



BLUECHIP VALUE FUND

**Annual Report
to Stockholders**

December 31, 2009

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If you would like to receive monthly portfolio composition and characteristic updates, press releases and financial reports electronically as soon as they are available, please send an e-mail to blu@denvest.com and include your name and e-mail address. You will still receive paper copies of any required communications and reports in the mail. This service is completely voluntary and you can cancel at any time by contacting us via e-mail at blu@denvest.com or toll-free at 1-800-624-4190.

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INVESTMENT ADVISER'S COMMENTARY

Dear Fellow Stockholders:

February 10, 2010

For the year ended December 31, 2009, the Blue Chip Value Fund, Inc.'s net asset value was up 33.9% while the S&P 500 Index, the Fund's benchmark index was up 26.5% and the Fund's peer group index, the Lipper Large Core Index was up 28.15%. The Fund's portfolio returns benefitted from financial leverage and good stock selection.

We believe the financial crisis of 2008-2009 has abated and 2010 should be a year of economic progress and further stock market gains. Our focus continues to be on large companies we believe have strong balance sheets, good profitability and strong free cash flow.

Although it is paramount to keep looking forward, it is occasionally beneficial to stop for a moment to reflect on the past. In the decade following the turn of the 21st century, we have experienced many significant events. Among them, the shock and tragedy of 9/11, two recessions, the exposure of numerous Ponzi schemes, and the near collapse of the international banking system. Despite the challenges of the past decade, Blue Chip Value Fund's 10-year average annual investment return (+1.13%) was better than that of the S&P 500 Index (-0.95%).

Turning to the portfolio, the stock price of Expedia, an online travel agency within the consumer cyclical sector, tripled during the year. The company's earnings and cash flow exceeded expectations as investors appeared to recognize that, with an improved economic outlook, prospects for profits from travel booking existed. The consumer cyclical sector was the Fund's best performing sector for the year.

Within the energy sector, Fund holding Transocean returned over 75% for the year. Transocean provides offshore drilling rigs to exploration and development companies. In late 2008, investors seemed to disregard the stability of the cash flows we thought inherent in Transocean's long-term rig contracts and, as a result, the company's stock price declined. During 2009, the company reported results that allowed investors to recognize the cash flows generated by these rig contracts. While energy was one of the weaker sectors of the Index, the Fund's energy holdings outperformed relative to the S&P 500 Index.

The basic materials sector was the strongest sector in the S&P 500 Index and Fund holdings outperformed the Index led by International Paper. The company returned over 135% during 2009. During the fourth quarter of 2009, International Paper and its largest competitors announced containerboard price increases. We believe that this price increase combined with inventory replenishment, which had been at 15 year lows, should help increase company profits in 2010.

Our technology holdings performed well, up more than 44% on average for the year with none up less than 30%. However, strong performance from stocks we didn't own, such as Apple, led the Fund's technology holdings to underperform relative to the S&P 500 Index. We continue to monitor stock prices, free cash flow trends and expectations in this sector.

Within capital goods, Fund holding ITT Industries, an integrated manufacturer of defense, fluid and motion control products, gave updated earnings guidance for fiscal year 2010 that was slightly below investors' expectations. The adjustment appears to be related to the timing of defense contracts as well as higher than expected raw material costs. However, the company has a history of providing conservative guidance and we anticipate that this year is no different. We are encouraged by ITT's balance sheet and continue to believe that the company's ability to generate free cash flow is undervalued.

Fund holding Norfolk Southern Corporation, an eastern U.S. railroad operator, lagged the transportation sector through much of the year. However, it was among our best performing stocks in the fourth quarter. Solid third-quarter results highlighted that pricing and volume improvement at the company had begun to take hold. The company continues with its cost cutting initiatives which, in our opinion, should aid its bottom line performance. Despite Norfolk's strong fourth quarter performance, our transportation stocks modestly under-performed versus the S&P 500 Index for much of the year.

Our investment process uses an active, bottom-up stock selection process that seeks to capture the return potential of large companies that are undervalued or out of favor, but whose business appears to us to be solid or improving. Our sector weightings and portfolio positioning are driven by this fundamental research. While no major changes in the portfolio were thought necessary, we are slightly more overweight in basic materials and transportation where we continue to find companies that meet our investment criteria at attractive prices. We are slightly more underweight in capital goods stocks where we believe price expectations are more difficult to justify.

It appears to us that 2010 will be a year where company fundamentals will be much more relevant than in 2009, and we believe this environment should favor our disciplined, research-driven investment process. Thank you for your support.

Sincerely,



Todger Anderson, CFA
President, Blue Chip Value Fund, Inc.
Chairman, Denver Investment Advisors LLC

The Investment Adviser's Commentary included in this report contains certain forward-looking statements about the factors that may affect the performance of the Fund in the future. These statements are based on Fund management's predictions and expectations concerning certain future events and their expected impact on the Fund, such as performance of the economy as a whole and of specific industry sectors, changes in the levels of interest rates, the impact of developing world events, and other factors that may influence the future performance of the Fund. Management believes these forward-looking statements to be reasonable, although they are inherently uncertain and difficult to predict. Actual events may cause adjustments in portfolio management strategies from those currently expected to be employed.

**Sector Diversification in Comparison to
S&P 500 as of December 31, 2009***

	Fund	S&P 500
Basic Materials	6.6%	3.1%
Capital Goods	4.5%	7.3%
Commercial Services	4.8%	2.3%
Communications	8.2%	8.1%
Consumer Cyclical	12.9%	12.7%
Consumer Staples	7.0%	10.5%
Energy	10.6%	11.1%
Interest Rate Sensitive	12.6%	12.7%
Medical/Healthcare	10.7%	11.8%
REITs	0.0%	1.2%
Technology	15.1%	13.4%
Transportation	3.7%	2.1%
Utilities	3.1%	3.7%
Short-Term Investments	0.2%	0.0%

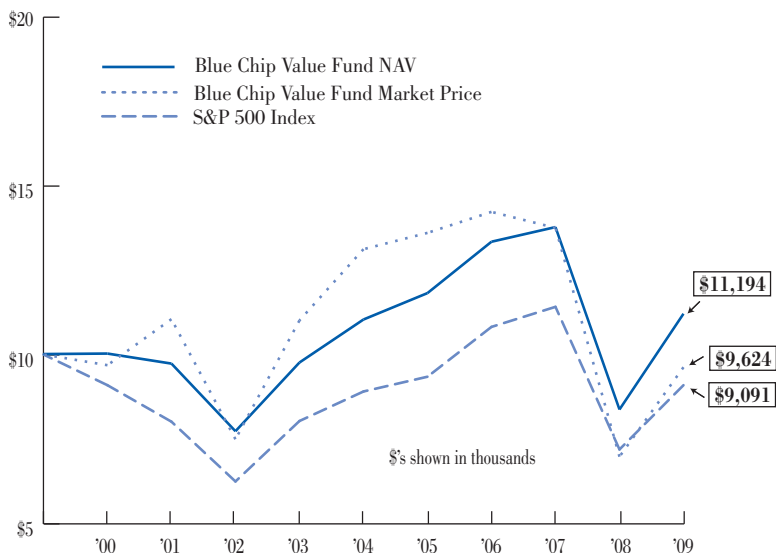
*Sector diversification percentages are based on the Fund's total investments at market value.
Sector diversification is subject to change and may not be representative of future investments.

**Average Annual Total Returns
as of December 31, 2009**

Return	3 Mos.	1-Year	3-Year	5-Year	10-Year
Blue Chip Value Fund – NAV	4.74%	33.92%	(5.64%)	0.31%	1.13%
Blue Chip Value Fund – Market Price	2.94%	37.97%	(12.21%)	(6.01%)	(0.39%)
S&P 500 Index	6.04%	26.47%	(5.63%)	0.42%	(0.95%)

Past performance is no guarantee of future results. Share prices will fluctuate, so that a share may be worth more or less than its original cost when sold. Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Rights offerings, if any, are assumed for purposes of this calculation to be fully subscribed under the terms of the rights offering. Please note that the Fund's total return shown above does not reflect the deduction of taxes that a stockholder would pay on Fund distributions or the cost of sale of Fund shares. Current performance may be higher or lower than the total return shown above. Please visit our website at www.blu.com to obtain the most recent month end returns. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on the net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods. The Fund's annualized gross expense ratio for the twelve months ended December 31, 2009 was 1.37%.

Comparison of Change in Value of \$10,000 Investment in Blue Chip Value Fund versus the S&P 500 Index



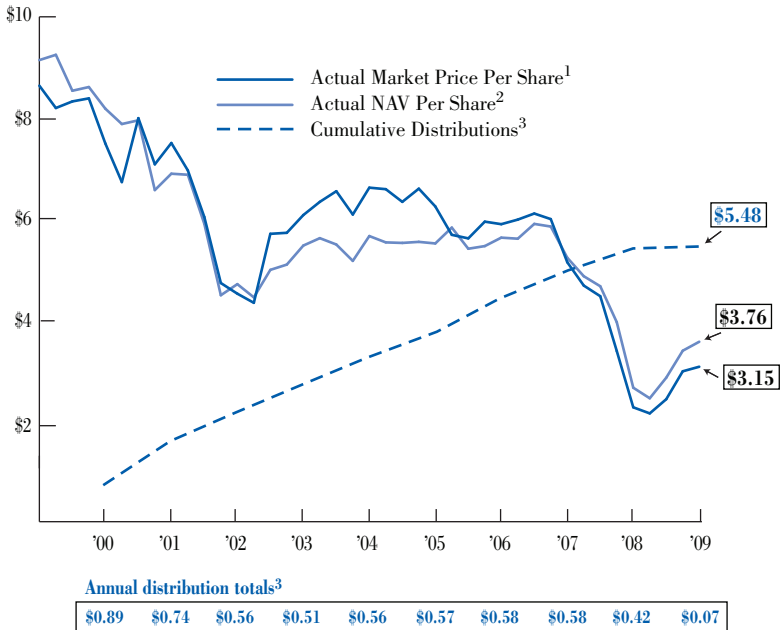
This chart compares the change in market price and net asset value of an investment of \$10,000 in the Fund since January 1, 2000, compared to the S&P 500 Index. The comparison assumes the reinvestment of all distributions and full participation in any “rights offerings” during the period.

Please Note: Performance calculations are as of the end of December each year and the current period end. Past performance is not indicative of future results. This chart assumes an investment of \$10,000 on 1/1/2000. This chart does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

S&P 500 Index is a broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. It is an unmanaged index.

Please see Average Annual Total Return information and disclosures on page 4.

History of Market Price and Net Asset Value January 1, 2000 through December 31, 2009



This chart shows the change in the Fund's market price and net asset value on a per share basis since January 1, 2000, along with the annual distribution totals.

Please Note: line graph points are as of the end of each calendar quarter.

Past performance is no guarantee of future results. Share prices will fluctuate, so that a share may be worth more or less than its original cost when sold.

¹Reflects the actual market price of one share as it has traded on the NYSE.

²Reflects the actual NAV of one share.

³The graph above includes the distribution totals since January 1, 2000, which equal \$5.48 per share. The NAV per share is reduced by the amount of the distribution on the ex-dividend date. The sources of these distributions are depicted in the chart on the next page.

STOCKHOLDER DISTRIBUTION INFORMATION

Certain tax information regarding Blue Chip Value Fund, Inc. is required to be provided to stockholders based upon the Fund's income and distributions to the stockholders for the calendar year ended December 31, 2009.

The following table summarizes the final sources of the 2009 reportable distributions for tax purposes.

	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Return of Capital	Total
4th Quarter 2008	\$ 0.008147	\$ 0.000000	\$ 0.000000	\$ 0.061853	\$ 0.07*
1st Quarter 2009	\$ 0.008147	\$ 0.000000	\$ 0.000000	\$ 0.061853	\$ 0.07
Total	\$0.016294	\$0.000000	\$0.000000	\$0.123706	\$ 0.14

*Pursuant to Section 852 of the Internal Revenue Code, the taxability of this distribution had been deferred until 2009.

The Fund notified stockholders by February 15, 2010 of amounts for use in preparing 2009 income tax returns.

100% of the distributions paid from net investment income and short-term capital gain qualify for the corporate dividends received deduction and meet the requirements of the tax rules regarding qualified dividend income. In addition, none of the distributions from net investment income include income derived from U.S. Treasury obligations. There were no assets invested in direct U.S. Government Obligations as of December 31, 2009.

HISTORICAL SOURCES OF DISTRIBUTIONS

Year	Net Investment Income	Capital Gains	Return of Capital	Total Amount of Distribution (Tax Basis)	Total Amount of Distribution (Book Basis)
2000	\$0.053000	\$0.837000	\$0.000000	\$0.89	\$0.89
2001	\$0.041200	\$0.362500	\$0.336300	\$0.74	\$0.74
2002	\$0.035100	\$0.000000	\$0.524900	\$0.56	\$0.56
2003	\$0.013600	\$0.000000	\$0.496400	\$0.51	\$0.51
2004	\$0.028300	\$0.531700	\$0.000000	\$0.56	\$0.56
2005	\$0.015000	\$0.112800	\$0.442200	\$0.57	\$0.57
2006	\$0.018200	\$0.126000	\$0.435800	\$0.58	\$0.58
2007	\$0.014600	\$0.211800	\$0.213600	\$0.44	\$0.58
2008	\$0.018000	\$0.007300	\$0.464700	\$0.49	\$0.42
2009	\$0.016294	\$0.000000	\$0.123706	\$0.14	\$0.07
Totals	\$0.253294	\$2.189100	\$3.037606	\$5.48	\$5.48
% of Total Distribution	4.62%	39.95%	55.43%	100%	

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The Blue Chip Value Fund Inc.'s (the "Fund") Dividend Reinvestment and Cash Purchase Plan (the "Plan") offers stockholders the opportunity to reinvest the Fund's dividends and distributions in additional shares of the Fund. A stockholder may also make additional cash investments under the Plan.

Participating stockholders will receive additional shares issued at a price equal to the net asset value per share as of the close of the New York Stock Exchange on the record date ("Net Asset Value"), unless at such time the Net Asset Value is higher than the market price of the Fund's common stock plus brokerage commission. In this case the Fund, through BNY Mellon Shareowner Services, (the "Plan Administrator") will attempt, generally over the next 10 business days (the "Trading Period"), to acquire shares of the Fund's common stock in the open market at a price plus brokerage commission which is less than the Net Asset Value. In the event that prior to the time such acquisition is completed, the market price of such common stock plus commission equals or exceeds the Net Asset Value, or in the event that such market purchases are unable to be completed by the end of the Trading Period, then the balance of the distribution shall be completed by issuing additional shares at Net Asset Value. The reinvestment price is then determined by the weighted average price per share, including trading fees, of the shares issued by the Fund and/or acquired by the Plan Administrator in connection with that transaction.

Participating stockholders may also make additional cash investments (minimum \$50 and maximum \$10,000 per month) to acquire additional shares of the Fund. Please note, however, that these additional shares will be purchased at market value plus brokerage commission (without regard to net asset value) per share. The transaction price of shares and fractional shares acquired on the open market for each participant's account in connection with the Plan shall be determined by the weighted average price per share, including trading fees, of the shares acquired by the Plan Administrator in connection with that transaction.

A registered stockholder may join the Plan by completing an Enrollment Form from the Plan Administrator. The Plan Administrator will hold the shares acquired through the Plan in book-entry form, unless you request share certificates. If your shares are registered with a broker, you may still be able to participate in the Fund's Dividend Reinvestment and Cash Purchase Plan. Please contact your broker about how to reregister your shares through the Direct Registration System and to inquire if there are any fees which may be charged by the broker to your account.

The automatic reinvestment of dividends and distributions will not relieve participants of any income taxes that may be payable (or required to be withheld) on dividends or distributions, even though the stockholder does not receive the cash.

A stockholder may elect to withdraw from the Plan at any time on prior written notice, and receive future dividends and distributions in cash. There is no penalty for withdrawal from the Plan and stockholders who have withdrawn from the Plan may

rejoin in the future. In addition, you may request the Plan Administrator to sell all or a portion of your shares. When your shares are sold, you will receive the proceeds less a service charge of \$15.00 and trading fees of \$0.02 per share. The Plan Administrator will generally sell your shares on the day your request is received in good order, however the Plan Administrator reserves the right to take up to 5 business days to sell your shares. Shares will be aggregated by the Plan Administrator with the shares of other participants selling their shares that day and sold on the open market. A participant will receive the weighted average price minus trading fees and service charges of all liquidated shares sold by the Plan Administrator on the transaction date.

The Fund may amend the Plan at any time upon 30-days prior notice to participants.

Additional information about the Plan may be obtained from the Plan Administrator by writing to BNY Mellon Shareowner Services, 480 Washington Blvd., Jersey City, NJ 07310, by telephone at (800) 624-4190 (option #1) or by visiting the Plan Administrator at www.bnymellon.com/shareowner.

OTHER IMPORTANT INFORMATION

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase, from time to time, shares of its common stock on the open market.

How to Obtain a Copy of the Fund's Proxy Voting Policies and Records

A description of the policies and procedures that are used by the Fund's investment adviser to vote proxies relating to the Fund's portfolio securities is available (1) without charge, upon request, by calling (800) 624-4190; (2) on the Fund's website at www.blu.com and (3) on the Fund's Form N-CSR which is available on the U.S. Securities and Exchange Commission ("SEC") website at www.sec.gov.

Information regarding how the Fund's investment adviser voted proxies relating to the Fund's portfolio securities during the most recent 12-month period ended June 30 is available, (1) without charge, upon request by calling (800) 624-4190; (2) on the Fund's website at www.blu.com and (3) on the SEC website at www.sec.gov.

Quarterly Portfolio Holdings

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330. In addition, the Fund's complete schedule of portfolio holdings for the first and third quarters of each fiscal year is available on the Fund's website at www.blu.com.

PORTFOLIO MANAGEMENT TEAM OF BLUE CHIP VALUE FUND

Kris Herrick, CFA, Partner, Director of Value Research and Portfolio Manager, joined Denver Investments in 2000. Prior to joining the firm, he was an Equity Research Analyst with Jurika and Voyles (since 1997). He has 13 years total investment experience and has been a member of the Fund's portfolio management team since December 1, 2003.

Mark Adelman, CFA, CPA (Inactive), Partner and Portfolio Manager/Analyst, joined Denver Investments in 1995. He has 31 years total investment experience and has been the Fund's portfolio manager since June 3, 2002.

Derek Anguilm, Partner and Portfolio Manager/Analyst, joined Denver Investments in 2000. Prior to joining the firm he was with EVEREN Securities (since 1999). He has 11 years total investment experience and has been a member of the Fund's portfolio management team since December 1, 2003.

Troy Dayton, CFA, Partner and Portfolio Manager/Analyst, joined Denver Investments in 2002. Prior to joining the firm, he was an Equity Research Analyst with Jurika and Voyles (since 2001) and Dresdner RCM Global Investors (since 1998). He has 14 years total investment experience and has been a member of the Fund's portfolio management team since December 1, 2003.

Lisa Ramirez, CFA, Vice President and Portfolio Manager/Analyst, joined Denver Investments in 1989 and started as a portfolio administrator in 1993. She became an analyst on the Mid-Cap Growth team in 1997 and joined the Value team in 2005. She has 17 years total investment experience and joined the Fund's portfolio management team on April 30, 2009.

INFORMATION ON THE DIRECTORS AND OFFICERS OF THE FUND

The list below provides certain information about the identity and business experience of the directors and officers of the Fund.

INTERESTED DIRECTORS*

TODGER ANDERSON, CFA¹

Age: 65

Position(s) Held with the Fund:

President and Director

Term of Office² and Length of Time Served:

President since 1987. Director from 1988 to 1995 and since 1998. Term as Director expires in 2010.

Principal Occupations During the Past Five Years:

Chairman, Denver Investment Advisors LLC (since 2004);

President, Westcore Trust (since 2005);

President, Denver Investment Advisors LLC and predecessor organizations (1983-2004);

Portfolio Manager, Westcore MIDCO Growth Fund (1986-2005);

Portfolio Co-Manager, Westcore Select Fund (2001-2005).

Number of Portfolios in Fund Complex³ Overseen by Director: One

Other Directorships⁴ Held by Director: None

KENNETH V. PENLAND, CFA¹

Age: 67

Position(s) Held with the Fund:

Chairman of the Board and Director

Term of Office² and Length of Time Served:

Chairman of the Board and Director since 1987. Term as Director expires in 2012.

Principal Occupations During the Past Five Years:

Chairman, Denver Investment Advisors LLC and predecessor organizations (1983-2001);

President, Westcore Trust (1995-2001)

Trustee, Westcore Trust (2001-2005).

Number of Portfolios in Fund Complex³ Overseen by Director: One

Other Directorships⁴ Held by Director: None

INDEPENDENT DIRECTORS

RICHARD C. SCHULTE¹

Age: 65

Position(s) Held with the Fund:

Director

Term of Office² and Length of Time Served:

Director since 1987. Term expires in 2011.

Principal Occupations During the Past Five Years:

Private Investor;

President, Transportation Service Systems, Inc., a subsidiary of Southern Pacific Lines, Denver, Colorado (1993-1996);

Employee, Rio Grande Industries, Denver, Colorado (holding company) (1991-1993).

Number of Portfolios in Fund Complex³ Overseen by Director: One

Other Directorships⁴ Held by Director: None

ROBERTA M. WILSON, CFA¹

Age: 66

Position(s) Held with the Fund:

Director

Term of Office² and Length of Time Served:

Director since 1987. Term expires in 2012.

Principal Occupations During the Past Five Years:

Management consultant and coach (since 1998);

Director of Finance, Denver Board of Water Commissioners (Retired), Denver, Colorado (1985-1998).

Number of Portfolios in Fund Complex³ Overseen by Director: One

Other Directorships⁴ Held by Director: None

LEE W. MATHER, JR.¹

Age: 66

Position(s) Held with the Fund:

Director

Term of Office² and Length of Time Served:

Director since 2001. Term expires in 2011.

Principal Occupations During the Past Five Years:

Director, American Rivers (conservation organization) (2000-2006);

Investment Banker, Merrill Lynch & Co. (1977-2000).

Number of Portfolios in Fund Complex³ Overseen by Director: One

Other Directorships⁴ Held by Director: None

OFFICERS

MARK M. ADELMANN, CFA, CPA (Inactive)

Age: 52

1225 Seventeenth St.
26th Floor
Denver, Colorado 80202

Position(s) Held with the Fund:

Vice President

Term of Office² and Length of Time Served:

Vice President since 2002.

Principal Occupations During the Past Five Years:

Vice President (since 2000) and member (since 2001), Denver Investment
Advisors LLC;

Research Analyst, Denver Investment Advisors LLC (since 1995);

Portfolio management team member, Westcore Trust (since 2002).

NANCY P. O'HARA

Age: 51

One Logan Square
18th and Cherry Sts.
Philadelphia, PA 19103

Position(s) Held with the Fund:

Secretary

Term of Office² and Length of Time Served:

Secretary since 2007.

Principal Occupations During the Past Five Years:

Counsel (since 2009) and Associate (1999-2009) of the law firm of Drinker Biddle
& Reath LLP, Philadelphia, PA.

JASPER R. FRONTZ, CPA, CFA⁵

Age: 41

1225 Seventeenth St.
26th Floor
Denver, Colorado 80202

Position(s) Held with the Fund:

Treasurer, Chief Compliance Officer

Term of Office² and Length of Time Served:

Treasurer since 1997, Chief Compliance Officer since 2004.

Principal Occupations During the Past Five Years:

Vice President, Denver Investment Advisors LLC (since 2000);

Director of Mutual Fund Administration, Denver Investment Advisors LLC
(since 1997);

Fund Controller, ALPS Mutual Fund Services, Inc. (1995-1997);

Registered Representative, ALPS Distributors, Inc. (since 1995).

NOTES

*These directors each may be deemed to be an “interested director” of the Fund within the meaning of the Investment Company Act of 1940 by virtue of their affiliations with the Fund’s investment adviser and their positions as officers of the Fund.

1. Each director may be contacted by writing to the director, c/o Blue Chip Value Fund, Inc., 1225 Seventeenth Street, 26th Floor, Denver, Colorado 80202, Attn: Jasper Frontz.
2. The Fund’s By-Laws provide that the Board of Directors shall consist of three classes of members. Directors are chosen for a term of three years, and the term of one class of directors expires each year. The officers of the Fund are elected by the Board of Directors and, subject to earlier termination of office, each officer holds office for one year and until his or her successor is elected and qualified.
3. The Fund complex is comprised of fifteen portfolios, the Fund, twelve Westcore Funds, the Dunham Small-Cap Value Fund and the RiverSource Partners VP Small-Cap Value Fund.
4. Includes only directorships of companies required to report to the Securities and Exchange Commission under the Securities Exchange Act of 1934 (i.e., “public companies”) or other investment companies registered under the Investment Company Act of 1940.
5. Mr. Frontz also serves as Treasurer and Chief Compliance Officer of Westcore Trust.

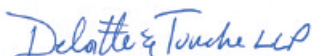
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Blue Chip Value Fund, Inc.:

We have audited the accompanying statement of assets and liabilities of Blue Chip Value Fund, Inc. (the "Fund"), including the statement of investments, as of December 31, 2009, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2009, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Blue Chip Value Fund, Inc. as of December 31, 2009, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.



DELOITTE & TOUCHE LLP
Denver, Colorado
February 16, 2010

STATEMENT OF INVESTMENTS

December 31, 2009

	Shares	Cost	Market Value
COMMON STOCKS – 110.45%			
BASIC MATERIALS – 7.32%			
Forestry & Paper – 5.50%			
Ball Corp.	41,940	\$ 2,200,539	\$ 2,168,298
International Paper Co.	138,600	<u>3,349,014</u>	<u>3,711,708</u>
		5,549,553	5,880,006
Specialty Chemicals – 1.82%			
The Mosaic Co.	32,500	1,706,361	1,941,225
TOTAL BASIC MATERIALS		<u>7,255,914</u>	<u>7,821,231</u>
CAPITAL GOODS – 5.02%			
Aerospace & Defense – 2.90%			
General Dynamics Corp.	22,100	1,444,761	1,506,557
Raytheon Co.	31,000	<u>1,465,509</u>	<u>1,597,120</u>
		2,910,270	3,103,677
Industrial Products – 2.12%			
ITT Corp.	45,500	2,500,494	2,263,170
TOTAL CAPITAL GOODS		<u>5,410,764</u>	<u>5,366,847</u>
COMMERCIAL SERVICES – 5.30%			
Business Products & Services – 2.20%			
Quanta Services Inc.**	113,000	3,475,189	2,354,920
IT Services – 1.67%			
Computer Sciences Corp.**	31,050	1,630,333	1,786,307
Transaction Processing – 1.43%			
The Western Union Co.	81,000	1,341,107	1,526,850
TOTAL COMMERCIAL SERVICES		<u>6,446,629</u>	<u>5,668,077</u>
COMMUNICATIONS – 9.14%			
Networking – 4.76%			
Cisco Systems Inc.**	212,500	5,209,726	5,087,250
Telecomm Equipment & Solutions – 4.38%			
Nokia Corp. – ADR (Finland)	72,230	1,081,638	928,156
QUALCOMM Inc.	81,200	<u>3,667,187</u>	<u>3,756,312</u>
		4,748,825	4,684,468
TOTAL COMMUNICATIONS		<u>9,958,551</u>	<u>9,771,718</u>
CONSUMER CYCLICAL – 14.30%			
Apparel & Footwear Manufacturers – 1.93%			
Nike Inc.	31,150	1,956,597	2,058,081
Clothing & Accessories – 1.07%			
TJX Companies Inc.	31,400	1,070,492	1,147,670

STATEMENT OF INVESTMENTS (cont'd.)

	Shares	Cost	Market Value
Department Stores – 2.10%			
Macy's Inc.	133,700	\$ 2,378,598	\$ 2,240,812
Other Consumer Services – 2.70%			
Expedia Inc.**	112,400	3,017,526	2,889,804
Publishing & Media – 2.82%			
Walt Disney Co.	93,500	2,708,030	3,015,374
Restaurants – 1.97%			
Darden Restaurants Inc.	59,940	1,879,712	2,102,096
Specialty Retail – 1.71%			
Best Buy Co. Inc	46,300	1,992,323	1,826,998
TOTAL CONSUMER CYCLICAL		15,003,278	15,280,835
CONSUMER STAPLES – 7.75%			
Consumer Products – 2.80%			
Colgate Palmolive Co.	36,400	2,894,135	2,990,260
Food & Agricultural Products – 4.95%			
Campbell Soup Co.	67,900	2,476,554	2,295,020
Unilever N.V. (Netherlands)	92,700	3,284,852	2,996,991
		5,761,406	5,292,011
TOTAL CONSUMER STAPLES		8,655,541	8,282,271
ENERGY – 11.72%			
Exploration & Production – 4.50%			
Occidental Petroleum Corp.	59,180	4,099,689	4,814,293
Integrated Oils – 3.92%			
Exxon Mobil Corp.	18,000	1,365,034	1,227,420
Marathon Oil Corp.	94,800	3,366,929	2,959,656
		4,731,963	4,187,076
Oil Services – 3.30%			
Transocean Inc. (Switzerland)**	42,549	3,933,951	3,523,057
TOTAL ENERGY		12,765,603	12,524,426
INTEREST RATE SENSITIVE – 13.93%			
Money Center Banks – 6.13%			
Bank of America Corp.	194,000	3,225,368	2,921,640
JPMorgan Chase & Co.	87,100	3,799,943	3,629,457
		7,025,311	6,551,097
Property Casualty Insurance – 3.08%			
ACE Ltd. (Switzerland)**	38,700	2,109,636	1,950,480
The Travelers Cos. Inc.	26,900	1,295,715	1,341,234
		3,405,351	3,291,714
Regional Banks – 1.09%			
SunTrust Banks Inc.	57,400	1,197,875	1,164,646

STATEMENT OF INVESTMENTS (cont'd.)

	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
Securities & Asset Management – 3.63%			
The Bank of New York Mellon Corp.	38,400	\$ 1,257,450	\$ 1,074,048
Invesco Ltd.	56,200	1,370,566	1,320,138
State Street Corp.	34,200	<u>2,116,113</u>	<u>1,489,068</u>
		4,744,129	3,883,254
TOTAL INTEREST RATE SENSITIVE		<u>16,372,666</u>	<u>14,890,711</u>
MEDICAL & HEALTHCARE – 11.80%			
Medical Technology – 2.71%			
Zimmer Holdings Inc.**	49,000	3,345,140	2,896,390
Pharmaceuticals – 9.09%			
Abbott Laboratories	53,000	2,802,905	2,861,470
Amgen Inc.**	54,500	3,254,314	3,083,065
Forest Laboratories Inc.**	80,000	2,176,616	2,568,800
Pfizer Inc.	66,468	<u>1,197,725</u>	<u>1,209,053</u>
		9,431,560	9,722,388
TOTAL MEDICAL & HEALTHCARE		<u>12,776,700</u>	<u>12,618,778</u>
TECHNOLOGY – 16.71%			
Computer Software – 5.60%			
Microsoft Corp.	88,300	2,318,118	2,692,267
Symantec Corp.**	184,200	<u>3,261,616</u>	<u>3,295,338</u>
		5,579,734	5,987,605
PC's & Servers – 5.38%			
Dell Inc.**	147,200	2,262,451	2,113,792
International Business Machines Corp.	27,800	<u>3,275,796</u>	<u>3,639,020</u>
		5,538,247	5,752,812
Semiconductors – 5.73%			
Altera Corp.	153,900	3,103,339	3,482,756
Intel Corp.	129,100	<u>2,486,977</u>	<u>2,633,640</u>
		5,590,316	6,116,396
TOTAL TECHNOLOGY		<u>16,708,297</u>	<u>17,856,813</u>
TRANSPORTATION – 4.06%			
Railroads – 4.06%			
Norfolk Southern Corp.	49,800	2,622,313	2,610,516
Union Pacific Corp.	27,100	<u>1,672,103</u>	<u>1,731,690</u>
		4,294,416	4,342,206
TOTAL TRANSPORTATION		<u>4,294,416</u>	<u>4,342,206</u>
UTILITIES – 3.40%			
Independent Power – 1.31%			
PPL Corp.	43,450	1,999,930	1,403,870

STATEMENT OF INVESTMENTS (cont'd.)

	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
Regulated Electric – 2.09%			
Edison International	64,200	\$ 2,046,265	\$ 2,232,876
TOTAL UTILITIES		<u>4,046,195</u>	<u>3,636,746</u>
TOTAL COMMON STOCKS		<u>119,694,554</u>	<u>118,060,659</u>

SHORT TERM INVESTMENTS – 0.23%

Fidelity Institutional Money Market Government Portfolio – Class I (7 Day Yield 0.05%)(1)	247,438	247,438	247,438
TOTAL SHORT TERM INVESTMENTS		<u>247,438</u>	<u>247,438</u>

TOTAL INVESTMENTS	110.68%	\$ 119,941,992	\$ 118,308,097
Liabilities in Excess of Other Assets	<u>(10.68)%</u>		<u>(11,418,283)</u>
NET ASSETS	<u>100.00%</u>		<u>\$ 106,889,814</u>

***Non-dividend paying stock*

(1) Investments in other funds are calculated at their respective net asset values as determined by those funds, in accordance with the Investment Company Act of 1940.

ADR – American Depositary Receipt

Sector and industry classifications presented herein are based on the sector and industry categorization methodology of the Investment Adviser to the Fund.

COUNTRY BREAKDOWN

As of December 31, 2009 (Unaudited)

Country	<u>Market Value</u>	<u>%</u>
United States	\$ 108,909,413	101.89%
Switzerland	5,473,537	5.12%
Netherlands	2,996,991	2.80%
Finland	928,156	0.87%
Total Investments	<u>\$ 118,308,097</u>	<u>110.68%</u>
Liabilities in Excess of Other Assets	<u>(11,418,283)</u>	<u>(10.68)%</u>
Net Assets	<u>\$ 106,889,814</u>	<u>100.00%</u>

Please note the country classification is based on the company headquarters. All of the Fund's investments are traded on U.S. exchanges.

See accompanying notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2009

ASSETS

Investments at market value (cost \$119,941,992)	\$ 118,308,097
Dividends and interest receivable	166,673
Other assets	<u>18,687</u>
TOTAL ASSETS	<u>118,493,457</u>

LIABILITIES

Loan payable to bank (Note 5)	11,465,000
Interest due on loan payable to bank	12,283
Advisory fee payable	57,877
Administration fee payable	8,182
Accrued Compliance Officer fees	4,681
Accrued expenses and other liabilities	<u>55,620</u>
TOTAL LIABILITIES	<u>11,603,643</u>

NET ASSETS	<u>\$ 106,889,814</u>
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COMPOSITION OF NET ASSETS

Capital stock, at par	\$ 284,639
Paid-in-capital	108,493,226
Accumulated net realized loss	(254,156)
Net unrealized depreciation on investments	<u>(1,633,895)</u>
NET ASSETS	<u>\$ 106,889,814</u>

SHARES OF COMMON STOCK OUTSTANDING

(100,000,000 shares authorized at \$0.01 par value)	<u>28,463,912</u>
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Net asset value per share	<u>\$ 3.76</u>
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See accompanying notes to financial statements.

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2009

INCOME

Dividends (net of foreign withholding taxes of \$20,980) \$ 1,702,783

Interest 936

TOTAL INCOME \$ 1,703,719

EXPENSES

Investment advisory fee (Note 4) 584,387

Administrative services fee (Note 4) 87,251

Interest on outstanding loan payable to bank 140,027

Directors' fees 86,639

Legal fees 86,032

Stockholder reporting 75,000

Transfer agent fees 65,000

Audit and tax fees 29,570

NYSE listing fees 27,023

Insurance and fidelity bond 23,253

Chief Compliance Officer fees 21,525

Custodian fees 9,600

Other 4,540

TOTAL EXPENSES 1,239,847

NET INVESTMENT INCOME 463,872

REALIZED AND UNREALIZED GAIN

ON INVESTMENTS

Net realized gain on investments 1,301,120

Change in net unrealized appreciation or
depreciation of investments 24,839,041

NET REALIZED AND UNREALIZED GAIN
ON INVESTMENTS 26,140,161

NET INCREASE IN NET ASSETS
RESULTING FROM OPERATIONS \$ 26,604,033

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008
Increase/(decrease) in net assets from operations:		
Net investment income	\$ 463,872	\$ 510,959
Net realized gain on investments	1,301,120	248,725
Change in net unrealized appreciation or depreciation of investments	<u>24,839,041</u>	<u>(58,762,315)</u>
	<u>26,604,033</u>	<u>(58,002,631)</u>
Decrease in net assets from distributions to stockholders from:		
Net investment income	(463,872)	(510,959)
Net realized gain on investments	—	(208,973)
Tax return of capital	<u>(1,529,359)</u>	<u>(11,232,334)</u>
	<u>(1,993,231)</u>	<u>(11,952,266)</u>
Increase in net assets from common stock transactions:		
Net asset value of common stock issued to stockholders from reinvestment of dividends (0 and 29,014 shares issued, respectively)	<u>—</u>	<u>142,459</u>
	<u>—</u>	<u>142,459</u>
NET INCREASE/(DECREASE) IN NET ASSETS	24,610,802	(69,812,438)
NET ASSETS		
Beginning of year	<u>82,279,012</u>	<u>152,091,450</u>
End of year (including undistributed net investment income of \$0 and \$0, respectively)	<u>\$ 106,889,814</u>	<u>\$ 82,279,012</u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2009

Cash Flows from Operating Activities

Net increase in net assets from operations	\$ 26,604,033
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:	
Purchase of investment securities	(86,674,183)
Proceeds from disposition of investment securities	90,851,426
Net sale of short-term investment securities	44,461
Proceeds from class-action litigation settlements	59,833
Net realized gain from securities investments	(1,301,120)
Net change in unrealized depreciation on investments	(24,839,041)
Decrease in dividends and interest receivable	59,454
Increase in other assets	(3)
Increase in advisory fee payable	14,203
Increase in interest due on loan payable to bank	1,391
Increase in administrative fee payable	1,284
Decrease in other accrued expenses and payables	<u>(26,033)</u>
Net cash provided by operating activities	4,795,705

Cash Flows from Financing Activities

Proceeds from bank borrowing	6,565,000
Repayment of bank borrowing	(7,375,000)
Cash distributions paid	<u>(3,985,705)</u>
Net cash used in financing activities	(4,795,705)

Net increase in cash	0
Cash, beginning balance	0
Cash, ending balance	0

Supplemental disclosure of cash flow information:

Cash paid during the period for interest from bank borrowing: \$138,636.

See accompanying notes to financial statements.

FINANCIAL HIGHLIGHTS

Per Share Data

(for a share outstanding throughout each period)

Net asset value – beginning of year

Investment operations⁽¹⁾

Net investment income

Net gain/(loss) on investments

Total from investment operations

Distributions

From net investment income

From net realized gains on investments

Tax return of capital

Total distributions

Net asset value, end of year

Per share market value, end of year

Total investment return⁽²⁾ based on:

Market Value

Net Asset Value

Ratios/Supplemental data:

Ratio of total expenses to average net assets⁽³⁾

Ratio of net investment income to average net assets

Ratio of total distributions to average net assets

Portfolio turnover rate⁽⁴⁾

Net assets – end of year (in thousands)

See accompanying notes to financial statements.

⁽¹⁾Per share amounts calculated based on average shares outstanding during the period.

⁽²⁾Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Rights offerings, if any, are assumed for purposes of this calculation to be fully subscribed under the terms of the rights offering. Please note that the Fund's total investment return does not reflect the deduction of taxes that a stockholder would pay on Fund distributions or the sale of Fund shares. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on the net asset value will be lower than

For the year ended December 31,

2009	2008	2007	2006	2005
\$ 2.89	\$ 5.35	\$ 5.73	\$ 5.62	\$ 5.76
0.02	0.02	0.01	0.02	0.01
<u>0.92</u>	<u>(2.06)</u>	<u>0.19</u>	<u>0.67</u>	<u>0.42</u>
<u>0.94</u>	<u>(2.04)</u>	<u>0.20</u>	<u>0.69</u>	<u>0.43</u>
(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
—	(0.01)	(0.21)	(0.13)	(0.11)
<u>(0.05)</u>	<u>(0.39)</u>	<u>(0.35)</u>	<u>(0.43)</u>	<u>(0.44)</u>
<u>(0.07)</u>	<u>(0.42)</u>	<u>(0.58)</u>	<u>(0.58)</u>	<u>(0.57)</u>
<u>\$ 3.76</u>	<u>\$ 2.89</u>	<u>\$ 5.35</u>	<u>\$ 5.73</u>	<u>\$ 5.62</u>
<u>\$ 3.15</u>	<u>\$ 2.35</u>	<u>\$ 5.21</u>	<u>\$ 5.96</u>	<u>\$ 6.31</u>
37.97%	(49.27%)	(3.3%)	4.6%	3.7%
33.92%	(39.25%)	3.3%	12.9%	7.1%
1.37% ⁽⁴⁾	1.38%	1.34%	1.36%	1.33%
0.51% ⁽⁴⁾	0.41%	0.25%	0.32%	0.21%
2.21%	9.51%	10.04%	10.25%	10.13%
86%	51%	40%	37%	41%
\$ 106,890	\$ 82,279	\$ 152,091	\$ 160,663	\$ 155,208

total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

⁽³⁾For the years ended December 31, 2009, 2008, 2007, 2006, and 2005, the ratio of total expenses to average net assets excluding interest expense was 1.22%, 1.09%, 0.93%, 0.92% and 0.97%, respectively.

⁽⁴⁾A portfolio turnover rate is the percentage computed by taking the lesser of purchases or sales of portfolio securities (excluding short-term investments) for the year and dividing it by the monthly average of the market value of the portfolio securities during the year. Purchases and sales of investment securities (excluding short-term securities) for the year ended December 31, 2009 were \$86,674,183 and \$90,851,426, respectively.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Blue Chip Value Fund, Inc. (the “Fund”) is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Security Valuation – All securities of the Fund are valued as of the close of regular trading on the New York Stock Exchange (“NYSE”), generally 4:00 p.m. (Eastern Time), on each day that the NYSE is open. Listed securities are generally valued at the last sales price as of the close of regular trading on the NYSE. Securities traded on the National Association of Securities Dealers Automated Quotation (“NASDAQ”) are generally valued at the NASDAQ Official Closing Price (“NOCP”). In the absence of sales and NOCP, such securities are valued at the mean of the bid and asked prices.

Securities having a remaining maturity of 60 days or less are valued at amortized cost which approximates market value.

When market quotations are not readily available or when events occur that make established valuation methods unreliable, securities of the Fund may be valued at fair value determined in good faith by or under the direction of the Board of Directors. Factors which may be considered when determining the fair value of a security include (a) the fundamental data relating to the investment; (b) an evaluation of the forces which influence the market in which the security is sold, including the liquidity and depth of the market; (c) the market value at date of purchase; (d) information as to any transactions or offers with respect to the security or comparable securities; and (e) any other relevant matters.

Investment Transactions – Investment transactions are accounted for on the date the investments are purchased or sold (trade date). Realized gains and losses from investment transactions and unrealized appreciation and depreciation of investments are determined on the “specific identification” basis for both financial statement and federal income tax purposes. Dividend income is recorded on the ex-dividend date. Interest income, which includes interest earned on money market funds, is accrued and recorded daily.

Federal Income Taxes – No provision for income taxes is included in the accompanying financial statements, as the Fund intends to distribute to shareholders all taxable investment income and realized gains and otherwise comply with Subchapter M of the Internal Revenue Code applicable to regulated investment companies.

The Fund evaluates tax positions taken (or expected to be taken) in the course of preparing the Fund’s tax returns to determine whether these positions meet a “more-likely-than-not” standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the “more-likely-than-not” recognition threshold is measured to determine the amount of benefit to recognize in the financial statements.

Management of the Fund analyzes all open tax years, as defined by the Statute of Limitations, for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of and during the fiscal year ended December 31, 2009, the Fund did not have a liability for any unrecognized tax benefits. The Fund files income tax returns in the U.S. federal jurisdiction and Colorado. For the years ended December 31, 2006 through December 31, 2009 for the federal jurisdiction and for the years ended December 31, 2005 through December 31, 2009, for Colorado, the Fund’s returns are still open to examination by the appropriate taxing authority.

Classification of Distributions to Shareholders – Net investment income (loss) and net realized gain (loss) may differ for financial statement and tax purposes. The character of distributions made during the year from net investment income or net realized gains may differ from its ultimate characterization for federal income tax purposes. Also, due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or realized gain was recorded by the Fund.

The tax character of the distributions paid was as follows:

	Year Ended December 31, 2009	Year Ended December 31, 2008
Distributions paid from:		
Ordinary income	\$ 463,872	\$ 510,959
Long-term capital gain	—	208,973
Tax return of capital	<u>3,521,833</u>	<u>13,220,746</u>
Total	<u>\$ 3,985,705</u>	<u>\$ 13,940,678</u>

As of December 31, 2009, the components of distributable earnings on a tax basis were as follows:

Undistributed net investment income	\$ —
Accumulated net realized loss	(254,156)
Net unrealized depreciation	<u>(1,633,895)</u>
Total	<u>\$ (1,888,051)</u>

At December 31, 2009, the Fund had available for tax purposes unused capital loss carryovers of \$254,156, expiring December 31, 2017.

The difference between book basis and tax basis is typically attributable to the tax deferral of losses on wash sales, corporate actions and post October losses.

Distributions to Stockholders – Distributions to stockholders are recorded on the ex-dividend date.

Prior to May 1, 2009, the Fund maintained a “managed distribution policy” (the “Policy”) which distributed at least 2.5% of its net asset value quarterly to its stockholders. The Fund declared and paid the first quarter distribution in April 2009. This distribution was not related to the amount of the Fund’s net investment income or net realized capital gains or losses and will be classified to conform to the tax reporting requirements of the Internal Revenue Code. If the Fund’s total distributions for the year exceed the Fund’s “current and accumulated earnings and profits,” the excess will be treated as non-taxable return of capital, reducing the stockholder’s adjusted basis in their shares.

The Fund’s Policy was suspended, as approved by the Board of Directors, at the regular meeting held May 1, 2009. The Board took this action after considering a number of factors including, but not limited to, the outlook for the overall economy, an assessment of investment opportunities, the asset size and expense ratio of the Fund and the negative impact that the policy may have on the asset level and expense ratio. The Fund will continue to pay out any net investment income and net realized capital gains on an annual basis.

The Board will continue to evaluate the Fund’s Policy and may reinstate the Policy at its discretion.

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

2. FAIR VALUE MEASUREMENTS

A three-tier hierarchy has been established to measure fair value based on the extent of use of “observable inputs” as compared to “unobservable inputs” for disclosure purposes and requires additional disclosures about these valuations measurements. Inputs refer broadly to the assumptions that market participants would use in pricing a security. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the security developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the security developed based on the best information available in the circumstances.

The three-tier hierarchy is summarized as follows:

Level 1 – quoted prices in active markets for identical investments.

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments).

The following is a summary of the inputs used as of December 31, 2009 in valuing the Fund’s assets:

Assets:				
Investments in Securities at Value	Level 1 – Quoted Prices	Level 2 – Other Significant Observable Inputs	Level 3 – Significant Unobservable Inputs	Total
Common Stocks	\$ 118,060,659	\$ —	\$ —	\$ 118,060,659
Short Term Investments	247,438	—	—	247,438
Total	<u>\$ 118,308,097</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 118,308,097</u>

All securities of the Fund were valued using Level 1 inputs during the year ended December 31, 2009. Thus a reconciliation of assets in which significant unobservable inputs (Level 3) were used is not applicable.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

In April 2009, FASB issued “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly,” which provides additional guidance for estimating fair value in accordance with Fair Value Measurements when the volume and level of activity for the asset or liability have significantly decreased as well as guidance on identifying circumstances that indicate a transaction is not orderly.

Additionally, it amends the Fair Value Measurement Standard by expanding disclosure requirements for reporting entities surrounding the major categories of assets and liabilities carried at fair value. The required disclosures have been incorporated into the summary of inputs table above. Management expects the Fund's investments to typically be classified as Level 1 and therefore applying this guidance did not have a material impact on the Fund's financial statements.

3. UNREALIZED APPRECIATION AND DEPRECIATION OF INVESTMENTS (TAX BASIS)

As of December 31, 2009:

Gross appreciation (excess of value over tax cost)	\$ 5,238,102
Gross depreciation (excess of tax cost over value)	<u>(6,871,997)</u>
Net unrealized depreciation	<u>\$ (1,633,895)</u>
Cost of investments for income tax purposes	<u>\$ 119,941,992</u>

4. INVESTMENT ADVISORY AND ADMINISTRATION SERVICES

The Fund has an Investment Advisory Agreement with Denver Investment Advisors LLC, also doing business as Denver Investments ("Denver Investments"), whereby an investment advisory fee is paid to Denver Investments based on an annual rate of 0.65% of the Fund's average weekly net assets up to \$100,000,000 and 0.50% of the Fund's average weekly net assets in excess of \$100,000,000. The management fee is paid monthly based on the average of the net assets of the Fund computed as of the last business day the New York Stock Exchange is open each week. Certain officers and a director of the Fund are also officers of Denver Investments.

ALPS Fund Services, Inc. ("ALPS") and Denver Investments serve as the Fund's co-administrators. The Administrative Agreement includes the Fund's administrative and fund accounting services. The administrative services fee is based on the current annual rate for ALPS and Denver Investments, respectively, of 0.0955% and 0.01% of the Fund's average daily net assets up to \$75,000,000, 0.05%, and 0.005% of the Fund's average daily net assets between \$75,000,000 and \$125,000,000, and 0.03% and 0.005% of the Fund's average daily net assets in excess of \$125,000,000 plus certain out-of-pocket expenses. The administrative service fee is paid monthly.

The Directors have appointed a Chief Compliance Officer who is also Treasurer of the Fund and an employee of Denver Investments. The Directors agreed that the Fund would reimburse Denver Investments a portion of his compensation for his services as the Fund's Chief Compliance Officer.

5. LOAN OUTSTANDING

The Fund has a line of credit with The Bank of New York Mellon (“BONY”) in which the Fund may borrow up to the lesser of 15% of the Fund’s total assets, \$15,000,000 or the maximum amount the Fund is permitted to borrow under the Investment Company Act of 1940. For the period January 1, 2009 through February 28, 2009 the interest rate reset daily at overnight Federal Funds Rate plus 0.825%. Effective March 1, 2009, the interest rate changed to the overnight Federal Funds Rate plus 1.00% and the Fund pays an annual loan facility fee of 0.03%. The borrowings under the BONY loan are secured by a perfected security interest on all of the Fund’s assets.

Details of the loan outstanding are as follows:

	As of December 31, 2009	Average for the Year Ended December 31, 2009
Loan outstanding	\$11,465,000	\$ 10,883,918
Interest rate	1.11%*	1.13%
% of Fund’s total assets	9.68%	9.19%
Amount of debt per share outstanding	\$ 0.40	\$ 0.38
Number of shares outstanding (in thousands)	28,464	28,464**

*Annualized

**Weighted average

6. SUBSEQUENT EVENTS

Management has evaluated whether any events or transactions occurred subsequent to December 31, 2009 through February 16, 2010, the date of issuance of the Fund’s financial statements, and determined that there were no other material events or transactions that would require recognition or disclosure in the Fund’s financial statements except that effective March 1, 2010 the interest rate on the Fund’s line of credit will change to the overnight Federal Funds Rate plus 1.25%.

7. TAX DESIGNATIONS (Unaudited)

Certain tax information is provided to shareholders as required by the Internal Revenue Code or to meet a specific state’s requirement. The Fund designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended December 31, 2009:

Corporate Dividends Received Deduction	100%
Qualified Dividend Income	100%

BOARD OF DIRECTORS

Kenneth V. Penland, *Chairman*
Todger Anderson, *Director*
Lee W. Mather, Jr, *Director*
Richard C. Schulte, *Director*
Roberta M. Wilson, *Director*

OFFICERS

Kenneth V. Penland, *Chairman*
Todger Anderson, *President*
Mark M. Adelmann, *Vice President*
Nancy P. O'Hara, *Secretary*
Jasper R. Frontz, *Treasurer, Chief Compliance Officer*

Investment Adviser/Co-Administrator

Denver Investments
1225 17th Street, 26th Floor
Denver, CO 80202

Stockholder Relations

(800) 624-4190 (option #2)
e-mail: blu@denvest.com

Custodian

The Bank of New York Mellon
One Wall Street
New York, NY 10286

Co-Administrator

ALPS Fund Services, Inc.
1290 Broadway, Suite 1100
Denver, CO 80203

Transfer Agent Dividend Reinvestment Plan Agent (Questions regarding your Account)

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Jersey City, NJ 07310
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NYSE Symbol—BLU



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