the Fund anticipates its total leverage from the issuance of AMPS will be approximately 22.1% of the Fund's total assets. This amount may change but the Fund will not incur additional leverage in the form of preferred shares if as a result its total leverage would exceed 50% of the Fund's total assets. Although the Fund may in the future offer other preferred shares, increase the number of AMPS, or incur other indebtedness, which would further leverage the Fund, the Fund does not currently intend to offer preferred shares other than the AMPS offered hereby or to incur indebtedness, other than short-term credits in connection with the settlement of portfolio transactions.

The Fund generally will not utilize leverage if the Advisers anticipate that leverage would result in a lower return to holders of the Fund's common shares over time. Use of financial leverage creates an opportunity for increased returns for the holders of the Fund's common shares but, at the same time, creates the possibility for greater loss (including the likelihood of greater volatility of net asset value and market price of the common shares and of dividends), and there can be no assurance that a leveraging strategy will be successful during any period in which it is employed. Because the fees paid to the Advisers and

Administrator (defined below) will be calculated on the basis of the Fund's managed assets, the fees will be higher when leverage (including the AMPS) is utilized, giving the Advisers an incentive to utilize leverage.

Risk Condsiderations.....The following is a summary of the principal risks of investing in the AMPS. You should read the more extensive discussion in this prospectus under "Risk Factors".

Risks of Investing in the AMPS. The primary risks of investing in the AMPS are:

- |X| If an auction fails you may not be able to sell some or all of your shares.
- |X| Because of the nature of the market for AMPS, you may receive less than the price you paid for your AMPS if you sell them outside of the auction, especially when market interest rates are rising.
- |X| A rating agency could, at any time, downgrade or withdraw its rating assigned to the AMPS without prior notice to the Fund or shareholders. Any downgrading or withdrawal of rating could affect the liquidity of the AMPS in an auction.
- |X| The Fund may be forced to redeem AMPS to meet regulatory or rating agency requirements or may voluntarily redeem your shares in certain circumstances.
- |X| In certain circumstances, the Fund may not earn sufficient income from its investments to pay dividends on the AMPS.
- |X| If interest rates rise, the value of the Fund's investment portfolio will decline, reducing the asset coverage for AMPS.

Leverage Risk. The AMPS leverage creates an opportunity for increased return but, at the same time, will involve special risk considerations. Leveraging resulting from the AMPS will magnify declines as well as increases in the net asset value of the Fund's common stock and in the net return on its portfolio. Although the principal amount of the AMPS will be fixed, the Fund's assets may change in value during the time the AMPS are outstanding, thus increasing exposure to capital risk. To the extent the return derived from the assets obtained with the AMPS proceeds exceeds the interest and other expenses that the Fund will have to pay, the Fund's net return will be greater than if AMPS leverage was not used. Conversely, however, if the return from the assets obtained with the AMPS proceeds is not sufficient to cover the cost of borrowing, the net return of the Fund will be less than if AMPS leverage was not used, and therefore the amount available for distribution to the Fund's shareholders as dividends will be reduced.

Interest Rate Risk. The AMPS pay dividends based on shorter-term interest rates. The Fund presently has invested the proceeds of the Bank Debt in REITs and other dividend paying and income producing securities (collectively, "Income Producing Securities") and anticipates continuing to do so in order to generate sufficient income to pay dividends on the AMPS when due. The dividends and rates paid by the Income Producing Securities can be expected to fluctuate. If short-term interest rates rise, dividend rates on the AMPS will also rise since the auction setting the dividend rate on AMPS will compete for investors with other short-term instruments. A significant increased dividend rate on the AMPS could result in the Fund under-earning its AMPS dividend, which would lead to the AMPS shareholders receiving a return of capital, assuming there are no capital gains to be paid out. Similarly, if the rating agencies lower the rating assigned to the AMPS, the dividend rate on the AMPS will likely increase. The Fund may pay dividends and make other distributions only from legally available funds and must pay all its expenses before it can pay any dividends, including any AMPS dividends.

Risk Associated with Concentrating in REITs. The Fund has adopted an investment policy of concentrating in REITs. Under normal market conditions, the Fund is required to maintain over 25% of its investments in REITs and companies in the real estate industry. The Fund must obtain shareholder approval prior to changing this policy, thus limiting its flexibility to liquidate REITs in the future should market conditions warrant. Since the Fund concentrates its assets in the real estate industry, the Fund's performance will be impacted by the performance of the REIT markets. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural or technological developments. REIT prices also may drop because of the failure of borrowers to pay their loans and poor management. Many REITs utilize leverage, which increases investment risk and could adversely affect a REIT's operations and market value in periods of rising interest rates as well as risks normally associated with debt financing. In addition, there are risks associated with particular sectors of real estate investments (e.g., retail, office, hotel, healthcare and multifamily properties), although the Fund does not intend to focus on any particular sector of real estate investments.

Auction Risk. The dividend rate for the AMPS normally is set through an auction process. In the auction, holders of AMPS may indicate the dividend rate at which they would be willing to hold or sell their AMPS or purchase additional AMPS. The auction also provides liquidity for the sale of AMPS. An auction fails if there are more AMPS offered for sale than there are buyers. You may not be able to sell your AMPS at an auction if the auction fails. A holder of the AMPS therefore can be given no assurance that there will be sufficient clearing bids in any auction or that the holder will be able to sell its AMPS in an auction. Also, if you place bid orders (orders to retain AMPS) at an auction only at a specified dividend rate, and that rate exceeds the rate set at the auction, you will not retain your AMPS. Additionally, if you buy AMPS or elect to retain AMPS without specifying a dividend rate below which you would not wish to buy or continue to hold those AMPS, you could receive a lower rate of return on your AMPS than the market rate. Finally, the dividend periods for the AMPS may be changed by the Fund, subject to certain conditions and with notice to the holders of AMPS, which could also affect the liquidity of your investment.

As noted above, if there are more AMPS offered for sale than there are buyers for those AMPS in any auction, the auction will fail and you may not be able to sell some or all of your AMPS at that time. The relative buying and selling interest of market participants in your AMPS and in the auction rate securities market as a whole will vary over time, and such variations may be affected by, among other things, news relating to the Fund, the attractiveness of alternative investments, the perceived risk of owning the security (whether related to credit, liquidity or any other risk), the tax treatment accorded the instruments, the accounting treatment accorded auction rate securities, including recent clarifications of U.S. generally accepted accounting principles relating to the treatment of auction rate securities, reactions to regulatory actions or press reports, financial reporting cycles and market sentiment generally. Shifts of demand in response to any one or simultaneous particular events cannot be predicted and may be short-lived or exist for longer periods.

Secondary Market Risk. If you try to sell your AMPS between auctions you may not be able to sell any or all of your AMPS or you may not be able to sell them for $25,000 per share or $25,000 per share plus accumulated but unpaid dividends. If the Fund has designated a special dividend period, changes in interest rates could affect the price you would receive if you sold your AMPS in the secondary market. You may transfer AMPS outside of auctions only to or through a Broker-Dealer that has entered into a Broker-Dealer Agreement, or other persons as the Fund permits.

Securities and Exchange Commission Inquiries. Merrill Lynch has advised the Fund that it and various other broker-dealers and other firms that participate in the auction rate securities market received letters from the staff of the Securities and Exchange Commission in the spring of 2004. The letters requested that each of these firms voluntarily conduct an investigation regarding its respective practices and procedures in that market. Pursuant to these requests, Merrill Lynch conducted its own voluntary review and reported its findings to the Securities and Exchange Commission staff. At the staff's request, Merrill Lynch is engaging in discussions with the staff that may lead to a resolution of its inquiry. Neither Merrill Lynch nor the Fund can predict how such a resolution may affect the market for the AMPS or the auctions.

Ratings and Asset Coverage Risk. While it is expected that Moody's will assign a rating of Aaa and Fitch will assign a rating of AAA to the AMPS, such ratings do not eliminate or necessarily mitigate the risks of investing in the AMPS. Moody's or Fitch could downgrade its rating of the AMPS or withdraw its rating of the AMPS at any time, which may make your shares less liquid at an auction or in the secondary market and may materially and adversely affect the value of the AMPS if sold outside an auction. If the Fund fails to satisfy the asset coverage ratios discussed under "Description of AMPS - Rating Agency Guidelines and Asset Coverage," the Fund will be required to redeem, at a time that may not be favorable to the Fund or its shareholders, a sufficient number of the AMPS in order to return to compliance with the asset coverage ratios.

Restrictions on Dividends and Other Distributions. Restrictions imposed on the declaration and payment of dividends or other distributions to the holders of the Fund's common shares and AMPS, by the 1940 Act, Maryland law and by requirements imposed by rating agencies, might impair the Fund's ability to maintain its qualification as a regulated investment company for federal income tax purposes.

General Risks of Investing in the Fund. The Fund is not a complete investment program and should only be considered as an addition to an investor's existing diversified portfolio of investments. Due to uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objectives.

|X| Non-Diversified Status Risk. The Fund is classified as "non-diversified" under the 1940 Act. As a result, it can invest a greater portion of its assets in obligations of a single issuer than a "diversified" fund. The Fund will therefore be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence. The Fund intends to diversify its investments to the extent necessary to qualify, and maintain its status, as a regulated investment company under U.S. federal income tax laws. See "Risk Factors - General Risks of Investing in the Fund" and "Federal Income Tax Matters."

|X| Investments in Common Stocks. The Fund expects to invest, under normal market conditions, in excess of 80% of its assets in publicly traded common stocks. Common stocks generally have greater risk exposure and reward potential over time than bonds. The volatility of common stock prices has historically been greater than bonds, and as the Fund invests primarily in common stocks, the Fund's net asset value may also be volatile. Further, because the time horizon for the Fund's investments in common stock is longer, the time necessary for the Fund to achieve its objective of total return will likely be longer than for a fund that invests solely for income.

|X| Reinvestment Risk. Income from the Fund's portfolio will decline if the Fund invests the income from, or proceeds from the sale of its, Income Producing Securities into lower yielding instruments. A decline

in income could affect the Fund's ability to pay dividends on the AMPS.

|X| Concentration Risk. The Fund intends to concentrate its common stock investments in a few issuers and to take large positions in those issuers, consistent with being a "non-diversified" fund. As a result, the Fund may be subject to a greater risk of loss than a diversified fund or a fund that has diversified 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 large Fund holdings.

|X| Investment in Berkshire Hathaway. The Fund presently has invested a significant percentage of its portfolio in Berkshire Hathaway, Inc. (NYSE: BRK) ("Berkshire"). As of August 31, 2005, the Fund held 310 Berkshire Class A shares, representing 23.8% of the Fund's total assets. The Advisers do not currently intend to liquidate any portion of the Fund's position in Berkshire. Although not an insurance company itself, Berkshire owns Geico Insurance and General Re Insurance, and therefore derives a significant portion of its income, and its value, from these two insurance companies. The insurance business can be significantly affected by interest rates as well as price competition within the industry. In addition, an insurance company may experience significant changes in its year to year operating performance based both on claims paid and on performance of invested assets. Insurance companies can also be affected by government regulations and tax laws, which may change from time to time. A significant decline in the market price of Berkshire or any other company in which the Fund has made a significant common stock investment (i) would result in a significant decline in the Fund's net asset value, (ii) may result in a proportionate decline in the market price of the Fund's common shares, and (iii) may result in greater risk and market fluctuation than a fund that has a more diversified portfolio.

|X| Investments in REITs. The Fund has adopted a concentration policy pursuant to which it must, under normal market conditions, invest more than 25% of its total assets in REITs or companies in the real estate industry. The Fund must obtain shareholder approval prior to changing this policy, thus limiting its flexibility to liquidate REITs in the future should market conditions warrant. Since the Fund will concentrate its assets in the real estate industry, the Fund's performance will be generally linked to performance of the real estate markets. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural or technological developments. REIT prices also may drop because of the failure of borrowers to pay their loans and poor management. Many REITs utilize leverage, which increases investment risk and could adversely affect a

REIT's operations and market value in periods of rising interest rates, as well as risks normally associated with debt financing. In addition, there are risks associated with particular sectors of real estate investments (e.g., retail, office, hotel, healthcare and multifamily properties), although the Fund does not intend to focus on any particular sector of real estate investments.

|X| Leveraging Risk. The Fund is currently leveraged with the Bank Debt which will be replaced with leverage from the AMPS. Use of leverage may have a number of adverse effects on the Fund and its shareholders including: (i) leverage may magnify market fluctuations in the Fund's underlying holdings thus causing a disproportionate change in the Fund's net asset value; (ii) the Fund's cost of leverage may exceed the return on the underlying securities acquired with the proceeds of the leverage, thereby diminishing rather than enhancing the return to shareholders and generally making the Fund's total return to such shareholders more volatile; (iii) the Fund may be required to sell investments in order to meet dividend or interest payments on the debt or preferred stock it has issued when it may be disadvantageous to do so; (iv) leveraging through the issuance of preferred stock requires that the holders of the preferred stock have class voting rights on various matters that could make it more difficult for the holders of the Fund's common stock to change the investment objective or fundamental policies of the Fund, to convert it to an open-end fund or make certain other changes; and (v) the Fund may be forced to redeem some or all of the AMPS at inopportune times due to a decline in market value of Fund investments. Because the fees paid to the Advisers and the Administrator (defined below) will be calculated on the basis of the Fund's managed assets (which equals the aggregate net asset value of the common shares plus the liquidation preference of the AMPS), the fee will be higher when leverage is utilized, giving the Advisers an incentive to utilize leverage.

|X| Discount From Net Asset Value. Common stock of closed-end funds frequently trade at a market price that is less than the value of the net assets attributable to those shares (a "discount"). The possibility that the Fund's shares will trade at a discount from net asset value is a risk separate and distinct from the risk that the Fund's net asset value will decrease. The risk of purchasing shares of a closed-end fund that might trade at a discount or unsustainable premium is more pronounced for investors who wish to sell their shares in a relatively short period of time because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance.

|X| Size of the Fund. As of August 31, 2005, the Fund had total net assets of approximately $108.4 million, including $20 million in leverage. As a fund with a relatively small asset base, the Fund may be subject to

certain operational inefficiencies including: higher expense ratio, less coverage by analysts and the marketplace in general which can contribute to a less active trading market for the Fund's shares and consequently a wider discount, more limited ability to attract new investors and/or take advantage of investment opportunities and less ability to take advantage of lower transaction costs available to larger investors.

|X| Repurchase of the Fund's Common Shares. The Fund is authorized to repurchase its common shares on the open market when the shares are trading at a discount from net asset value as determined by the Board from time to time. The acquisition of common shares by the Fund will decrease the total assets of the Fund and, therefore, have the effect of increasing the Fund's expense ratio and may adversely affect the ability of the Fund to achieve its investment objectives. Furthermore, the acquisition of common shares by the Fund may require the Fund to redeem the AMPS in order to maintain certain asset coverage requirements. To the extent the Fund may need to liquidate investments to fund repurchase of common shares, this may result in portfolio turnover which will result in additional expenses being borne by the Fund.

|X| Dependence on Key Personnel. The Advisers are dependent upon the expertise of Stewart Horejsi in providing advisory services with respect to the Fund's investments. If the Advisers were to lose the services of Mr. Horejsi, their ability to service the Fund could be adversely affected. There can be no assurance that a suitable replacement could be found for Mr. Horejsi in the event of his death, resignation, retirement or inability to act on behalf of the Advisers.

|X| Issuer Risk. The value of the Fund's portfolio may decline for a number of reasons which directly relate to the issuers of the securities in the portfolio, such as management performance, financial leverage and reduced demand for an issuer's goods and services.

|X| Inflation Risk. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund's portfolio can decline.

|X| Repurchase Agreements. The use of repurchase agreements involves certain risks. For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. Finally, it is possible that the Fund may not be able to substantiate its interest in the

underlying securities.

|X| Foreign Securities Risk. The Fund is permitted to invest in foreign securities. Investment in non-U.S. issuers may involve unique risks compared to investing in securities of U.S. issuers. These risks are more pronounced to the extent that the Fund invests a significant portion of its non-U.S. investments in one region or in the securities of emerging market issuers. These risks may include:

- Less information about non-U.S. issuers or markets may be available due to less rigorous disclosure, accounting standards or regulatory practices.

- Many non-U.S. markets are smaller, less liquid and more volatile. In a changing market, the Advisers may not be able to sell the Fund's portfolio securities at times, in amounts and at prices they consider reasonable.

- Currency exchange rates or controls may adversely affect the value of the Fund's investments.

- The economies of non-U.S. countries may grow at slower rates than expected or may experience downturns or recessions.

- Withholdings and other non-U.S. taxes may decrease the Fund's return.

|X| Currency Risk. The Fund currently holds investments in foreign securities and thus a portion of the Fund's assets may be quoted or denominated in non-U.S. currencies. These securities may be adversely affected by fluctuations in relative currency exchange rates and by exchange control regulations. The Fund's investment performance may be negatively affected by a devaluation of a currency in which the Fund's investments are quoted or denominated. Further, the Fund's investment performance may be significantly affected, either positively or negatively, by currency exchange rates because the U.S. dollar value of securities quoted or denominated in another currency will increase or decrease in response to changes in the value of such currency in relation to the U.S. dollar. The Fund does not currently hedge against the potential decline in value of foreign currencies against the U.S. dollar and does not foresee hedging currency risk in the future, though it is not precluded from doing so.

|X| Sovereign debt risk. An investment in debt obligations of non-U.S. governments and their political subdivisions ("sovereign debt") involves special risks that are not present in corporate debt obligations. The non-U.S. issuer of the sovereign debt or the non-U.S. governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Fund may have limited

recourse in the event of a default. During periods of economic uncertainty, the market prices of sovereign debt may be more volatile than prices of debt obligations of U.S. issuers. In the past, certain non-U.S. countries have encountered difficulties in servicing their debt obligations, withheld payments of principal and interest and declared moratoria on the payment of principal and interest on their sovereign debt.

|X| Liquidity Risk. Although the Fund invests primarily in securities traded on national exchanges, it may invest in less liquid assets from time to time that are not readily marketable and may be subject to restrictions on resale. Illiquid securities may be more difficult to value or may impair the Fund's ability to realize the full value of its assets in the event of a voluntary or involuntary liquidation of such assets and thus may cause a decline in the Fund's net asset value. The Fund has no limitation on the amount of its assets that may be invested in securities which are not readily marketable or are subject to restrictions on resale, although it may not invest more than 30% of the value of its total assets in securities which have been acquired through private placement. In certain situations, the Fund could find it more difficult to sell such securities at desirable times and/or prices.

|X| Market Disruption Risk. The terrorist attacks in the United States on September 11, 2001 had a disruptive effect on the securities markets. The Fund cannot predict the effects of similar events in the future on the U.S. economy. These terrorist attacks and related events, including the war in Iraq, its aftermath, and continuing occupation of Iraq by coalition forces, have led to increased short-term market volatility and may have long-term effects on U.S. and world economies and markets. A similar disruption of the financial markets could impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to the AMPS.

|X| Anti-Takeover Provisions Risk. The Fund's charter (the "Charter") and bylaws (the "Bylaws") include provisions that could limit the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board. Such provisions could limit the ability of shareholders to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. These provisions include advance notice requirements for shareholder proposals and super-majority voting requirements for certain transactions with affiliates, open-ending the Fund or a merger, liquidation, asset sale or similar transaction.

Investment Advisers. The Fund is co-advised by Boulder Investment Advisers, LLC and Stewart West Indies Trading Company, Ltd. d/b/a Stewart Investment Advisers. The Advisers have been providing advisory services to the Fund since January 2002, and to

Boulder Total Return Fund, Inc. since March 1999. As of August 31, 2005, the Advisers had a total of $456 million in assets under management. The Fund pays the Advisers an aggregate monthly fee at the annual rate of 1.25% of the Fund's average monthly net asset value (the "Adviser Fee"). The liquidation value of any outstanding preferred stock (e.g., the AMPS) is included in determining the Fund's net asset value on which fees are calculated. The Fund's co-administrator is Fund Administrative Services, LLC ("FAS" or the "Administrator") which is an affiliate of the Advisers. FAS receives 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 assets over $400 million. FAS has agreed to waive a portion of its fee in order to limit the Fund's the total monthly administration expenses (including administration, co-administration, transfer agent and custodian fees) to 0.30% of the Fund's average monthly net assets.

Trading Market..... The AMPS will not be listed on an exchange. Instead, you may buy or sell the AMPS at an auction that normally is held every twenty-eight days by submitting orders to a Broker-Dealer or to a broker-dealer that has entered into a separate agreement with a Broker-Dealer. In addition to the auctions, Broker-Dealers and other broker-dealers may maintain a secondary trading market in the AMPS outside of auctions but may discontinue this activity at any time. There is no assurance that a secondary market will provide holders of AMPS with liquidity. You may transfer AMPS outside of auctions only to or through a Broker-Dealer or a broker-dealer that has entered into a Broker-Dealer Agreement, or other persons as the Fund permits.

The table below shows the first auction date for the AMPS and the day on which the subsequent auctions will normally be held. The first auction date for the AMPS will be the business day before the dividend payment date for the initial dividend period for the AMPS. The start date for subsequent dividend periods normally will be the business day following the auction date unless the then current dividend period is a special dividend period, or the day that normally would be the auction date or the first day of the subsequent dividend period is not a business day.

Series	First Auction Date	Subsequent Auction Day
Series M28....	November 14, 2005	Every fourth Monday

Dividends and Rate Periods........The table below shows the initial dividend rate, the dividend payment date for the initial rate period, the subsequent dividend payment day and the number of days for the initial rate period of the AMPS offered in this prospectus. For subsequent rate periods, the AMPS will pay dividends based on a rate set at auctions normally held every 28 days. In most instances, dividends are payable on the first business day following the end of the rate period.

The rate set at auction will not exceed the maximum applicable rate. The dividend payment date for special rate periods will be set out in the notice designating a special rate period.

Dividends on the AMPS will be cumulative from the date the AMPS are first issued and will be paid out of legally available funds.

AMPS	Initial Dividend Rate	Dividend Payment Date for Initial Rate Period	Subsequent Dividend Payment Day	Number of Days in I Rate Period
Series M28	3.85%	November 15,2005	Every fourth Tuesday	29

The Fund may, subject to certain conditions, designate special dividend periods of more than 28 days. The Fund may not designate a special dividend period unless sufficient clearing bids were made in the most recent auction for the AMPS. In addition, full cumulative dividends, any amounts due with respect to mandatory redemptions and any additional dividends payable prior to such date must be paid in full. The Fund also must have received confirmation from Moody's and Fitch or any substitute rating agency that the proposed special dividend period will not adversely affect such agency's then-current rating on the AMPS and the lead Underwriter designated by the Fund, initially Merrill Lynch, must not have objected to the declaration of a special dividend period. See "Description of AMPS - Dividends and Rate Periods" and "Designation of Special Dividend Periods" and "The Auction".

The AMPS will entitle their holders to receive cash dividends at a rate per annum that may vary for the successive dividend periods for such shares. The applicable rate for a particular dividend period will be determined by an auction conducted on the business day immediately preceding the start of such dividend period. A "business day" is a day on which the NYSE is open for trading and which is not a Saturday, Sunday or other day on which banks in New York City are authorized or obligated by law to close.

Determination of Maximum Applicable Rate. Generally, the applicable rate for any regular dividend period for the AMPS will not be more than the maximum applicable rate. The maximum applicable rate will depend on the credit rating assigned to the AMPS and on the duration of the dividend period. The maximum applicable rate will be the higher of the applicable percentage of the reference rate or the applicable spread plus the reference rate. The reference rate (the "Reference Rate") is the applicable LIBOR Rate (as defined in "Description of AMPS - Dividends and Rate Periods - Determination of Maximum Applicable Rate") for a dividend period of fewer than 365 days or the applicable Treasury Index Rate (as defined in "Description of AMPS - Dividends and Rate Periods - Determination of Maximum Applicable Rate") for a dividend period of 365 days or more. The applicable percentage or applicable spread as so determined is further subject to upward but not downward adjustment in the discretion of the Board after consultation with the lead underwriter, initially Merrill Lynch. In the case of a special dividend period, the maximum applicable rate will be specified by the Fund in the notice of the special dividend period for such special dividend payment period.

The applicable percentage and spread are as follows:

Applicable Percentage Payment Table

Credit Ratings: Moody's	Credit Ratings: Fitch	Applicable Percentage	Applicable Spread
Aaa	AAA	125%	1.25%
Aa3 to Aa1	AA- to AA+	150%	1.50%
A3 to A1	A- to A+	200%	2.00%
Baa3 to Baa1	BBB- to BBB+	250%	2.50%
Ba1 and lower	BB+ and lower	300%	3.00%

There is no minimum applicable rate in respect of any dividend period. See "Description of AMPS - Dividends and Rate Periods."

Assuming the Fund maintains a Aaa/AAA rating on the AMPS, the practical effect of the different methods used to calculate the maximum applicable rate is shown in the table below:

Reference Rate	Maximum Applicable Rate Using the Applicable Percentage	Maximum Applicable Rate Using the Applicable Spread	Method Used to Determine the Maximum Applicable Rate
1%	1.25%	2.25%	Spread
2%	2.50%	3.25%	Spread
3%	3.75%	4.25%	Spread
4%	5.00%	5.25%	Spread
5%	6.25%	6.25%	Either
6%	7.50%	7.25%	Percentage

Prior to each dividend payment date, the Fund is required to deposit with the Auction Agent sufficient funds for the payment of declared dividends. The failure to make such a

	deposit will result in the cancellation of any auction and the dividend rate will be the 5% maximum applicable rate until such failure to deposit is cured or, if not timely cured, a non-payment rate of 300% of the Reference Rate. The Fund does not intend to establish any reserves for the payment of dividends.
Ratings...........	The AMPS.are expected to receive ratings of Aaa from Moody's and AAA from Fitch. These ratings are an assessment of the capacity and willingness of an issuer to pay preferred stock obligations. The ratings are not a recommendation to purchase, hold or sell the AMPS inasmuch as the rating does not comment as to market price or suitability for a particular investor. The ratings also do not address the likelihood that an owner of AMPS will be able to sell such shares in an auction or otherwise. The ratings are based on information obtained from the Fund and other sources. The ratings may be changed, suspended, or withdrawn in the rating agencies' discretion as a result of changes in, or the unavailability of, such information. See "Description of AMPS - Rating Agency Guidelines and Asset Coverage."
Redemption.........	The Fund is required to redeem AMPS if the Fund does not meet the asset coverage ratio required by the 1940 Act, or to correct a failure to meet a rating agency guideline in a timely manner. The Fund may voluntarily redeem AMPS, in whole or in part, subject to certain conditions. See "Description of AMPS - Redemption" and "Description of AMPS - Rating Agency Guidelines and Asset Coverage."
Asset Maintenance...	Under the Articles Supplementary, which establish and fix the rights and preferences of the AMPS, the Fund must maintain asset coverage of the AMPS as required by the rating agency or agencies rating the AMPS (the "Preferred Stock Basic Maintenance Amount"). The Preferred Stock Basic Maintenance Amount is the sum of (a) the aggregate liquidation preference of the AMPS then outstanding, together with the aggregate liquidation preference on any other series of preferred shares of the Fund (plus redemption premium, if any) and (b) certain accrued and projected dividend and other payment obligations of the Fund. Moody's and Fitch have each established separate guidelines for calculating discounted value of the Fund's assets for purposes of this asset coverage test. To the extent any particular portfolio holding does not satisfy a rating agency's guidelines, all or a portion of the holding's value will not be included in the rating agency's calculation of discounted value. The Moody's and Fitch guidelines also impose certain diversification requirements on the Fund's portfolio. As required by the 1940 Act, the Fund must also maintain asset coverage of at least 200% with respect to outstanding senior securities that are preferred stock, including the AMPS (the "1940 Act Asset Coverage"). In the event that the Fund does not satisfy these coverage tests, some or all of the AMPS will be subject to mandatory

	redemption. See "Description of AMPS - Redemption." Based on the composition of the Fund's portfolio as of August 31, 2005, the asset coverage of the AMPS, as measured pursuant to the 1940 Act, would be approximately 452% if the Fund were to issue AMPS representing approximately 22.1% of the Fund's managed assets.
Mandatory Redemption.........	If the Preferred Stock Basic Maintenance Amount or the 1940 Act Asset Coverage is not maintained or restored as specified herein, the AMPS will be subject to mandatory redemption, out of funds legally available therefor, at the mandatory redemption price of $25,000 per share plus an amount equal to dividends accumulated thereon (whether or not earned or declared) but unpaid to the date fixed for redemption. Any such redemption will be limited to the minimum number of AMPS necessary to restore the Preferred Stock Basic Maintenance Amount or the 1940 Act Asset Coverage, as the case may be. The Fund's ability to make such a mandatory redemption may be restricted by the provisions of the 1940 Act.
Optional Redemption.	The AMPS are redeemable at the option of the Fund, as a whole or in part, on any dividend payment date (except on an initial dividend payment date or a special dividend period with respect to which the Fund has agreed not to redeem AMPS voluntarily (a "Non-Call Period")) at the optional redemption price of $25,000 per share, plus an amount equal to dividends thereon (whether or not earned or declared) accumulated but unpaid to the date fixed for redemption plus the premium, if any, resulting from the designation of a Premium Call Period. A "Premium Call Period" is a period during which AMPS are only redeemable at the option of the Fund at a price per share equal to $25,000 plus accumulated but unpaid dividends, plus a premium determined by the Fund, after consultation with the Auction Agent and the Broker-Dealers.
Liquidation Preference.........	The liquidation preference for the AMPS will be $25,000 per share plus accumulated but unpaid dividends, if any, whether or not declared. See "Description of AMPS - Liquidation."
Voting Rights......	The holders of preferred shares, including the AMPS, voting as a separate class, have the right to elect at least two Directors of the Fund at all times. Such holders also have the right to elect a majority of the Directors in the event that two years' dividends on such preferred shares are unpaid. In each case, the remaining Directors will be elected by holders of common shares and preferred shares, including the AMPS, voting together as a single class. The holders of preferred shares, including the AMPS, will vote as a separate class or classes on certain other matters required under the Articles Supplementary and the 1940 Act.

The holders of preferred shares, including the AMPS, will generally vote together with the holders of common shares as a single class on all other matters submitted to stockholders. See "Description of AMPS - Voting Rights."

Auction Procedure...Unless otherwise permitted by the Fund, investors may only participate in auctions through their Broker-Dealers. The process for determining the applicable rate on the AMPS described in this section is referred to as the "Auction Procedures" and each setting of the applicable rate is referred to as an "auction."

Prior to the submission deadline on each auction date each customer of a Broker-Dealer who is listed on the records of that Broker-Dealer (or, if applicable, the Auction Agent) as a beneficial owner of such shares may submit the following types of orders with respect to shares to that Broker-Dealer:

1. Hold Order - indicating its desire to hold shares without regard to the applicable rate for the next dividend period.

2. Bid - indicating its desire to purchase or hold the indicated number of shares at $25,000 per share if the applicable rate for shares for the next dividend period is not less than the rate specified in the bid. A bid order by an existing holder will be deemed an irrevocable offer to sell shares at $25,000 per share if the applicable rate for shares for the next dividend period is less than the rate specified in the bid.

3. Sell Order - indicating its desire to sell shares at $25,000 per share without regard to the applicable rate for the next dividend period.

A beneficial owner may submit different types of orders to its Broker-Dealer with respect to different AMPS then held by the beneficial owner. A beneficial owner of such shares that submits its bid with respect to such shares to its Broker-Dealer having a rate higher than the maximum applicable rate for such shares on the auction date will be treated as having submitted a sell order to its Broker-Dealer. A beneficial owner of shares that fails to submit an order to its Broker-Dealer with respect to such shares will ordinarily be deemed to have submitted a hold order with respect to such shares to its Broker-Dealer. However, if a beneficial owner of shares fails to submit an order with respect to such shares to its Broker-Dealer for an auction relating to a special dividend period of more than 91 days, such beneficial owner will be deemed to have submitted a sell order to its Broker-Dealer. A sell order constitutes an irrevocable offer to sell the AMPS subject to the sell order. A beneficial owner that offers to become the beneficial owner of additional AMPS is, for purposes of such offer, a potential holder as discussed below.

A potential holder is a customer of a Broker-Dealer that either (i) is not a beneficial owner of AMPS but wishes to purchase shares or (ii) is a beneficial owner of AMPS that wishes to purchase additional shares. A potential holder may submit bids to its Broker-Dealer in which it offers to purchase shares at $25,000 per share if the applicable rate for shares for the next dividend period is not less than the specified rate in such bid. A bid placed by a potential holder of shares specifying a rate higher than the maximum applicable rate for shares on the auction date will not be accepted.

The Broker-Dealers in turn will submit the orders of their respective customers who are beneficial owners and potential holders to the Auction Agent. The Broker-Dealers will designate themselves (unless otherwise permitted by the Fund) as existing holders of shares subject to orders submitted or deemed submitted to them by beneficial owners. They will designate themselves as potential holders of shares subject to orders submitted to them by potential beneficial owners. However, neither the Fund nor the Auction Agent will be responsible for a Broker-Dealer's failure to comply with these Auction Procedures. Any order placed with the Auction Agent by a Broker-Dealer as or on behalf of an existing holder or a potential holder will be treated as an order placed with a Broker-Dealer by a beneficial owner or potential beneficial owner. Similarly, any failure by a Broker-Dealer to submit to the Auction Agent an order for any AMPS held by it or customers who are beneficial owners will be treated as a beneficial owner's failure to submit to its Broker-Dealer an order in respect of AMPS held by it. A Broker-Dealer may also submit orders to the Auction Agent for its own account as an existing holder or potential holder, provided that the Broker-Dealer is not an affiliate of the Fund.

There are sufficient clearing bids for shares in an auction if the number of shares subject to bids submitted to the Auction Agent by Broker-Dealers for potential holders with rates or spreads equal to or lower than the maximum applicable rate is at least equal to or exceeds the sum of the number of shares subject to sell orders and the number of shares subject to bids specifying rates or spreads higher than the maximum applicable rate submitted or deemed submitted to the Auction Agent by Broker-Dealers for existing holders. If there are sufficient clearing bids for shares, the applicable rate for shares for the next succeeding dividend period thereof will be the lowest rate specified in the submitted bids which, taking into account such rate and all lower rates bid by Broker-Dealers as or on behalf of existing holders and potential holders, would result in existing holders and potential holders owning the shares available for purchase in the auction.

If there are not sufficient clearing bids for such shares, the applicable rate for the next dividend period will be the maximum applicable rate on the auction date. However, if the Fund has declared a special dividend period and there are not sufficient clearing bids, the election of a special dividend period will not be effective and the applicable rate for the next rate period will be the same as during the current rate period. If there are not sufficient clearing bids, beneficial owners of AMPS that have submitted or are deemed to have submitted sell orders may not be able to sell in the auction all shares subject to such sell orders. If all of the applicable outstanding AMPS are the subject of submitted hold orders, then the dividend period following the auction will automatically be the same length as the minimum dividend period and the applicable rate for the next dividend period will be 90% of the Reference Rate on the date of the applicable auction.

The Auction Procedures include a pro rata allocation of shares for purchase and sale which may result in an existing holder continuing to hold or selling, or a potential holder purchasing, a number of AMPS that is different than the number of shares specified in its order. To the extent the allocation procedures have that result, Broker-Dealers that have designated themselves as existing holders or potential holders in respect of customer orders will be required to make appropriate pro rata allocations among their respective customers.

The following is a simplified example of how a typical auction works. Assume that the Fund has 1,000 outstanding AMPS and three current holders. The three current holders and three potential holders submit orders through broker-dealers at the auction:

Holder	Goal	Action
Current Holder A...........	Owns 500 shares, wants to sell all 500 shares if auction rate is less than 4.1%	Bid order of 4.1% rate for all 500 shares
Current Holder B...........	Owns 300 shares, wants to hold	Hold order - will take the auction rate
Current Holder C...........	Owns 200 shares, wants to sell all 200 shares if auction rate is less than 3.9%	Bid order of 3.9% rate for all 200 shares
Potential Holder D.........	Wants to buy 200 shares	Places order to buy at or above 4.0%
Potential Holder E.........	Wants to buy 300 shares	Places order to buy at or above 3.9%
Potential Holder F.........	Wants to buy 200 shares	Places order to buy at or above 4.1%

The lowest dividend rate that will result in all 1,000 AMPS in the above example continuing to be held is 4.0% (the offer by D). Therefore, the dividend rate will be 4.0%. Current holders B and C will continue to own their shares. Current holder A will sell its shares because A's dividend rate bid was higher than the dividend rate. Potential holder D will buy 200 shares and potential holder E will buy 300 shares because their bid rates were at or below the dividend rate. Potential holder F will not buy any shares because its bid rate was above the dividend rate.

Federal Income Taxation..........The Fund intends to take the position that under present law, the AMPS will constitute stock of the Fund. Distributions with respect to the AMPS (other than distributions in redemption of the AMPS that are treated as exchanges of stock under Section 302(b) of the Code) will constitute dividends to the extent of the Fund's current or accumulated earnings and profits as calculated for U.S. federal income tax purposes. The dividends generally will be taxable as ordinary income. Distributions of net capital gain that are designated by the Fund as capital gain dividends, if any, however, will be treated as long-term capital gains without regard to the length of time the shareholder has held shares of the Fund.

Administrator, Custodian, Transfer Agent, Registrar and Dividend Disbursing Agent..............Fund Administrative Services, LLC ("FAS") serves as the Fund's co-administrator. Under its Administration Agreement with the Fund, 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 other administrative tasks.

Under the Administration Agreement, FAS receives 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 assets over $400 million. FAS has agreed to waive a portion of its fee in order to limit the Fund's the total monthly administration expenses (including administration, co-administration, transfer agent and custodian fees) to 0.30% of the Fund's average monthly net assets. The equity owners of FAS are Evergreen Atlantic, LLC and the Lola Brown Trust No. 1B, each of which is considered to be an "affiliated person" of the Fund as that term is defined in the 1940 Act.

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 of 0.058% annually (or a minimum of $10,500 per month), which are accrued daily and paid monthly.

PFPC Inc. ("PFPC"), an indirect, majority-owned subsidiary of PNC Financial Services Group, Inc., serves as the Fund's transfer agent, dividend-paying agent and registrar for the Fund's common stock. As compensation for PFPC's services as such, the Fund pays PFPC a monthly fee plus certain out-of-pocket expenses.

Deutsche Bank Trust Company Americas will serve as Auction Agent, transfer agent, dividend paying agent and registrar for the AMPS.

FINANCIAL HIGHLIGHTS

The table below sets forth selected financial data, including operating performance data, total investment returns, ratios to average net assets and other supplemental data, for a share of the Fund's common stock outstanding throughout the period presented. The per share operating performance and ratios for the period ending June 30, 2001 and prior years were audited by the Fund's previous independent registered public accounting firm. The per share operating performance and ratios for the periods ended June 30, 2002, November 30, 2002, 2003 and 2004 were audited by KPMG LLP, the Fund's independent registered public accounting firm, as stated in their report which is incorporated by reference into the Statement of Additional Information. The following information should be read in conjunction with the Financial Statements and Notes thereto, which are incorporated by reference into the Statement of Additional Information.

	Six Months Ended May 31, 2005 (Unaudited)	Year Ended November 30, 2004	Year Ended November 30, 2003	Five Month Period Ended November 30, 2002(b)	
OPERATING PERFORMANCE:					
Net asset value, beginning of period	$7.58	$6.65	$6.59	$7.15	$8.
Net investment income/(loss)	0.07	0.01	(0.03)	0.02	0.5
Net realized and unrealized gain/(loss) on investments	0.03	0.95	1.23	(0.58)	(1.
Total from investment operations	0.10	0.96	1.20	(0.56)	(0.
DISTRIBUTIONS:					
Dividends paid from net investment income to shareholders	--	(0.03)	(0.07)	--	(0.
Total distributions	--	(0.03)	(0.07)	--	(0.
Dilutive Impact of Rights Offering++	--	--	(1.07)	--	--
Net asset value, end of period	$7.68	$7.58	$6.65	$6.59	$7.
Market value, end of period	$6.51	$6.63	$5.50	$5.22	$6.
Total investment return based on net asset value(a,c)	1.32%	14.44%	2.37%	(7.83)%	(11

Total investment return based on market value(a,c)	(1.81)%	21.02%	6.89%	(23.01)%	(14
RATIOS AND SUPPLEMENTAL DATA:					
Ratio of operating expenses to average net assets	1.98%+++	2.00%	1.93%	4.40%+++	1.9
Ratio of operating expenses to average net assets without fee waivers	2.03%+++	2.06%	--	--	--
Ratio of operating expenses including interest expense to average net assets	2.62%+++	2.38%	2.30%	--	--
Ratio of net investment income to average net assets	1.44%+++	0.01%	0.08%	0.79%+++	6.9
SUPPLEMMENTAL DATA:					
Portfolio turnover rate	8%	33%	40%	21%	180
Net assets, end of period (in 000's)	$86,988	$85,896	$75,286	$37,309	$40
Number of shares outstanding at the end of period (in 000's)	11,328	11,328	11,328	5,664	5,6

(a) Assumes reinvestment of distributions at the price obtained by the Fund's Dividend Reinvestment Plan.

(b) Fiscal year-end changed to November 30. Prior to this, the fiscal year ended June 30.

(c) Total return is not annualized for periods less than one year.

\+ For the years ended June 30, 2002, 2001, and 2000, the ratio of expenses to average net assets excluding the costs attributable to a proxy contest and related matters was 1.65%, 1.26% and 1.55%, respectively.

++ The Rights Offering was fully subscribed at a subscription price of $4.34 for 5,663,892 shares which equals $24,581,291 in gross proceeds. The Rights Offering had a $(1.06) NAV impact and the $159,614 of expenses associated with the Rights Offering had a $(0.01) NAV impact.

+++ Annualized.

The information above represents the operating performance data for a common share outstanding, total investment return, ratios to average net assets and other supplemental data for the period indicated. This information has been determined based upon financial information provided in the financial statements and market value data for the Fund's common shares.

As of August 31, 2005, the Fund had a bank line of credit in the amount of $20,000,000 (defined above as the "Bank Debt") of which it had drawn down $20,000,000. The Bank Debt is used for investment and will be repaid entirely in conjunction with the Offering out of the proceeds of the Offering. The following table depicts the outstanding Bank Debt as of August 31, 2005 and end of each fiscal year within the most recent 10 years during which the Fund had the Bank Debt or any other bank debt outstanding.

Year	Total Amount Outstanding Exclusive of Treasury Securities	Asset Coverage of Outstan Debt
11/30/2003	$20,000,000	4.79
11/30/2004	$18,000,000	5.80
8/31/2005	$20,000,000	5.42

THE FUND

The Fund is a non-diversified, closed-end management investment company organized as a Maryland corporation in October 1972. From its inception, and prior to April 26, 2002, the Fund was named USLife Income Fund, Inc. and was virtually 100% invested in corporate bonds. In January 2002, the Fund's largest shareholder, the Ernest Horejsi Trust No. 1B, succeeded in replacing the Board of Directors with a slate of its nominees. Soon thereafter, in April 2002, shareholders approved changing the Fund's investment objective and corporate name, changing the Fund's classification from diversified to non-diversified and changing or eliminating a number of the Fund's fundamental investment restrictions. Thereafter, the Fund began the process of liquidating its corporate bond portfolio and started investing in common equities consistent with the new investment objective.

As of August 31, 2005, the Fund had 11,327,784 shares of common stock outstanding. The Fund's common shares are traded on the NYSE under the symbol "BIF." The average weekly trading volume of the Fund's common stock on the NYSE during the period from August 1, 2005 through August 31, 2005 was 14,043 shares. As of August 31, 2005, the total net assets of the Fund, including leverage, were approximately $108.4 million.

The following provides information about the Fund's outstanding shares as of August 31, 2005:

Title of Class	Amount Authorized	Amount held by the Fund or for its Account	A Outs
Common Shares.........................	250,000,000	0	11,
AMPS..................................	0	0	

USE OF PROCEEDS

The net proceeds of the Offering will be approximately $24,555,000 after payment of offering expenses and sales load estimated to be $445,000. Approximately $20,000,000 of the net proceeds will be used to redeem the Bank Debt (which has an interest rate of 4.64% and matures on demand), with the balance being invested in accordance with the Fund's investment objective and policies as soon as practicable. The Fund anticipates that it will be able to invest substantially all of such net proceeds within approximately three months after completion of this offering. Pending such investment, the Fund anticipates investing the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations or money market instruments.

CAPITALIZATION (UNAUDITED)

The Fund's Charter authorizes the issuance of 250,000,000 shares of common stock, par value $0.01 per share. The Board has authorized the reclassification of up to 10,000 of these shares in one or more series of preferred stock designated as AMPS, of which 1,000 will be reclassified as AMPS and issued in connection with this Offering. In 2002, Fund shareholders approved an amendment to the Fund's Charter which authorizes the Board, without shareholder approval, to increase the Fund's authorized capital. Pursuant to such amendment, and in connection with a rights offering in 2002, the Board resolved to increase the authorized capital of the Fund to its current level.

The following table sets forth the capitalization of the Fund as of August 31, 2005, and as adjusted to give effect to the issuance of the AMPS offered hereby assuming the Fund issues 1,000 of the AMPS representing approximately 22.1% of the Fund's total assets (including estimated offering expenses of $195,000 and a sales load of $250 per AMPS). The common shareholders' paid in capital is charged with the cost of issuance of the AMPS.

Title of Class	Actual	As Adjusted
AMPS, $0.01 par value, $25,000 stated value per share, at liquidation value, including dividends payable; no shares issued; 1,000 shares issued, as adjusted	$0	$25,000,000
Shareholder's Equity:		
Common shares, $0.01 par value per share; 24,999,000 shares authorized, 11,327,784 shares outstanding (1)	$113,278	$113,278
Undistributed net investment income	$818,105	$818,105
Accumulated net realized gain/loss on investments	$(8,023,999)	$(8,023,999)
Net unrealized appreciation/depreciation on investments	$13,168,217	$13,168,217
Paid in Capital in excess of par value of common shares	$82,326,370	$81,917,370
Net assets attributable to common shares	$88,437,971	$87,992,971
Net assets, plus liquidation preferences of AMPS	$88,437,971	$112,992,971

(1) None of these outstanding shares are held by or for the account of the Fund.

INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The Fund's investment objective is total return. The Fund seeks to produce both income and long-term capital appreciation by investing in a portfolio of equity and debt securities. The Fund invests primarily in common stocks, including dividend paying common stocks such as those issued by utilities, REITs and closed-end RICs. The Fund also invests in fixed income securities such as U.S. government securities, preferred stocks and bonds. The Fund invests primarily in securities of U.S.-based companies and to a lesser extent in foreign equity securities and sovereign debt, in each case denominated in foreign currency. The Fund has no restrictions on its ability to invest in foreign securities. The Fund is concentrated in REITs which means it must invest more than 25% of its total assets in REITs and companies in the real estate industry. No assurance can be given that the Fund will achieve its investment objective.

Investment Policies

The Fund is a "non-diversified" investment company, as defined in the 1940 Act, which means that it is permitted to invest its assets in a more limited number of issuers than "diversified" investment companies. A diversified company may not, with respect to 75% of its total assets, invest more than 5% of its total assets in the securities of any one issuer and may not own more than 10% of the outstanding voting securities of any one issuer. However, pursuant to the requirements of Subchapter M of the Code, (A) not more than 25% of the Fund's total assets may be invested in securities of any one issuer (other than U.S. government securities and RICs) or of any two or more issuers controlled by the Fund which may be deemed to be engaged in the same, similar or related trades or businesses, and (B) with respect to 50% of the total value of the Fund's portfolio, (i) the Fund must limit to 5% the portion of its assets invested in the securities of a single issuer (other than U.S. government securities and RICs), and (ii) the Fund may not own more than 10% of the outstanding voting securities of any one issuer (other than U.S. government securities and RICs). The Fund intends to concentrate its common stock investments in a few issuers and to take large positions in those issuers, consistent with being a "non-diversified" fund. As a result, the Fund may be subject to a greater risk of loss than a diversified fund or a fund that has diversified 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 large Fund holdings.

As a matter of investment policy, the Fund is concentrated in REITs, which means it must, under normal market conditions, invest more than 25% of its total assets in REITs or companies in the real estate industry. The Fund must obtain shareholder approval prior to changing this policy. The portion of the Fund's assets invested in REITs and such other companies will vary based on market conditions, but it is not expected to exceed 50% of total assets. As of August 31, 2005, 29.6% of the Fund's total assets were invested in REITs. Although the Fund can invest in REITs of any size, it currently intends to invest in REITs with market capitalizations of greater than $500 million. Although the Fund generally invests in U.S. REITs, such companies may invest directly or indirectly in non-U.S. properties, and the Fund may make direct investments in foreign REITs. The Fund presently owns one foreign REIT security.

Under normal market conditions, the Fund intends to invest at least 80% of its net assets in common stocks, primarily domestic common stocks and secondarily in foreign common stocks denominated in foreign currencies. The

Fund's investments in commons stocks may include, but is not limited to, RICs whose objective is income, REITs, and other dividend-paying common stocks. Under the 1940 Act, the Fund must limit to 10% the portion of its assets invested in RICs, and under Subchapter M, no single investment can exceed 25% of the Fund's total assets at the time of purchase. These percentage limitations are calculated at the time of investment, and the Fund is not required to dispose of assets if holdings increase above these levels due to appreciation. As of August 31, 2005, none of the Fund's assets were invested in RICs, and 23.8% of the Fund's total assets were invested in Berkshire Hathaway, Inc. Class A shares. The Fund has no restrictions on its ability to invest in foreign securities. As of August 31, 2005, 15.9% of the Fund's total assets were invested in foreign securities.

The portion of the Fund's assets that are not invested in common stocks may be invested in fixed income securities (including bonds, U.S. government securities, notes, bills, debentures, preferred stocks, convertible securities, bank debt obligations, repurchase agreements and short-term money market obligations), cash equivalents and income-producing common stocks. Under normal circumstances, the Fund will not have more than 10% of its assets in cash or cash equivalents. The Fund may, for temporary defensive purposes, allocate a higher portion of its assets to cash and cash equivalents. For this purpose, cash equivalents consist of, but are not limited to, short-term (less than twelve months to maturity) U.S. government securities, certificates of deposit and other bank obligations, investment grade corporate bonds other debt instruments and repurchase agreements.

The Fund is also subject to the following fundamental policies, which may only be changed with shareholder approval. The Fund may not:

1. Issue any senior securities except as permitted under the 1940 Act.

2. Invest in the securities of companies conducting their principal business activity in the same industry if, immediately after such investment, the value of its investments in such industry would exceed 25% of the value of its total assets; provided that this limitation will not apply to REITs or related companies in the same industry as REITs.

3. Participate on a joint or a joint and several basis in any trading account in securities, except that the Fund may, to the extent permitted by rules, regulations or orders of the Securities and Exchange Commission, combine orders with others for the purchases and sales of securities in order to achieve the best overall execution.

4. Purchase or sell interests in oil, gas or other mineral exploration or development programs.

5. Purchase or sell real estate, except that the Fund may purchase or sell interests in REITs and securities secured by real estate or interests therein issued by companies owning real estate or interests therein.

6. Purchase or sell commodities or commodity contracts.

7. Make loans other than through the purchase of debt securities in private placements and the loaning of portfolio securities.

8. Borrow money in an amount exceeding the maximum permitted under the 1940 Act.

9. Underwrite securities of other issuers, except insofar as it may be

deemed to be an underwriter in selling a portfolio security which may require registration under the Securities Act of 1933, as amended (the "Securities Act").

10. Invest more than 30% of the value of its total assets in securities which have been acquired through private placements.

11. Purchase or retain the securities of any issuer, if, to the Fund's knowledge, those officers and directors of the Fund or its investment advisers who individually own beneficially more than 1/2 of 1% of the outstanding securities of such issuer, together own beneficially more than 5% of such outstanding securities.

12. Pledge, mortgage or hypothecate its assets except in connection with permitted borrowing and to the extent related to transactions in which the Fund is authorized to engage.

Except for the Fund's investment objective, industry concentration and fundamental investment restrictions as described in this prospectus and in the Statement of Additional Information, the percentage limitations and investment policies set forth in this prospectus can be changed by the Board without shareholder approval.

Other Investment Techniques

The Fund may engage in other types of transactions, including, but not limited to, investment in restricted and illiquid securities, repurchase agreements, when-issued and forward commitment transactions, borrowing, securities lending and other transactions. For a description of such types of transactions, see "Investment Policies and Techniques" and "Other Investment Policies and Techniques" in the Statement of Additional Information.

INVESTMENT PHILOSOPHY

Common Stocks

With respect to the