

ZWEIG TOTAL RETURN FUND INC

Form N-30B-2

November 22, 2010

THE ZWEIG TOTAL RETURN FUND, INC.

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Quarterly Report

September 30, 2010

[LOGO]

Zweig  
Advisers  
A VIRTUS INVESTMENT PARTNER

OFFICERS AND DIRECTORS

GEORGE R. AYLWARD, President, Chairman and Chief Executive Officer

CARLTON NEEL, Executive Vice President

DAVID DICKERSON, Senior Vice President

MARC BALTUCH, Chief Compliance Officer and Vice President

MOSHE LUCHINS, Vice President

KEVIN J. CARR, Chief Legal Officer and Secretary

W. PATRICK BRADLEY, Treasurer and Chief Financial Officer

JACQUELINE PORTER, Vice President and Assistant Treasurer

CHARLES H. BRUNIE, Director

WENDY LUSCOMBE, Director

ALDEN C. OLSON, PH.D., Director

JAMES B. ROGERS, JR., Director

R. KEITH WALTON, Director  
INVESTMENT ADVISER  
ZWEIG ADVISERS LLC  
900 Third Avenue  
New York, NY 10022-4793

FUND ADMINISTRATOR  
VP DISTRIBUTORS, INC.  
100 Pearl Street  
Hartford, CT 06103-4506

CUSTODIAN  
THE BANK OF NEW YORK MELLON  
One Wall Street

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New York, NY 10286

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KATTEN MUCHIN ROSENMAN LLP  
575 Madison Avenue  
New York, NY 10022-2585

TRANSFER AGENT  
COMPUTERSHARE TRUST COMPANY, NA  
P.O. Box 43010  
Providence, RI 02940-3010

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THIS REPORT IS TRANSMITTED TO THE SHAREHOLDERS OF THE ZWEIG TOTAL RETURN FUND, INC. FOR THEIR INFORMATION. THIS IS NOT A PROSPECTUS, CIRCULAR OR REPRESENTATION INTENDED FOR USE IN THE PURCHASE OF SHARES OF THE FUND OR ANY SECURITIES MENTIONED IN THIS REPORT.

[LOGO]

VIRTUS  
INVESTMENT PARTNERS

Q3-10

## FUND DISTRIBUTIONS AND MANAGED DISTRIBUTION PLAN

The Fund has a Managed Distribution Plan to pay 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](http://www.Virtus.com). Section 19(a)

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notices are posted on the website at:.

<http://www.virtus.com/products/closed/details.aspx?type=individual&fundid=ZTR>

November 1, 2010

DEAR FELLOW ZTR SHAREHOLDER:

I am pleased to share with you the manager's report and commentary for the Zweig Total Return Fund, Inc. for the nine-months ended September 30, 2010.

The Zweig Total Return Fund's net asset value increased 6.38% for the quarter ended September 30, 2010, including \$0.095 in reinvested distributions. During the same period, the Fund's Composite Index increased 7.015% including reinvested dividends. The Fund's average exposure for the quarter was approximately 36% in bonds and 40% in equities.

For the nine months ended September 30, 2010, the Fund's net asset value gained 2.05%, including \$0.297 in reinvested distributions. During the same period, the Fund's Composite Index increased 6.45% including reinvested dividends. The Fund's average exposure for the nine months was approximately 38% in bonds and 40% in equities.

Sincerely,

/s/ George R. Aylward  
George R. Aylward  
President, Chairman and  
Chief Executive Officer  
The Zweig Total Return  
Fund, Inc.

### MARKET OVERVIEW AND OUTLOOK

#### EQUITY MARKET

Paced by a strong September, historically the weakest market month of the year, the major indexes showed double-digit gains for the third quarter. The Dow Jones Industrial Average climbed 7.7%/(1)/ in September, its greatest rally for that month since 1939, and ended the third quarter up 10.4%/(1)/. For the year to date the Dow closed at 10,788, an increase of 3.6%/(1)/. Surging 8.8%/(1)/ in September, its best score for that month since 1939, the S&P 500(R) Index (the "S&P 500(R)") rose 10.7%/(1)/ for the quarter. For the nine months, the S&P 500 closed 2.3%/(1)/ higher at 1,141. Topping the performance of the Dow and the S&P, the NASDAQ Composite spurted 12.3%/(1)/ for the quarter, and ended at 2,368, up 4.4%/(1)/ for the year to date.

Reporting that "the pace of economic recovery is likely to be modest in the near term," the Federal Reserve (the "Fed") strongly indicated that it might soon resume buying large amounts of government debt to stimulate the economy. At its September meeting, the Fed maintained its target range for the federal funds rate at virtually zero, adding that "stable inflation expectations are likely to warrant exceptionally low levels for an extensive period."

Although there is slight tangible evidence, the recession that started in December of 2007 officially ended in June 2009. That was the finding of the National Bureau of Economic Research, the group that determines the benchmarks of U.S. recessions. The recent 18-month recession was the longest downturn since the Great Depression. Given the current market conditions, there is still a long way to go.

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/(1)/ Return excludes reinvested dividends

Managed Distribution Plan: The Fund has a policy to distribute 10% of its net asset value annually. Please see inside the front cover for more information.

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That's illustrated in the Commerce Department report that Gross Domestic Product ("GDP") in the second quarter was at an annual rate of 1.7%, a slight upward revision from the previous estimate of 1.6%, but sharply below the 3.4% rate the first quarter. Looking to the future, the International Monetary Fund ("IMF") expects U.S. growth next year to fall to 2.9% from this year's anticipated rate of 3.9%. The agency predicted that world expansion in 2011 would dip to 4.3% from this year's 4.6%.

When the IMF lowered its forecast for U.S. growth, it cited "sluggish personal consumption." Consumer spending, which accounts for roughly 70% of the U.S. economy, increased only 0.4% in August, the same as the seasonally-adjusted rise in July, according to the Commerce Department. Indicating that inflation has been checked, the Consumer Price Index ("CPI"), a standard inflation gauge, inched up 0.3% in August, following a similar gain in July. The Producer Price Index, which depicts wholesale prices, increased 0.4% in August after a 0.2% rise in July.

While still weak, the housing market, a major component of the economy, is showing signs of stabilization. The Commerce Department reported that housing starts gained 10.5% in August to a seasonally-adjusted annual rate of 598,000 units, the largest increase since last November, to the highest level in four months. After slumping in July, home sales gained 7.6% in August but were still down 19% from the same month last year. Overall spending on construction rose 0.4% in August, after a decline of 1.4% in July.

A bright note came from service-sector companies, which currently account for about two-thirds of GDP. ("ISM") The Institute of Supply Management reported that its activity index for non-manufacturing firms increased to 53.2 in September from 51.5 in August. The index of manufacturing did not do as well, dipping to 54.4 in September from 56.3 in August. However it was the fourteenth consecutive month of growth. The manufacturing index hit a recent peak of 60.4 last April.

Reflecting the slowdown in manufacturing, the Commerce Department reported August declines of 1.3% in orders for durable goods and 0.5% in factory orders. With the volatile transportation component excluded, durable goods orders were up 2% and factory orders were 0.9% higher.

The employment sector remains bleak. U.S. payroll shrank by 65,000 in September, according to the Labor Department. While 159,000 government positions were eliminated, half of them temporary census workers, private employers added 64,000 jobs. The nation's unemployment rate stood unchanged at 9.6%, marking the fourteenth consecutive month of the level topping 9.5%. American hourly earnings grew by only one penny in September and were up 1.7% for the year to date.

Given the latest job numbers, it was no surprise that consumer confidence in September dipped to its lowest level since February. The Conference Board reported that its consumer confidence index declined to 48.5% in September from 53.2 in August, a slight downward revision from its previous estimate for

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August.

Foreign trade provided some favorable news. The Commerce Department reported that the U.S. trade deficit narrowed by 14% in July, the last month for which statistics are available. The deficit shrank to \$42.8 billion from a revised \$49.8 billion in June. Exports increased to \$153.3 billion from \$150.6 billion in June. July imports totaled \$196.1 billion, down \$4.2 billion from June.

Mergers and acquisitions took off in the third quarter. Dealogic reported that U.S. deals totaled \$199.2 billion, a jump of 76% from the 2009 period. Global third-quarter activity hit \$758.6 billion, up 55% from the 2009 level and

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26% above the second quarter. For the first nine months, world-wide deals came to \$1.98 trillion, 21% over last year. Growing more slowly, U.S. deals totaled \$595.4 billion for the year to date. Europe deals gained 13% while Asia climbed 19%.

Initial public offerings ("IPOs") also showed signs of life, according to Dealogic. World-wide there were 877 new IPOs, raising \$147.1 billion, for the first nine months of 2010, already topping the 578 deals valued at \$111.4 billion in all of last year. However IPOs have a long way to go to reach the 1831 deals that raised \$302.2 billion in 2007. In the third quarter there were 272 global deals, raising \$52.4 billion. Half of that number and more than three-quarters of the dollar volume came from Asia in the quarter. In the U.S., nineteen companies issued IPOs, valued at \$2.8 billion, in the quarter. Including foreign firms filing in the U.S., domestic stocks launched rose to 27, valued at \$4.7 billion. Europe showed 36 offerings, raising \$3.1 billion in the quarter.

Dividends, which fell sharply following the financial crisis, are recovering. In the third quarter, 185 of the S&P 500 companies boosted dividends while only three cut them, according to Howard Silverblatt, senior S&P analyst. During the same period of 2009, 110 companies increased dividends while 72 reduced them. Stock buybacks reached \$27.6 billion in the second quarter, the most recent data available, the highest since the third quarter of 2008. As of June 30, industrial companies in the S&P 500 held a record \$843 billion in cash, up from \$733 billion a year earlier.

Third-quarter earnings of the S&P 500 companies are expected to top the like 2009 period by 24%, with the fourth quarter estimated to show a 31% gain, according to consensus estimates compiled by Thomson Reuters. However, the agency also cautioned that, shortly before the third quarter ended, 77% of the S&P 500 companies reported they will not meet their estimates, and only 34 said they would exceed them.

Based on the estimated earnings, Bloomberg News reported that stocks in the S&P 500 were trading at a price/earnings ratio of 15.15 on September 30, 2010, compared with 13.85 on June 30 and 26.57 on September 30 last year. The P/E's for trailing twelve-months earnings were 14.86, 14.08 and 26.69 respectively. The current valuations appear to be fairly priced since they are roughly in line with the historical average of 14.9 since 1984.

Individual investors in the stock market have come around to be as optimistic as analysts. Advisors surveyed by Investors Intelligence on September 30, totaled 41% bulls and 29% bears. At the same date, a survey of members of the American Institute of Individual Investors showed 42% bulls and

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32% bears. While the advisors, who tallied 41% bulls and 33% bears on June 30, showed little change in opinions during the quarter, the individual investors jumped from 25% bulls and 42% bears on June 30.

Overall, our equity market indicators are on the neutral side. Although long-term skepticism, a positive sign, is still present, the pockets of extreme pessimism we saw during the summer are mostly gone. As a result, our sentiment indicators are neutral. With recent advances outnumbering declining issues, our tape indicators have improved significantly since the July 1 lows. Monetary indicators continue positive due to the low inflation and the Fed's easy interest rate policy. At this writing, the Fed seems to be more concerned about deflation than inflation.

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### BOND MARKET

Bonds continued to rally during the third quarter, with yields falling from 2.93% at the beginning of the quarter to 2.51% on September 30. Since bond prices move in the opposite direction of yields, prices for existing bonds rose.

The decline in yields was interrupted in July as stocks rallied and some investors sold bonds in favor of stocks. However the "summer of recovery" did not materialize and the bond market reacted positively to the weakness in economic numbers. As reported in the preceding equity section, the labor market remains sluggish, with the unemployment rate holding at 9.6%. As a result, the Fed has kept its benchmark federal funds rate at near zero in an attempt to jumpstart the economy and create new jobs. Meanwhile the inflation rate remains very low.

Inflation is the bane of the bond market because fixed-income investors seek some return above inflation when lending money. During periods of rising inflation expectations, bonds yields are high or climbing. Just the opposite has been happening. Bond investors are increasingly concerned about the economic malaise, the low inflation rate and fears of deflation.

With a muted appetite for risk from large segments of the investing public, money continued to flow into the bond market during the bulk of the summer. In the third quarter, investors took out \$43 billion from U.S. stock funds, according to Morningstar. That brought withdrawals to \$100 billion since the beginning of 2009.

Overall, the duration of our bond portfolio (a measurement of sensitivity to interest rates) continues to be very modest. Consequently we participated somewhat less in the summer rally. As in the previous quarter, our holdings of Treasury Inflation Protected Securities (TIPS) and corporate bonds did help our performance but they did not move sharply higher than ordinary Treasury bonds.

With several indicators still somewhat negative, our bond model reading calls for a relatively cautious posture. Current bond prices discount only the most pessimistic economic outlook. As a result, any future economic surprise is likely to be positive, and result in lower bond prices and higher yields. Even the planned bond purchases by the Federal Reserve ("QE2") may be discounted in prices already. It would take a significantly weaker economy to push bond yields lower (and prices higher) from here. As always, we remain flexible. If the indicators or market conditions warrant, we will alter our exposure accordingly.

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Sincerely,

/s/Martin E. Zweig, Ph.D.

Martin E. Zweig, Ph.D.  
President  
Zweig Consulting LLC

As interest rates rise, bond prices fall. As such, this Fund's share value may decline substantially and it is possible to lose a significant portion of your principal when interest rates rise.

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PORTFOLIO COMPOSITION

The Fund's leading equity sectors on September 30, 2010, included Information Technology, Energy, Industrials, Materials and Consumer Discretionary. All of the above, with the exception of Consumer Discretionary, appeared on our previous listing. During the quarter we added to our positions in Consumer Discretionary and reduced our holdings in Information Technology and Materials.

Our leading individual positions on September 30, 2010, included Verizon, Altria, Excelon, AT&T, Hudson City Bancorp, Chevron, DuPont, Johnson & Johnson, ConocoPhillips, and McDonald's. All of the above, with the exception of McDonald's, where there was no change in shares held, were in our previous listing. Although it is no longer among our top positions, we added to our holdings in Nucor.

Sincerely,

/s/ Carlton Neel

Carlton Neel  
Executive Vice President  
Zweig Advisers, LLC

ASSET ALLOCATION AS OF SEPTEMBER 30, 2010

The following graph illustrates asset allocations within certain sectors and as a percentage of total investments as of September 30, 2010.

[CHART]

Common Stocks	40%
U.S. Government Securities	27%
Corporate Bonds	2%
Exchange Traded Funds	1%
Short-Term Investments	30%

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The preceding information is the opinion of portfolio management. Past performance is no guarantee of future results, and there is no guarantee that market forecasts will be realized.

For information regarding the indexes cited, and key investment terms used in this report see page 7.

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### 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.

**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 (CPI):** 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.

**DEFLATION:** A general decline in prices, if it persists, generally creates a vicious spiral of negatives such as falling profits, closing factories, shrinking employment and incomes, and increasing defaults on loans by companies and individuals. To counter deflation, the Federal Reserve (the Fed) can use monetary policy to increase the money supply and deliberately induce rising prices, causing inflation.

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

**DURATION:** A measure of a fixed income fund's sensitivity to interest rate changes. For example, if a fund's duration is 5 years, a 1% increase in interest rates would result in a 5% decline in the fund's price. Similarly, a 1% decline in interest rates would result in a 5% gain in the fund's price.

**FEDERAL FUNDS:** Funds deposited to regional Federal Reserve Banks by commercial banks, including funds in excess of reserve requirements.

**FEDERAL RESERVE (THE "FED"):** 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.

**GROSS DOMESTIC PRODUCT (GDP):** An important measure of the United States' economic performance, GDP is the total market value of all final goods and services produced in the U.S. during any quarter or year.



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**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 (IPO):** A company's first sale of stock to the public.

**INSTITUTE FOR SUPPLY MANAGEMENT (ISM) REPORT ON BUSINESS(R):** 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.

**INTERNATIONAL MONETARY FUND ("IMF"):** An international organization created for the purpose of promoting global monetary and exchange stability, facilitating the expansion and balanced growth of international trade, and assisting in the establishment of a multilateral system of payments for current transactions.

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**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.

**MORNINGSTAR INC:** A Chicago-based investment research firm that compiles and analyzes fund, stock and general market data. Morningstar also provides an extensive line of internet, software and print-based products for individual investors, financial advisors, and institutional clients.

**NATIONAL BUREAU OF ECONOMIC RESEARCH:** This private, non-profit, non-partisan research organization's main aim is to promote greater understanding of how the economy works. It disseminates economic research among public policy makers, business professionals and the academic community.

**NASDAQ COMPOSITE(R) 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.

**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(R) 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.

**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(R) 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.

**TREASURY-INFLATION PROTECTED SECURITIES (TIPS):** U.S. Treasury bonds and notes

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whose value is adjusted according to changes to the inflation rate daily, as measured by the consumer price index. As inflation occurs, the value of TIPS increases.

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.

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### THE ZWEIG TOTAL RETURN FUND, INC.

#### SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2010

(UNAUDITED)

(\$ REPORTED IN THOUSANDS)

	PAR	VALUE
	-----	-----
INVESTMENTS		
U.S. GOVERNMENT SECURITIES <span style="float: right;">27.3%</span>		
U.S. Treasury Inflation Indexed Note		
1.625%, 1/15/15/(4)/.....	\$ 28,000	\$ 34,164
2.000%, 1/15/16/(4)/.....	25,000	30,095
2.375%, 1/15/17/(4)/.....	31,000	37,775
U.S. Treasury Note 4.000%, 11/15/12.....	18,500	19,910
		-----
TOTAL U.S. GOVERNMENT SECURITIES (Identified Cost		
\$107,276).....		121,944
		-----
CORPORATE BONDS <span style="float: right;">2.4%</span>		
INDUSTRIALS -- 2.4%		
CSX Corp. 6.250%, 3/15/18.....	4,000	4,749
Ingersoll-Rand Global Holding Co., Ltd. 6.875%,		
8/15/18.....	4,814	5,845
		-----
TOTAL CORPORATE BONDS (Identified Cost \$8,245).....		10,594
		-----
	NUMBER OF	
	SHARES	
	-----	
COMMON STOCKS <span style="float: right;">40.4%</span>		
CONSUMER DISCRETIONARY -- 4.1%		
AutoZone, Inc./ (2)/.....	11,000	2,518
Best Buy Co., Inc.....	98,000	4,002
Comcast Corp. Class A.....	186,000	3,363
Darden Restaurants, Inc.....	95,000	4,064
McDonald's Corp.....	61,000	4,545
		-----
		18,492
		-----
CONSUMER STAPLES -- 3.2%		
Altria Group, Inc.....	238,000	5,717
Clorox Co. (The).....	64,000	4,273

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PepsiCo, Inc.....	67,000	4,451
		-----
		14,441
		-----
ENERGY -- 7.3%		
Chesapeake Energy Corp.....	165,000	3,737
Chevron Corp.....	65,000	5,268
ConocoPhillips.....	83,000	4,767

See notes to financial statements

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(\$ REPORTED IN THOUSANDS)

	NUMBER OF SHARES	VALUE
	-----	-----
ENERGY (CONTINUED)		
El Paso Corp.....	204,000	\$ 2,525
Halliburton Co.....	123,000	4,068
Massey Energy Co.....	86,000	2,668
Occidental Petroleum Corp.....	44,000	3,445
Petroleo Brasileiro SA ADR/(5)/.....	69,000	2,503
Williams Cos., Inc. (The).....	180,000	3,440
		-----
		32,421
		-----
FINANCIALS -- 2.4%		
Citigroup, Inc./ (2)/.....	575,000	2,242
Goldman Sachs Group, Inc. (The).....	21,000	3,036
Hudson City Bancorp, Inc.....	433,000	5,309
		-----
		10,587
		-----
HEALTH CARE -- 2.9%		
Biogen Idec, Inc./ (2)/.....	39,000	2,189
Gilead Sciences, Inc./ (2)/.....	62,000	2,208
Johnson & Johnson.....	77,000	4,771
UnitedHealth Group, Inc.....	104,000	3,651
		-----
		12,819
		-----
INDUSTRIALS -- 4.6%		
Alaska Air Group, Inc./ (2)/.....	44,000	2,245
Caterpillar, Inc.....	50,000	3,934
Continental Airlines, Inc. Class B/(2)/...	97,000	2,410
DryShips, Inc./ (2) (5)/.....	534,000	2,569
Foster Wheeler AG/(2)/.....	102,000	2,495
L-3 Communications Holdings, Inc.....	49,000	3,541
Union Pacific Corp.....	43,000	3,517
		-----
		20,711
		-----
INFORMATION TECHNOLOGY -- 7.8%		

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Amkor Technology, Inc./ (2) /.....	336,000	2,208
Cisco Systems, Inc./ (2) /.....	96,000	2,102
Corning, Inc.....	192,000	3,510
Hewlett-Packard Co.....	82,000	3,450
Intel Corp.....	205,000	3,942
International Business Machines Corp.....	29,000	3,890
Microsoft Corp.....	140,000	3,429
Nokia Oyj Sponsored ADR.....	448,000	4,493
QUALCOMM, Inc.....	92,000	4,151

See notes to financial statements

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(\$ REPORTED IN THOUSANDS)

	NUMBER OF SHARES	VALUE
	-----	-----
INFORMATION TECHNOLOGY (CONTINUED)		
Research In Motion Ltd./ (2) /.....	38,000	\$ 1,850
SanDisk Corp./ (2) /.....	56,000	2,052
		-----
		35,077
		-----
MATERIALS -- 4.3%		
Alcoa, Inc.....	294,000	3,560
Du Pont (E.I.) de Nemours & Co.....	109,000	4,863
Freeport-McMoRan Copper & Gold, Inc.....	49,000	4,184
Nucor Corp.....	118,000	4,508
Potash Corp. of Saskatchewan, Inc.....	16,000	2,305
		-----
		19,420
		-----
TELECOMMUNICATION SERVICES -- 2.6%		
AT&T, Inc.....	187,000	5,348
Verizon Communications, Inc.....	188,000	6,127
		-----
		11,475
		-----
UTILITIES -- 1.2%		
Exelon Corp.....	128,000	5,450
		-----
		5,450
		-----
		180,893
		-----
EXCHANGE-TRADED FUNDS 0.7%		
Templeton Dragon Fund, Inc.....	108,000	3,122
		-----
		3,122
		-----
TOTAL LONG TERM INVESTMENTS -- 70.8% (Identified Cost \$293,196).....		
		316,553
		-----

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SHORT-TERM INVESTMENTS		29.1%	
MONEY MARKET MUTUAL FUNDS -- 3.4%			
Dreyfus Cash Management Fund -- Institutional			
Shares (seven-day effective yield 0.210%).....	15,409,513		15,410
			-----
			15,410
			-----
			PAR
			-----
U.S. TREASURY BILLS/(3)/ -- 25.7%			
U.S. Treasury Bill			
0.230%, 10/21/10/(5)/.....	\$ 55,000		54,996
0.148%, 11/26/10.....	28,000		27,994

See notes to financial statements

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(\$ REPORTED IN THOUSANDS)

	PAR	VALUE
	-----	-----
U.S. TREASURY BILLS/(3)/ (CONTINUED)		
0.180%, 2/24/11/(5)/.....	\$ 5,000	\$ 4,997
0.190%, 6/2/11.....	27,000	26,963
		-----
		114,950
		-----
TOTAL SHORT-TERM INVESTMENTS (Identified Cost \$130,358)		130,360
		-----
		NUMBER OF
		SHARES
		-----
SECURITIES LENDING COLLATERAL		1.5%
Dreyfus Institutional Cash Advantage		
Fund (seven day effective yield 0.1247%)/(6)/..	6,618,000	6,618
		-----
TOTAL SECURITIES LENDING COLLATERAL (Identified Cost		
\$6,618).....		6,618
		-----
TOTAL INVESTMENTS (Identified Cost \$430,172) --		
101.4%/(1)/.....		453,531
OTHER ASSETS AND LIABILITIES, NET -- 1.4%.....		(6,210)
		-----
NET ASSETS -- 100.0%.....		\$447,321
		=====

(1) Federal Income Tax Information: For tax information at September 30, 2010, see Note 3 Federal Income Tax Information in the Notes to Schedule of Investments.

(2) Non-income producing.

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- (3) The rate shown is the discount rate.
- (4) Principal amount is adjusted daily pursuant to the change in the Consumer Price Index.
- (5) All or a portion of security is on loan.
- (6) Represents security purchased with cash collateral received for securities on loan.

The following table provides a summary of inputs used to value the Fund's net assets as of September 30, 2010 (See Security Valuation Note 1A in the Notes to Schedule of Investments.):

	TOTAL VALUE AT SEPTEMBER 30, 2010	LEVEL 1 QUOTED PRICES	LEVEL 2 SIGNIFICANT UNOBSERVABLE INPUTS
Debt Securities:			
U.S. Government Securities (includes short-term investments).....	\$236,894	\$ --	\$236,894
Corporate Bonds.....	10,594	--	10,594
Equity Securities:			
Common Stocks.....	180,893	180,893	
Exchange-Traded Funds.....	3,122	3,122	
Money Market Mutual Funds.....	15,410	15,410	
Securities Lending Collateral.....	6,618	6,618	
Total.....	\$453,531	\$206,043	\$247,488

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

See notes to financial statements

THE ZWEIG TOTAL RETURN FUND, INC.

FINANCIAL HIGHLIGHTS

SEPTEMBER 30, 2010  
(UNAUDITED)

(Reported in thousands except for the per share amounts)

	TOTAL NET ASSETS	NET ASSET VALUE PER SHARE
Beginning of period: December 31, 2009.....	\$473,217	\$ 4.13
Net investment income.....	\$ 3,986	\$ 0.03
Net realized and unrealized gain on investments.....	4,153	0.04
Dividends from net investment income and distributions from net long-term and short-term capital gains*.....	(34,035)	(0.30)

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Net increase (decrease) in net assets/net asset value...	(25,896)	(0.23)
	-----	-----
End of period: September 30, 2010.....	\$447,321	\$ 3.90
	=====	=====

-----  
 \*Please note that the tax status of our distributions is determined at the end of the taxable year. However, based on interim data as of September 30, 2010, we estimate 12% of the distributions will represent net investment income, 22% will represent excess gain distributions which are taxed as ordinary income and 66% will represent return of capital. Also refer to the inside front cover for the Managed Distribution Plan.

See Notes to Schedule of Investments

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THE ZWEIG TOTAL RETURN FUND, INC.

NOTES TO SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2010  
 (UNAUDITED)

NOTE 1 -- SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates and those differences could be significant.

A. SECURITY VALUATION:

The Fund utilizes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

- . Level 1 -- quoted prices in active markets for identical securities
- . Level 2 -- prices determined using other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- . Level 3 -- prices determined using significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

A description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis is as follows:

Equity securities are valued at the official closing price (typically last

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sale) on the exchange on which the securities are primarily traded, or if no closing price is available, at the last bid price and are categorized as Level 1 in the hierarchy. Restricted equity securities and private placements that are not widely traded, are illiquid or are internally fair valued by the advisor, are generally categorized as Level 3 in the hierarchy.

Certain foreign securities may be fair valued in cases where closing prices are not readily available or are deemed not reflective of readily available market prices. For example, significant events (such as movement in the U.S. securities market, or other regional and local developments) may occur between the time that foreign markets close (where the security is principally traded) and the time that the Fund calculates its net asset value (generally, the close of the NYSE) that may impact the value of securities traded in these foreign markets. In such cases the Fund fair values foreign securities using an independent pricing service which considers the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments such as American depository receipts, financial futures, exchange-traded funds, and certain indexes as well as prices for similar securities. Such fair valuations are categorized as Level 2 in the hierarchy. Because the frequency of significant events is not predictable, fair valuation of certain foreign common stocks may occur on a frequent basis.

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Debt securities, including restricted securities, are valued based on evaluated quotations received from independent pricing services or from dealers who make markets in such securities. For most bond types, the pricing service utilizes matrix pricing which considers yield or price of bonds of comparable quality, coupon, maturity, current cash flows, type, and current day trade information, as well as dealer supplied prices. These valuations are generally categorized as Level 2 in the hierarchy. Structured debt instruments may also incorporate collateral analysis and utilize cash flow models for valuation and are generally categorized as Level 2 in the hierarchy. Pricing services do not provide pricing for all securities and therefore indicative bids from dealers are utilized which are based on pricing models used by market makers in the security and are generally categorized as Level 2 in the hierarchy. Debt securities that are not widely traded, are illiquid, or are internally fair valued by the advisor are generally categorized as Level 3 in the hierarchy.

Listed derivatives that are actively traded are valued based on quoted prices from the exchange and are categorized as Level 1 in the hierarchy. Over the counter (OTC) derivative contracts, which include forward currency contracts and equity linked instruments, do not require material subjectivity as pricing inputs are observed from actively quoted markets and are categorized as Level 2 in the hierarchy.

Investments in open-end mutual funds are valued at their closing net asset value determined as of the close of business of the New York Stock Exchange (generally 4:00 p.m. Eastern time) each business day and are categorized as Level 1 in the hierarchy.

Short-term Notes having a remaining maturity of 60 days or less are valued at amortized cost, which approximates market.

A summary of the inputs used to value the Fund's net assets by each major security type is disclosed at the end of the Schedule of Investments for the Fund. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.



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### B. SECURITY TRANSACTIONS AND RELATED INCOME:

Security transactions are recorded on the trade date. Dividend income is recorded on the ex-dividend date, or in the case of certain foreign securities, as soon as the Fund is notified. Interest income is recorded on the accrual basis. The Fund amortizes premiums and accretes discounts using the effective interest method. Realized gains and losses are determined on the identified cost basis.

### C. SECURITY LENDING (\$ REPORTED IN THOUSANDS):

The Fund may loan securities to qualified brokers through an agreement with The Bank of New York Mellon ("BNY Mellon"). Under the terms of the agreement, the Fund is required to maintain collateral with a market value not less than 100% of the market value of loaned securities. Collateral is adjusted daily in connection with changes in the market value of securities on loan. Collateral may consist of cash, U.S. Government Securities. Cash collateral is invested in a short-term money market fund. Dividends earned on the collateral and premiums paid by the broker are recorded as income by the Fund net of fees and rebates charged by BNY Mellon for its services in connection with this securities lending program. Lending portfolio securities involves a risk of delay in the recovery of the loaned securities or in the foreclosure on collateral.

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At September 30, 2010, the Fund had securities on loan with a market value of \$49,243 for which the Fund received cash collateral of \$6,618 and U.S. Government Securities Collateral of \$49,967.

#### NOTE 2 -- INDEMNIFICATIONS

Under the Fund's organizational documents and related agreements, its directors and officers are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, the Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these arrangements.

#### NOTE 3 -- FEDERAL INCOME TAX INFORMATION

(\$ REPORTED IN THOUSANDS)

At September 30, 2010, federal tax cost and aggregate gross unrealized appreciation (depreciation) of securities held by the Fund were as follows:

FEDERAL TAX COST	UNREALIZED APPRECIATION	UNREALIZED DEPRECIATION	NET UNREALIZED APPRECIATION (DEPRECIATION)
\$434,805	\$34,571	\$(15,845)	\$18,726

#### NOTE 4 -- CREDIT RISK AND ASSET CONCENTRATIONS

In countries with limited or developing markets, investments may present greater risks than in more developed markets and the prices of such investments may be volatile. The consequences of political, social or economic changes in these markets may have disruptive effects on the market prices of these

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investments and the income they generate, as well as the Fund's ability to repatriate such amounts.

The Fund may invest a high percentage of its assets in specific sectors of the market in its pursuit of a greater investment return. Fluctuations in these sectors of concentration may have a greater impact on the Fund, positive or negative, than if the Fund did not concentrate its investments in such sectors.

### NOTE 5 -- RECENT ACCOUNTING PRONOUNCEMENT

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2010-06 "Improving Disclosures about Fair Value Measurements". ASU 2010-06 will require reporting entities to make new disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2010. At this time, management is evaluating the implications of ASU No. 2010-06 and its impact on the financial statements has not been determined.

### NOTE 6 -- SUBSEQUENT EVENT EVALUATIONS

Management has evaluated the impact of all subsequent events on the Fund through the date the Schedule of Investments were available for issuance, and has determined that the following subsequent event requires recognition or disclosure in this Schedule of Investments.

On November 18, 2010 the Zweig Total Return Fund announced the record date of November 29, 2010 for the proposed offering of additional shares of common stock pursuant to its rights offering that was previously announced on September 16, 2010. The Fund filed registration statement with respect to the rights offering with the Securities and Exchange Commission on September 21, 2010, which was amended on November 4, 2010.

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### KEY INFORMATION

ZWEIG SHAREHOLDER RELATIONS: 1-800-272-2700

For general information and literature, as well as updates on net asset value, share price, major industry groups and other key information

### REINVESTMENT PLAN

Many of you have questions about our reinvestment plan. We urge shareholders who want to take advantage of this plan and whose shares are held in "Street Name," to consult your broker as soon as possible to determine if you must change registration into your own name to participate.

### REPURCHASE OF SECURITIES

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may from time to time purchase its shares of common stock in the open market when Fund shares are trading at a discount from their net asset value.

### PROXY VOTING INFORMATION (FORM N-PX)

The Adviser and Sub-Adviser vote proxies relating to portfolio securities in

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accordance with procedures that have been approved by the Fund's Board of Directors. You may obtain a description of these procedures, along with information regarding how the Fund voted proxies during the most recent 12-month period ended June 30, 2010, free of charge, by calling toll-free 1-800-243-1574. This information is also available through the Securities and Exchange Commission's website at <http://www.sec.gov>.

### FORM N-Q INFORMATION

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q. Form N-Q is available on the SEC's website at <http://www.sec.gov>. Form N-Q may be reviewed and copied at the SEC's Public Reference Room. Information on the operation of the SEC's Public Reference Room can be obtained by calling toll-free 1-800-SEC-0330.