

Edgar Filing: BLUE CHIP VALUE FUND INC - Form N-Q

BLUE CHIP VALUE FUND INC  
Form N-Q  
November 29, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-5003

Blue Chip Value Fund, Inc.  
(Exact name of registrant as specified in charter)

1225 17th Street, 26th Floor, Denver, Colorado 80202  
-----

(Address of principal executive offices) (Zip code)

Michael P. Malloy  
Drinker Biddle & Reath LLP  
One Logan Square  
18th & Cherry Streets  
Philadelphia, Pennsylvania 19103-6996  
-----

(Name and address of agent for service)

Registrant's Telephone Number, including Area Code: (800) 624-4190  
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Date of fiscal year end: December 31  
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Date of reporting period: September 30  
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Item 1 - Schedule of Investments.

BLUE CHIP VALUE FUND, INC.  
STATEMENT OF INVESTMENTS  
September 30, 2004 (Unaudited)

|               | Shares | Cost    | Market Value |
|---------------|--------|---------|--------------|
|               | -----  | -----   | -----        |
| COMMON STOCKS |        | 104.47% |              |

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|  |        |         |              |              |
|--|--------|---------|--------------|--------------|
| BASIC MATERIALS                          | 2.63%  |         |              |              |
| Forestry & Paper                         | 2.63%  |         |              |              |
| Bowater Inc.                             |        | 99,100  | \$ 4,676,588 | \$ 3,784,629 |
| TOTAL BASIC MATERIALS                    |        |         | 4,676,588    | 3,784,629    |
|  |        |         | -----        | -----        |
| CAPITAL GOODS                            | 7.94%  |         |              |              |
| Aerospace & Defense                      | 3.82%  |         |              |              |
| General Dynamics Corp.                   |        | 28,600  | 2,227,919    | 2,920,060    |
| Raytheon Co.                             |        | 67,800  | 2,340,069    | 2,575,044    |
|  |        |         | 4,567,988    | 5,495,104    |
| Industrial Products                      | 4.12%  |         |              |              |
| Parker Hannifin Corp.                    |        | 100,500 | 4,847,686    | 5,915,430    |
| TOTAL CAPITAL GOODS                      |        |         | 9,415,674    | 11,410,534   |
|  |        |         | -----        | -----        |
| COMMERCIAL SERVICES                      | 3.19%  |         |              |              |
| IT Services                              | 3.19%  |         |              |              |
| Computer Sciences Corp.*                 |        | 97,300  | 3,942,978    | 4,582,830    |
| TOTAL COMMERCIAL SERVICES                |        |         | 3,942,978    | 4,582,830    |
|  |        |         | -----        | -----        |
| COMMUNICATIONS                           | 2.66%  |         |              |              |
| Telecomm Service Providers               | 2.66%  |         |              |              |
| ALLTEL Corp.                             |        | 69,600  | 3,507,230    | 3,821,736    |
| TOTAL COMMUNICATIONS                     |        |         | 3,507,230    | 3,821,736    |
|  |        |         | -----        | -----        |
| CONSUMER CYCLICAL                        | 15.29% |         |              |              |
| Clothing & Accessories                   | 2.77%  |         |              |              |
| TJX Companies Inc.                       |        | 180,300 | 2,785,187    | 3,973,812    |
| Consumer Services                        | 1.04%  |         |              |              |
| Cendant Corp.                            |        | 69,300  | 1,597,365    | 1,496,880    |
| General Merchandise                      | 3.09%  |         |              |              |
| Target Corp. +                           |        | 98,200  | 3,396,619    | 4,443,550    |
| Hotels & Gaming                          | 2.04%  |         |              |              |
| Starwood Hotels & Resorts Worldwide Inc. |        | 63,200  | 1,831,324    | 2,933,744    |
| Publishing & Media                       | 5.04%  |         |              |              |
| Dow Jones & Company Inc.                 |        | 50,700  | 2,714,743    | 2,058,927    |
| Viacom Inc. - Class B                    |        | 61,300  | 2,993,401    | 2,057,228    |
| Walt Disney Co.                          |        | 138,800 | 2,967,594    | 3,129,940    |
|  |        |         | 8,675,738    | 7,246,095    |
| Restaurants                              | 1.31%  |         |              |              |
| Darden Restaurants Inc.                  |        | 80,600  | 2,001,891    | 1,879,592    |
| TOTAL CONSUMER CYCLICAL                  |        |         | 20,288,124   | 21,973,673   |
|  |        |         | -----        | -----        |

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|                                 |        | Shares  | Cost         | Market Value |
|---------------------------------|--------|---------|--------------|--------------|
|                                 |        | -----   | -----        | -----        |
| CONSUMER STAPLES                | 8.27%  |         |              |              |
| Food & Agricultural Products    | 6.55%  |         |              |              |
| Bunge Ltd.                      |        | 64,500  | \$ 1,553,092 | \$ 2,578,710 |
| Kraft Foods Inc. +              |        | 87,100  | 2,741,790    | 2,762,812    |
| Tyson Foods Inc.                |        | 254,000 | 2,988,679    | 4,069,080    |
|                                 |        |         | -----        | -----        |
|                                 |        |         | 7,283,561    | 9,410,602    |
| Home Products                   | 1.72%  |         |              |              |
| Colgate Palmolive Co.           |        | 54,700  | 3,171,659    | 2,471,346    |
| TOTAL CONSUMER STAPLES          |        |         | 10,455,220   | 11,881,948   |
|                                 |        |         | -----        | -----        |
| ENERGY                          | 9.31%  |         |              |              |
| Integrated Oils                 | 7.26%  |         |              |              |
| Marathon Oil Corp.              |        | 83,900  | 3,039,749    | 3,463,392    |
| Occidental Petroleum Corp.      |        | 88,200  | 4,010,819    | 4,933,026    |
| Suncor Energy Inc.              |        | 63,500  | 1,621,187    | 2,032,635    |
|                                 |        |         | -----        | -----        |
|                                 |        |         | 8,671,755    | 10,429,053   |
| Oil Services                    | 2.05%  |         |              |              |
| Transocean Inc.*                |        | 82,400  | 1,704,136    | 2,948,272    |
| TOTAL ENERGY                    |        |         | 10,375,891   | 13,377,325   |
|                                 |        |         | -----        | -----        |
| FINANCIALS                      | 26.77% |         |              |              |
| Insurance & Real Estate Brokers | 2.30%  |         |              |              |
| Willis Group Holdings Ltd.      |        | 88,500  | 2,558,672    | 3,309,900    |
| Integrated Financial Services   | 3.64%  |         |              |              |
| Citigroup Inc. +                |        | 118,700 | 5,155,075    | 5,237,044    |
| Property Casualty Insurance     | 6.76%  |         |              |              |
| Allstate Corp.                  |        | 71,900  | 2,605,775    | 3,450,481    |
| AMBAC Financial Group Inc.      |        | 19,100  | 1,060,642    | 1,527,045    |
| American International Group +  |        | 40,600  | 2,615,595    | 2,760,394    |
| Radian Group Inc.               |        | 42,600  | 1,855,940    | 1,969,398    |
|                                 |        |         | -----        | -----        |
|                                 |        |         | 8,137,952    | 9,707,318    |
| Regional Banks                  | 1.59%  |         |              |              |
| US Bancorp                      |        | 78,900  | 2,264,067    | 2,280,210    |
| Securities & Asset Management   | 7.05%  |         |              |              |
| Goldman Sachs Group Inc. +      |        | 38,600  | 3,560,484    | 3,599,064    |
| Lehman Brothers Holdings Inc.   |        | 37,100  | 2,426,560    | 2,957,612    |
| Merrill Lynch & Company Inc. +  |        | 71,900  | 4,031,147    | 3,574,868    |
|                                 |        |         | -----        | -----        |
|                                 |        |         | 10,018,191   | 10,131,544   |
| Specialty Finance               | 4.22%  |         |              |              |
| Freddie Mac +                   |        | 47,300  | 2,985,116    | 3,085,852    |
| MBNA Corp.                      |        | 118,300 | 2,982,458    | 2,981,160    |



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|  |         |             |               |
|--|---------|-------------|---------------|
| TOTAL SHORT-TERM INVESTMENTS             |         | 446,702     | 446,702       |
|  |         | -----       | -----         |
| TOTAL INVESTMENTS                        | 104.78% | 141,838,072 | 150,575,165   |
|  |         | -----       | -----         |
| Liabilities in Excess of<br>Other Assets | -4.78%  |             | (6,867,347)   |
|  |         |             | -----         |
| NET ASSETS                               | 100.00% |             | \$143,707,818 |
|  |         |             | =====         |

BLUE CHIP VALUE FUND, INC.

Notes to Statement of Investments

September 30, 2004 (Unaudited)

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 statement of investments.

Security Valuation

All securities of the Fund are valued as of the close of regular trading on the New York Stock Exchange ("NYSE"), currently 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.

Investment Transactions

Investment transactions are accounted for on the date the investments are purchased or sold (trade date). Effective July 1, 2004, the Fund changed its accounting method for realized gains and losses from investment transactions and unrealized appreciation and depreciation of investment from a "first-in, first-out" basis to a "specific identification" basis. This change was for both financial statement and federal income tax purposes.

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

As of September 30, 2004:

|  |                |
|--|----------------|
| Gross appreciation (excess of value over tax cost) | \$ 16,382,750  |
| Gross depreciation (excess of tax cost over value) | \$ (8,053,288) |
|  | -----          |
| Net unrealized appreciation                        | \$ 8,329,462   |
|  | -----          |
| Cost of investments for income tax purposes        | \$ 142,193,463 |
|  | =====          |

### 3. LOAN OUTSTANDING

On November 12, 2003 an agreement with Custodial Trust Company of Bear Stearns was reached, in which the Fund may borrow from the Custodial Trust Company an aggregate amount of up to the lesser of \$15,000,000 or the maximum amount the Fund is permitted to borrow under the Investment Company Act of 1940. The borrowings under the Custodial Trust Company loan are secured by pledging a portion of the Fund's portfolio securities as collateral. The initial value of the portfolio securities pledged must equal twice the amount of the loan outstanding. As of September 30, 2004, the Fund had a loan payable in the amount of \$6,825,000 with a current daily annualized interest rate of 2.8325%, which represents 30-day LIBOR plus 1.00%. The amount of the loan represented 4.53% of the Fund's total assets as of September 30, 2004.

### Item 2 - Controls and Procedures.

- (a) The Registrant's Principal Executive Officer and Principal Financial Officer have evaluated the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) within 90 days of the filing date of this report and have concluded that the Registrant's disclosure controls and procedures were effective, as of that date.
- (b) There was no change in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

### Item 3 - Exhibits.

Separate certifications for the Registrant's Principal Executive Officer and Principal Financial Officer, as required by Rule 30a-2(a) under the Investment Company Act of 1940, are attached as Ex99.CERT.

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SIGNATURES

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

BLUE CHIP VALUE FUND, INC.

By: /s/ Todger Anderson  
-----  
Todger Anderson  
President / Principal  
Executive Officer

Date: November 29, 2004

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

By: /s/ Todger Anderson  
-----  
Todger Anderson  
President / Principal  
Executive Officer

Date: November 29, 2004

By: /s/ Jasper R. Frontz  
-----  
Jasper R. Frontz  
Treasurer / Principal  
Financial Officer

Date: November 29, 2004