ZWEIG TOTAL RETURN FUND INC
Form N-CSRS
September 06, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-05620

The Zweig Total Return Fund, Inc.

(Exact name of registrant as specified in charter)

101 Munson Street

Greenfield, MA 01301-9683

(Address of principal executive offices) (Zip code)

Kevin J. Carr, Esq.

Vice President, Chief Legal Officer, Counsel and Secretary for Registrant

100 Pearl Street

Hartford, CT 06103-4506

(Name and address of agent for service)

Registrant s telephone number, including area code: 800-272-2700

Date of fiscal year end: December 31

Date of reporting period: June 30, 2012

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

FUND DISTRIBUTIONS AND MANAGED DISTRIBUTION PLAN

The Fund has a Managed Distribution Plan to pay 7% (prior to the April dividend declaration, this rate was 10%) of the Fund s net asset value on an annualized basis. Distributions may represent earnings from net investment income, realized capital gains, or, if necessary, return of capital. The board believes that regular monthly, fixed cash payouts will enhance shareholder value and serve the long-term interests of shareholders. You should not draw any conclusions about the Fund s investment performance from the amount of the distributions or from the terms of the Fund s Managed Distribution Plan.

The Fund estimates that it has distributed more than its income and net realized capital gains in the fiscal year to date; therefore, a portion of your distributions may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund s investment performance and should not be confused with yield or income.

The amounts and sources of distributions reported in Section 19(a) notices of the 1940 Act are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund s investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The Fund will send shareholders a Form 1099-DIV for the calendar year that will tell you how to report distributions for federal income tax purposes.

The Board may amend, suspend or terminate the Managed Distribution Plan at any time, without prior notice to shareholders if it deems such action to be in the best interest of the Fund and its shareholders.

Information on the Zweig funds is available at *www.Virtus.com.* Section 19(a) notices are posted on the website at:. *http://www.virtus.com/products/closed/details.aspx?type=individual&fundid=ZTR*

August 1, 2012

Dear Fellow ZTR Shareholder:

I am pleased to provide you with the manager s report and commentary for The Zweig Total Return Fund, Inc. for the six-month reporting period ending June 30, 2012.

The Fund s net asset value decreased 1.81% for the quarter ended June 30, 2012, including $0.062 in reinvested distributions. For the same period, the Fund s Composite Index increased 0.01%, including reinvested dividends. The Fund s average exposure for the quarter was approximately 50% in equities, 33% in bonds and 17% in cash equivalents.

For the six months ended June 30, 2012, the Fund s net asset value gained 3.88%, including $0.154 in reinvested distributions. For the same period, the Fund s Composite Index increased 5.59%, including reinvested dividends. The Fund s average exposure for the first half of the year was approximately 48% in equities, 33% in bonds and 19% in cash equivalents.

I would also like to make you aware that the Fund successfully completed a 1-for-4 reverse stock split of issued and outstanding shares on June 27. The stock split was one of several measures approved in March by The Zweig Total

Return Fund s board of directors that are intended to narrow the Fund s discount to its net asset value (NAV). The board also authorized an open-market stock repurchase program, which began in the second quarter, and approved refinements to the Fund s investment strategies and policies, which were subsequently approved by Fund shareholders. These actions, as a whole, reflect the board s confidence in the Fund and commitment to pursue opportunities that may enhance shareholder value over the long term.

I would like to take this opportunity to welcome new investors to the Fund and to thank all of our shareholders for entrusting your assets to us. We remain committed to your financial success.

Sincerely,

George R. Aylward

President, Chairman and

Chief Executive Officer

The Zweig Total Return

Fund, Inc.

For information regarding the indexes cited, and key investment terms used in this report see page 8.

August 1, 2012

MARKET OUTLOOK AND OVERVIEW

The domestic stock markets were extremely volatile in the second quarter, with 22 triple-digit daily moves compared with only 6 in the first quarter. On the final trading day, the markets surged and shaved their previous losses and notched higher gains for the first half. The restorative action followed a European summit meeting to foster greater financial integration, with a single supervisor to oversee banks in the seventeen euro nations.

Closing at 12,880.09, the Dow Jones Industrial Average rose 2.3%(1) on the final day to cut its second-quarter loss to 2.5%(1) and to raise its first-half gain to 5.42%(1). The same story held true for the other major exchanges. The S&P 500 climbed 2.5%(1) on the last day and ended at 1,362.16, off 3.3%(1) for the quarter but up 8.31%(1) for the year. Closing at 2,935.05, the Nasdaq Composite spurted 3%(1) on the last day, reducing its quarterly loss to 5%(1) and boosting its first-half advance to 12.6%(1).

The international markets were also generally higher for the first six months. Excluding the U.S., the Dow Jones Global Index rose 1.6%(1). The STOXX Europe 600 climbed 4.2%(1), with the German DAX leading with a 10.1%(1) rise. Britain s FTSE 100 gained 1.2%(1) and France s CAC 40 was up 2.5%(1). The biggest European losers included the debt-ridden Spain, where its IBEX 35 fell 16.8%(1), and Italy s FTSE MIB slid 5.2%(1). The Dow Jones Asia-Pacific Index increased 3.4%(1). Japan s Nikkei 225 Stock Average was up 6.5%(1) and China s Shanghai Composite rose 1.2%(1). The biggest Asian gainer was India, with its Bombay Sensex soaring 12.6%(1).

Stating that the U.S. economy was growing more slowly than it had forecast, the Federal Reserve (Fed) reported it would extend through the end of this year its program known

as Operation Twist , which seeks to drive down long-term interest rates and reduce borrowing costs. Under this program, the Fed sells short-term securities and buys longer-term ones.

Looking to the future, the Fed has revised downward its estimates for next year s economic growth. The Fed now expects the economy to expand within a range of 2.2% to 2.8% in 2013. In April, the Fed had expected a range of 2.7% to 3.1%. Meanwhile, the Commerce Department revised its estimates of the annual growth of Gross Domestic Product (GDP) in the first quarter of 2012 to 1.9% from its earlier estimate of 2.2%. The fourth- quarter GDP grew at a 3% annual rate.

Confirming the Fed s comment about the slow recovery, only 80,000 new private industry jobs were added in June, little changed from the 77,000 in May, according to the Commerce Department. The second quarter, with a total gain of 225,000 jobs, was the slowest quarterly figure since the labor market started to recover in 2010. The June unemployment rate held unchanged at 8.2%. The Fed expects the unemployment rate to range from 7.5% to 8% at the end of 2013, up from its previous estimate of 7.3% to 7.7%.

Weakness was also noted in the manufacturing area. The Institution for Supply Management, (ISM) a national trade group of purchasing agents, reported that its index of manufacturing activity fell to 49.7 in June from 53.5 in May, the first time since July 2009 that the index had dropped below 50. That is the level that separates expansion from contraction. Furthermore, its index of new orders fell to 47.8 in June from 60.1 in May, the fastest decline rate in over a decade. ISM also reported that its index of non-manufacturing activity dipped to 52.1 in June from 53.7 in May. While still indicating expansion, the reading was the lowest since January 2010. This sector had grown for thirty consecutive months.

(1) *Return excludes reinvested dividends.*

For information regarding the indexes cited, and key investment terms used in this report see page 8.

Factory output slipped 0.4% in May, with declining production of cars and machinery, according to the Fed. It was the second decline in 3 months. Due to strong demand for transportation equipment, durable goods orders edged up 1.1% in May, the Commerce Department reported. Excluding transportation and military goods, orders were down for the month.

The housing market, which had long been in the doldrums, showed signs of coming back to life. One-family home starts increased 3.2% in May from April, the third consecutive monthly gain, according to the Commerce Department. The agency also revised its April starts to 744,000 units from the 717,000 initially reported. Sales of new homes rose 7.6% in May to a seasonally-adjusted rate of 369,000 homes, the most since April 2010, and 13.3% above year-ago levels. However sales of existing homes dipped 1.5% in May to an annual rate of 4.55 million units, according to the National Association of Realtors. The median price of a home resale rose to $182,600, up 7.9% from a year earlier and the highest price since June 2010.

The Commerce Department also reported that overall construction spending increased 0.9% in May to a seasonally-adjusted annual rate of $830.0 billion from its revised April estimate of $822.5 billion. The current level is 7% higher than the $775.8 billion last year.

Consumer spending, which drives about 70% of the U.S. economy, was flat in May at its lowest level since November, according to the Commerce Department. Revised April figures show a weak gain of 0.1%. Growth in the first quarter was a slim 1.9%. Total retail sales fell in May to $404.6 billion, slightly under March s record high of $406.2 billion and 21.6% above the recession low of March 2009.

Indicating a lack of inflationary pressures, the Consumer Price Index (CPI) inched down 0.3% in May, according to the Labor Department, which attributed the decline mostly to the 6.8% drop in gasoline prices. Food costs were unchanged. For the twelve months ending in May the CPI rose 1.7%, slower than April s pace. Core prices, which exclude volatile energy and food, were up 0.2% in May for the third straight month. They have risen 2.3% in the past year. Meanwhile, the Producer Price Index, which measures price increases before they reach consumers, fell 1% in May, also reflecting the decline in gas prices.

There was little cheer in the report by the Conference Board, an industry research group, that its Consumer Confidence Index, which fell in May, declined again in June. The index stood at 62.0 for June (1985=100), down 6% from May s 64.4. It marked the lowest level since January.

Reflecting a sharp decline in imports, the U.S. trade deficit shrank 4.9% in April to $50.1 billion, according to the Commerce Department. Imports, which set a record high in the previous month, dropped 1.7% to $233 billion. Exports, which had also hit a new peak in March, declined 0.8% to $182.9 billion. The agency reported earlier that exports expanded at an annual rate of 4.2% in the first quarter, faster than in the previous quarter but slower than the 7.7% rise that had been estimated previously.

The economic malaise is effecting mergers and acquisitions. World-wide, the volume of announced deals in the second quarter totaled $613.5 billion, a decline of 14% from a year earlier, according to Dealogic. In the U.S., the second quarter volume totaled $188.9 billion, down 20% from last year.

Global initial public offerings were also down sharply, according to Dealogic. There were 201 deals in the second quarter compared with 428 a

For information regarding the indexes cited, and key investment terms used in this report see page 8.

year ago. Volume came to $40.1 billion, down one-third from the $62.4 billion in the like 2011 period. Here the U.S. was a bright spot, with 301 deals raising $22.5 billion against 31 deals raising $9.1 billion last year. Facebook, setting a new record high, accounted for $16 billion of the total.

Stock market analysts remained far more optimistic than investors at the close of the first half. Surveyed by Investors Intelligence, 39% of analysts were bullish on June 30, 2012, while only 25% were bearish. On the same date, members of The American Institute of Investors totaled 29% bulls and 44% bears. Earlier in the year the groups were not nearly as far apart. On March 31, analysts were 50% bulls and 23% bears, while investors stood at 42% bulls and 25% bears. On June 30 last year, analysts came to 40% bulls and 27% bears with investors at 38% bulls and 30% bears.

As indicated by the above figures, the public has been bearish on the market for the past several months. Net sales of domestic equity mutual funds have been declining almost every week. Seeking safety, investors have been turning to bond funds. However, we don t know how safe these bond funds are given the current low yield.

The profit growth for the S&P 500 companies this year is now estimated at 6.5%, down from the 9.2% estimate on April 1, according to Thomson Reuters. In the first quarter of 2012, 67% of the 500 companies surpassed their estimates, 10% were in line and 23% came in below expectations. Sales of the S&P 500 companies grew 6.5% in the first quarter, the slowest pace since expansion began in late 2009. Sales had increased an average of 10.7% in the preceding eight quarters. For the coming 12-month period the sales estimate is down to 4.7%.

Based on current estimates, S&P reported that stocks in its S&P 500 Index were trading at a price/earnings ratio (P/E) of 13.9 on June 30, 2012. This compares with 13.98 on March 31, 2012

and 15.19 on June 30 last year. For the trailing twelve-month earnings, S&P reported P/Es of 14.75 on June 30, 2012, 14.5 on March 31, 2012 and 15.74 on June 30 last year. We don t consider the current valuations expensive. In fact, relative to long-term interest rates, the market might even be considered cheap. Overall, the P/Es seemed reasonable.

At this writing, the market s chief positives include the low interest rates and the Fed s position. Fed chairman Ben Bernanke has pledged to take further action as appropriate to promote stronger economic activity. The market s most negative factor is the possibility of recession, especially because of Europe s debt crisis.

Our sentiment and tape indicators are neutral. Our monetary index, reflecting the Fed s moves, is positive. Our investment posture on equities is neutral.

BOND MARKET

Early in 2012 the U.S. economy appeared to be in a slow but stable period of economic growth, which kept the Treasury market fairly quiet. However, in late March there were indications of a slowing economy at home and abroad. Along with the ongoing European debt woes, the Treasury market began a steady rally that left the benchmark 10-year Treasury note at generational lows. The yield on the ten-year note ended the quarter at 1.65% and has recently broken below the 1.5% mark. The Fed has pledged to keep short-term rates low for an extended period, which served to encourage investors to go further out on the yield curve to get any yield at all.

The second quarter was basically a one-way trip down in yields, as there was very little favorable news on the economic front in the U.S. or elsewhere in the world. Corporate earnings expectations have also been declining and, cur-

For information regarding the indexes cited, and key investment terms used in this report see page 8.

rently, there has been a move out of stocks in a number of markets. Bonds in Europe, with the exception of Germany s, have also been under pressure as the future of the euro hangs in the air. Less fiscally sound countries, not just Greece, but also Italy and Spain, continued to suffer much higher yields as investors fled those bond markets.

U.S. Treasuries benefited from slower economic growth, as expectations of low inflation, and possibly even deflation, permeated the investment community. Furthermore, a so-called flight to quality increased demand for Treasury notes and bonds as the financial uncertainty mounted in Europe. This one-two punch has greatly strengthened treasuries.

Our bond portfolio contains a mix of corporate bonds, Treasuries, Treasury Inflation Protected Securities (TIPS), and some foreign government bonds of stable countries, such as Australia. We increased the duration of the bond portfolio slightly in light of the slowing economy (duration is a measure of sensitivity to interest rates). At this juncture, we are willing to carry a higher duration than we did in the past several months. As always, we remain flexible, ready to respond quickly as conditions evolve.

PORTFOLIO COMPOSITION

The Fund s leading equity sectors on June 30, 2012, included Information Technology, Health Care, Financials, which were in our previous listing. New to this group are Consumer Staples and Consumer Discretionary. During the quarter we increased our weighting of Health Care and Financials and reduced our weighting of Energy and Materials.

The Fund s leading individual equity holdings on June 30, 2012, included Abbott Labs, Altria, Apple, IBM, Intel, QUALCOMM and Verizon, all of which were in our previous listing. New to this group are Ingersoll-Rand, JPMorgan

Chase, PepsiCo, and Williams, where we added to our position. No longer in this listing are ConocoPhillips and Johnson and Johnson, where we trimmed our positions, and DuPont, where there was no change in shares held.

Sincerely,

Carlton Neel

Executive Vice President

Zweig Advisers, LLC

Martin E. Zweig, Ph.D.

Founder of Fund

Asset Allocation as of June 30, 2012

The following graph illustrates asset allocations within certain sectors and as a percentage of total investments as of June 30, 2012.

For information regarding the indexes cited, and key investment terms used in this report see page 8.

OUR PRIVACY COMMITMENT

The Zweig Total Return Fund, Inc. recognizes that protecting the privacy and security of the confidential personal information we collect about you is an important responsibility. The following information will help you understand our privacy policy and how we will handle and maintain confidential personal information as we fulfill our obligations to protect your privacy. Personal information refers to the nonpublic financial information obtained by us in connection with providing you a financial product or service.

Information We Collect

We collect personal information to help us serve your financial needs, offer new products or services, provide customer service and fulfill legal and regulatory requirements. The type of information that we collect varies according to the products or services involved, and may include:

- Information we receive from you on applications and related forms (such as name, address, social security number, assets and income); and

- Information about your transactions and relationships with us, our affiliates, or others (such as products or services purchased, account balances and payment history).

Information Disclosed in Administering Products and Services

We will not disclose personal information about current or former customers to non-affiliated third parties except as permitted or required by law. We do not sell any personal information about you to any third party. In the normal course of business, personal information may be shared with persons or entities involved in servicing and administering products and services on our behalf, including your broker, financial advisor or financial planner and other service providers and affiliates assisting us.

Procedures to Protect Confidentiality and Security of Your Personal Information

We have procedures in place that limit access to personal information to those employees and service providers who need to know such information in order to perform business services on our behalf. We educate our employees on the importance of protecting the privacy and security of confidential personal information. We also maintain physical, electronic and procedural safeguards that comply with federal and state regulations to guard your personal information.

We will update our policy and procedures where necessary to ensure that your privacy is maintained and that we conduct our business in a way that fulfills our commitment to you. If we make any material changes in our privacy policy, we will make that information available to customers through our Web site and/or other communications.

Key Investment Terms

American Depositary Receipt (ADR): Represents shares of foreign companies traded in U.S. dollars on U.S. exchanges that are held by a U.S. bank or a trust. Foreign companies use ADRs in order to make it easier for Americans to buy their shares.

American Institution of Investors: A nonprofit organization with about 150,000 members whose purpose is to educate individual investors regarding stock market portfolios, financial planning, and retirement accounts.

Bombay Sensex: The benchmark index of the Bombay Stock Exchange (BSE). It is composed of 30 of the largest and most actively-traded stocks on the BSE.

CAC 40: The French stock market index that tracks the 40 Largest French stocks based on market capitalization on the Paris Bourse (stock exchange).

Commerce Department: The cabinet department in the U.S. Government that deals with business, trade and commerce. Its objective is to foment higher standards of living for Americans through the creations of jobs. It aims to achieve this by promoting an infrastructure of monetary and economic growth, competitive technology and favorable international trade.

Conference Board Report: Widely followed economic indicators, particularly the Consumer Confidence Index (CCI). The Conference Board also connects some 2,000 companies via forums and peer-to-peer meetings to discuss what matters to companies today: issues such as top-line growth in a shifting economic environment and corporate governance standards.

Consumer Price Index: Measures the pace of inflation by measuring the change in consumer prices of goods and services, including housing, electricity, food, and transportation, as determined

by a monthly survey of the U.S. Bureau of Labor Statistics. Also called the cost-of-living index.

DAX Index: A total return index of 30 selected German blue chip companies traded on the Frankfurt Stock exchange. It is a free float weighted index.

Dealogic: Provides technology, data analytics, and consulting services platform to Investment Bank and Capital Markets professionals.

Dow Jones Asia-Pacific Index: A float-adjusted market capitalization index of securities traded in the Asia/Pacific region representing 15 countries.

Dow Jones Global ex. U.S. Index℠: A market capitalization-weighted index which covers approximately 95% of the market capitalization of the represented countries of Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Indonesia, Ireland, Italy, Japan, Latvia, Lithuania, Malaysia, Malta, Mexico, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand and the United Kingdom.

Dow Jones Industrial Average℠: A price-weighted average of 30 blue chip stocks. The index is calculated on a total return basis with dividends reinvested.

Federal Reserve: The central bank of the United States, responsible for controlling the money supply, interest rates and credit with the goal of keeping the U.S. economy and currency stable. Governed by a seven- member board, the system includes 12 regional Federal Reserve Banks, 25 branches and all national and state banks that are part of the system.

FTSE 100 Index: A capitalization weighted index of the 100 most capitalized companies traded on the London Stock Exchange.

FTSE MIB Index: A benchmark stock market index for the Borsa Italiana, the Italian national stock exchange. The index consists of the 40 most traded stock classes on the exchange.

Gross Domestic Product (GDP): The market value of all officially recognized final goods and services produced within a country in a given period.

IBEX 35: A market capitalization weighted index comprising of the 35 most liquid Spanish stocks traded in the Madrid Stock Exchange General Index.

Inflation: Rise in the prices of goods and services resulting from increased spending relative to the supply of goods on the market.

Initial public offering: A company s first sale of stock to the public.

Institute for Supply Management (ISM) Report on Business®: An economic forecast, released monthly, that measures U.S. manufacturing conditions and is arrived at by surveying 300 purchasing professionals in the manufacturing sector representing 20 industries in all 50 states.

Investors Intelligence Survey: A weekly survey published by Chartcraft, an investment services company, of the current sentiment of approximately 150 market newsletter writers. Participants are classified into three categories: bullish, bearish or waiting for a correction.

Labor Department: A U.S. government cabinet body responsible for standards in occupational safety, wages and number of hours worked, unemployment insurance benefits, re-employment services and a portion of the country s economic statistics.

NASDAQ Composite® Index: A market capitalization-weighted index of all issues listed

in the NASDAQ (National Association Of Securities Dealers Automated Quotation System) Stock Market, except for closed-end funds, convertible debentures, exchange traded funds, preferred stocks, rights, warrants, units and other derivative securities. The index is calculated on a total return basis with dividends reinvested.

Nikkei 225 Stock Average: A price weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

Price-to-earnings ratio (P/E): A valuation measure calculated by dividing a stock s price by its current or projected earnings per share. The P/E ratio gives an idea of how much an investor is paying for current or future earnings power.

S&P 500® Index: A free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested.

STOXX Europe 600 Index: A broad based capitalization weighted index of European based stocks. It is a free float weighted index.

Shanghai Composite Index: A capitalization weighted index that tracks the daily price performance of all A shares and B shares listed on the Shanghai Stock Exchange.

The Zweig Total Return Fund Composite Index: A composite index consisting of 50% Barclays Capital U.S. Government Bond Index (formerly Lehman Brothers Government Bond Index) and 50% S&P 500® Index.

Thomson Reuters: An information company that supplies news services to newspapers, news agencies, broadcasters and other media subscribers as well as to businesses governments, institutions, and individuals.

Indexes cited are unmanaged and not available for direct investment; therefore their performance does not reflect the expenses associated with the active management of an actual portfolio.

THE ZWEIG TOTAL RETURN FUND, INC.

SCHEDULE OF INVESTMENTS

June 30, 2012

(Unaudited)

($ reported in thousands)

		Par	Value
INVESTMENTS			
U.S. GOVERNMENT SECURITIES	**25.1%**		
U.S. Treasury Inflation Indexed Note			
1.625%, 1/15/15(3)		$ 28,000	$ 35,857
2.000%, 1/15/16(3)		25,000	32,075
2.375%, 1/15/17(3)		31,000	40,832
U.S. Treasury Note 4.000%, 11/15/12		18,500	18,762
Total U.S. Government Securities			
(Identified Cost $114,269)			127,526
FOREIGN GOVERNMENT SECURITIES	**5.1%**		
Commonwealth of Australia			
5.500%, 12/15/13		11,000	11,746
6.500%, 5/15/13		5,000	5,277
Kingdom of Norway Series 470 6.500%, 5/15/13		50,000(4)	8,761
Total Foreign Government Securities			
(Identified Cost $25,407)			25,784
CORPORATE BONDS	**2.1%**		
INDUSTRIALS 2.1%			
CSX Corp. 6.250%, 3/15/18		4,000	4,817
Ingersoll-Rand Global Holding Co., Ltd. 6.875%, 8/15/18		4,814	5,866
Total Corporate Bonds			
(Identified Cost $8,349)			10,683

		Number of Shares	
COMMON STOCKS	**48.1%**		
CONSUMER DISCRETIONARY 5.0%			
Amazon.com, Inc.(2)		9,600	2,192
AutoZone, Inc.(2)		8,200	3,011
Comcast Corp. Class A(6)		162,000	5,179
Leggett & Platt, Inc.		90,000	1,902
Lululemon Athletica, Inc.(2)		42,000	2,504
McDonald s Corp.		54,000	4,781
Papa John s International, Inc.(2)		18,000	856

See notes to financial statements

	Number of Shares	Value
Consumer Discretionary (continued)		
Yum! Brands, Inc.	76,000	$ 4,896
		25,321
Consumer Staples 5.6%		
Altria Group, Inc.[6]	250,000	8,637
Heinz (H.J.) Co.	85,000	4,622
Kimberly-Clark Corp.	49,000	4,105
PepsiCo, Inc.	89,000	6,289
Procter & Gamble Co. (The)	75,000	4,594
		28,247
Energy 4.2%		
Chevron Corp.	42,000	4,431
ConocoPhillips	64,000	3,576
Continental Resources, Inc.[2]	37,000	2,465
Petroleo Brasileiro S.A. ADR	59,000	1,107
Total SA Sponsored ADR	36,000	1,618
Whiting Petroleum Corp.[2] [6]	28,000	1,151
Williams Cos., Inc. (The)	202,000	5,822
WPX Energy, Inc.[2]	75,000	1,214
		21,384
Financials 5.8%		
BB&T Corp.	154,000	4,751
Goldman Sachs Group, Inc. (The)	22,000	2,109
HCP, Inc.	94,000	4,150
JPMorgan Chase & Co.	198,000	7,074
Lincoln National Corp.[6]	183,000	4,002
New York Community Bancorp, Inc.	152,000	1,905
U.S. Bancorp	174,000	5,596
		29,587
Health Care 7.1%		
Abbott Laboratories	101,000	6,511
Biogen Idec, Inc.[2]	22,000	3,176
Bristol-Myers Squibb Co.	161,000	5,788
Eli Lilly & Co.	133,000	5,707
Express Scripts Holding Co.[2] [6]	44,000	2,457
Gilead Sciences, Inc.[2]	60,000	3,077
Johnson & Johnson	68,000	4,594
UnitedHealth Group, Inc.	77,000	4,505
		35,815

See notes to financial statements

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	Number of Shares	Value
INDUSTRIALS 3.9%		
Alaska Air Group, Inc.[2]	82,000	$ 2,944
Cummins, Inc.	38,000	3,682
Deere & Co.[6]	33,000	2,669
Lockheed Martin Corp.	47,000	4,093
Union Pacific Corp.	35,000	4,176
United Continental Holdings, Inc.[2]	80,000	1,946
		19,510
INFORMATION TECHNOLOGY 8.2%		
Apple, Inc.[2]	10,400	6,074
Citrix Systems, Inc.[2]	35,000	2,938
Intel Corp.	263,000	7,009
International Business Machines Corp.	32,000	6,259
MasterCard, Inc. Class A	8,200	3,527
Paychex, Inc.	129,000	4,052
QUALCOMM, Inc.	108,000	6,013
VeriSign, Inc.[2] [6]	57,000	2,483
Visa, Inc. Class A	27,000	3,338
		41,693
MATERIALS 3.6%		
CF Industries Holdings, Inc.	10,000	1,937
Cliffs Natural Resources, Inc.	35,000	1,725
Du Pont (E.I.) de Nemours & Co.	115,000	5,816
Freeport-McMoRan Copper & Gold, Inc.	87,000	2,964
MeadWestvaco Corp.	86,000	2,473
Monsanto Co.[6]	42,000	3,477
		18,392
TELECOMMUNICATION SERVICES 3.1%		
AT&T, Inc.	132,000	4,707
CenturyLink, Inc.	98,000	3,870
Verizon Communications, Inc.	165,000	7,333
		15,910
UTILITIES 1.6%		
Duke Energy Corp.	175,000	4,035
FirstEnergy Corp.	83,000	4,083
		8,118
Total Common Stocks		
(Identified Cost $215,173)		243,977

See notes to financial statements

		Number of Shares	Value
Exchange-Traded Funds	**0.7%**		
Templeton Dragon Fund, Inc.		131,000	$ 3,471
Total Exchange-Traded Funds (Identified Cost $2,412)			3,471
Total Long Term Investments 81.1% (Identified cost $365,610)			411,441
Short-Term Investments	**18.5%**		
Money Market Mutual Funds 8.3%			
Dreyfus Cash Management Fund Institutional Shares (seven-day effective yield 0.080%)		41,919,288	41,919
			41,919
		Par	
U.S. Treasury Bills[5] 10.2%			
U.S. Treasury Bill			
0.160%, 7/26/12		$ 10,000	10,000
0.090%, 11/15/12		42,000	41,981
			51,981
Total Short-Term Investments (Identified Cost $93,904)			93,900
		Contracts	
Purchased Options	**0.1%**		
Call Options 0.1%			
Ebay, Inc. expiring 7/21/12 strike price $38		1,410	621
U.S. Steel Corp. expiring 7/21/12 strike price $30		2,250	2
Total Purchased Options (Identified Cost $1,173)			623
Total Investments, Before Written Options 99.7% (Identified Cost $460,687)			505,964
Written Options	**(0.1)%**		
Call Options (0.1)%			
Altria Group, Inc. expiring 9/22/12 strike price $34		400	(46)
Comcast Corp. Class A expiring 8/18/12 strike price $31		270	(42)
Deere & Co. expiring 9/22/12 strike price $77.50		55	(30)
Ebay, Inc. expiring 7/21/12 strike price $43		2,110	(179)
Express Scripts Holding Co. expiring 8/18/12 strike price $55		90	(21)
Lincoln National Corp. expiring 8/18/12 strike price $22		380	(39)
Monsanto Co. expiring 8/18/12 strike price $80		80	(34)
VeriSign, Inc. expiring 9/22/12 strike price $44		115	(23)
Whiting Petroleum Corp. expiring 8/18/12 strike price $40		55	(15)
			(429)

See notes to financial statements

	Contracts	Value
Put Options (0.0)%		
Ebay, Inc. expiring 7/21/12 strike price $36	2,110	$ (30)
Total Written Options (Premiums Received $545)		(459)
Total Investments (Identified Cost $460,142) **99.6%**		505,505(1)
Other assets and liabilities, net 0.4%		2,198
Net Assets 100.0%		$ 507,703

(1) Federal Income Tax Information : For tax information at June 30, 2012, see Note 11 Federal Income Tax Information in the Notes to Financial Statements.
(2) Non-income producing.
(3) Principal amount is adjusted daily pursuant to the change in the Consumer Price Index.
(4) Par value represents Norwegian Krone (reported in thousands).
(5) The rate shown is the discount rate.
(6) All or a portion segregated as collateral for written options.

Country Weightings	
United States	93%
Australia	3%
Norway	2%
Canada	1%
China	1%
Total	100%

% of total investments as of June 30, 2012

The following table provides a summary of inputs used to value the Fund s net assets as of June 30, 2012 (See Security Valuation Note 2A in the Notes to Financial Statements.):

	Total Value at June 30, 2012	Level 1 Quoted Prices	Level 2 Significant Observable Inputs
Debt Securities:			
U.S. Government Securities (includes short-term investments)	$ 179,507	$	$ 179,507
Foreign Government Securities	25,784		25,784
Corporate Bonds	10,683		10,683
Equity Securities:			
Common Stocks	243,977	243,977	
Exchange-Traded Funds	3,471	3,471	
Short-Term Investments	41,919	41,919	
Other Financial Instruments:			
Purchased Options	623	623	
Written Options	(459)	(459)	
Total	$ 505,505	$ 289,531	$ 215,974

There are no Level 3 (significant unobservable input) priced securities.

See notes to financial statements

THE ZWEIG TOTAL RETURN FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2012

(Unaudited)

(Reported in thousands except per share amounts)

ASSETS	
Investment at value before written options (Identified cost $460,687)	$ 505,964
Cash held with prime broker	810
Receivables:	
Dividends and interest	1,695
Prepaid expenses	136
Total Assets	508,605
LIABILITIES	
Cash overdraft	17
Payables	
Written options outstanding, at value (Premiums received $545)	459
Investment advisory	