

Edgar Filing: ZWEIG TOTAL RETURN FUND INC - Form N-Q

ZWEIG TOTAL RETURN FUND INC  
Form N-Q  
November 29, 2007

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

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FORM N-Q

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QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-05620

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The Zweig Total Return Fund, Inc.  
(Exact name of registrant as specified in charter)

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900 Third Ave, 31st Floor  
New York, NY 10022-4728  
(Address of principal executive offices) (Zip code)

Kevin J. Carr, Esq.  
Chief Legal Officer and Secretary for  
Registrant  
Phoenix Life Insurance Company  
One American Row  
Hartford, CT 06103-2899  
(Name and address of agent for service)

John H. Beers, Esq.  
Vice President and Counsel  
Phoenix Life Insurance Company  
One American Row  
Hartford, CT 06103-2899  
(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: September 30, 2007

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Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (Sections 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q 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 the

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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. Section 3507.

Item 1. Schedule of Investments.

The Schedule of Investments is attached herewith.

### THE ZWEIG TOTAL RETURN FUND, INC.

#### SCHEDULE OF INVESTMENTS AND SECURITIES SOLD SHORT

September 30, 2007  
(Unaudited)

	Par (000's)	Value
	-----	-----
<b>INVESTMENTS</b>		
U.S. GOVERNMENT SECURITIES	43.43%	
U.S. TREASURY BONDS -- 25.15%		
U.S. Treasury Bond 9.25%, 2/15/16/(e)/.....	\$ 20,000	\$ 26,545,320
U.S. Treasury Bond 7.50%, 11/15/16/(e)/.....	20,000	24,295,320
U.S. Treasury Bond 8.75%, 5/15/17/(e)/.....	22,000	28,974,682
U.S. Treasury Bond 8.875%, 2/15/19/(e)/.....	15,000	20,411,715
U.S. Treasury Bond 6.375%, 8/15/27/(e)/.....	11,500	13,646,372
U.S. Treasury Bond 6.125%, 11/15/27/(e)/.....	17,500	20,249,407
U.S. Treasury Bond 4.50%, 2/15/36/(e)/.....	10,000	9,480,470
		-----
		143,603,286
		-----
U.S. TREASURY NOTES -- 18.28%		
U.S. Treasury Inflation Indexed Note 1.625%, 1/15/15/(e) (h)/.....	27,000	28,179,747
U.S. Treasury Note 3.00%, 2/15/08/(e)/.....	38,000	37,845,644
U.S. Treasury Note 4.00%, 11/15/12/(d) (e)/.....	18,500	18,343,897
U.S. Treasury Note 4.50%, 2/15/16/(e)/.....	20,000	20,003,120
		-----
		104,372,408
		-----
Total U.S. Government Securities (Identified Cost \$247,245,220).....		247,975,694
		-----
AGENCY NON-MORTGAGE BACKED SECURITIES	4.60%	
FNMA 3.15%, 5/28/08.....	26,570	26,289,686
		-----
Total Agency Non-Mortgage Backed Securities (Identified Cost \$26,587,928).....		26,289,686
		-----
	Number of Shares	

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DOMESTIC COMMON STOCKS	44.32%	
CONSUMER DISCRETIONARY -- 3.17%		
Ford Motor Corp./ (e) / .....	436,000	3,701,640
McDonald's Corp./ (e) / .....	115,000	6,264,050
Newell Rubbermaid, Inc./ (e) / .....	101,000	2,910,820
NIKE, Inc. Class B/ (e) / .....	89,000	5,220,740
		18,097,250

See notes to schedule of investments and securities sold short

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	Number of Shares	Value
	-----	-----
CONSUMER STAPLES -- 4.34%		
Altria Group, Inc./ (e) / .....	94,000	\$ 6,535,820
Bunge Ltd. ....	48,000	5,157,600
Costco Wholesale Corp. ....	82,000	5,032,340
Kimberly-Clark Corp./ (e) / .....	26,000	1,826,760
PepsiCo, Inc./ (e) / .....	85,000	6,227,100
		24,779,620
ENERGY -- 6.21%		
Chesapeake Energy Corp./ (e) / .....	134,000	4,724,840
ConocoPhillips/ (e) / .....	73,000	6,407,210
Halliburton Co./ (e) / .....	127,000	4,876,800
Massey Energy Co./ (e) / .....	216,000	4,713,120
Occidental Petroleum Corp./ (e) / .....	94,000	6,023,520
St. Mary Land & Exploration Co./ (e) / .....	122,000	4,351,740
Valero Energy Corp. ....	65,000	4,366,700
		35,463,930
FINANCIALS -- 2.97%		
Allstate Corp./ (e) / .....	62,000	3,545,780
American International Group, Inc./ (e) / ...	34,000	2,300,100
Goldman Sachs Group, Inc. ....	12,000	2,600,880
Merrill Lynch & Co., Inc./ (e) / .....	65,000	4,633,200
Reinsurance Group of America, Inc./ (e) / ...	68,000	3,854,920
		16,934,880
HEALTH CARE -- 3.62%		
Bristol-Myers Squibb Co./ (e) / .....	196,000	5,648,720
Gilead Sciences, Inc./ (b) (e) / .....	114,000	4,659,180
Merck & Co., Inc. ....	123,000	6,357,870
UnitedHealth Group, Inc. ....	83,000	4,019,690
		20,685,460

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### INDUSTRIALS -- 8.58%

3M Co./ (e) /.....	65,000	6,082,700
AMR Corp./ (b) (e) /.....	171,000	3,811,590
Boeing Co. (The)/ (e) /.....	51,000	5,354,490
Caterpillar, Inc.....	75,000	5,882,250
Continental Airlines, Inc. Class B/ (b) (e) /	126,000	4,161,780
Foster Wheeler Ltd.....	56,000	7,351,680
General Electric Co./ (e) /.....	145,000	6,003,000
L-3 Communications Holdings, Inc.....	51,000	5,209,140
Union Pacific Corp.....	45,000	5,087,700
		-----
		48,944,330
		-----

See notes to schedule of investments and securities sold short

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	Number of Shares	Value
	-----	-----
<b>INFORMATION TECHNOLOGY -- 9.02%</b>		
Ciena Corp./ (e) /.....	114,000	\$ 4,341,120
Cisco Systems, Inc./ (b) /.....	160,000	5,297,600
Corning , Inc./ (e) /.....	246,000	6,063,900
Dell, Inc./ (e) /.....	144,000	3,974,400
EMC Corp./ (b) (e) /.....	258,000	5,366,400
Hewlett-Packard Co./ (e) /.....	98,000	4,879,420
International Business Machines Corp./ (e) /.....	50,000	5,890,000
Microsoft Corp.....	183,000	5,391,180
National Semiconductor Corp./ (e) /.....	166,000	4,501,920
QUALCOMM, Inc.....	137,000	5,789,620
		-----
		51,495,560
		-----
<b>MATERIALS -- 4.23%</b>		
Alcoa, Inc./ (e) /.....	151,000	5,907,120
Dow Chemical Co.....	148,000	6,372,880
Freeport-McMoRan Cooper & Gold, Inc. Class B/ (e) /.....	66,000	6,922,740
NuCor Corp./ (e) /.....	84,000	4,995,480
		-----
		24,198,220
		-----
<b>TELECOMMUNICATIONS SERVICES -- 2.18%</b>		
AT&T Corp./ (d) /.....	146,000	6,177,260
Verizon Communications, Inc./ (d) /.....	142,000	6,287,760
		-----
		12,465,020
		-----
Total Domestic Common Stocks (Identified Cost \$217,119,203).....		253,064,270
		-----
<b>FOREIGN COMMON STOCKS/ (c) /</b>	<b>3.05%</b>	
<b>ENERGY -- 0.73%</b>		

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Nabors Industries Ltd. (United States)/(b) (e)/...	136,000	4,184,720
		-----
		4,184,720
		-----
FINANCIALS -- 0.63%		
Deutsche Bank AG (Germany).....	28,000	3,594,920
		-----
		3,594,920
		-----
INFORMATION TECHNOLOGY -- 1.69%		
Amdocs Ltd. (United States)/(b) (e)/.....	114,000	4,239,660
Nokia Oyj ADR (Finland).....	143,000	5,423,990
		-----
		9,663,650
		-----
Total Foreign Common Stocks (Identified Cost \$13,691,437).....		17,443,290
		-----

See notes to schedule of investments and securities sold short

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	Number of Shares	Value
	-----	-----
EXCHANGE TRADED FUNDS	2.09%	
PowerShares QQQ/(e)/.....	131,000	\$ 6,734,710
Regional Bank Holders Trust.....	35,000	5,195,750
		-----
Total Exchange Traded Funds (Identified Cost \$11,050,409)		11,930,460
		-----
Total Long Term Investments -- 97.49% (Identified Cost \$515,694,197).....		556,703,400
		-----
SHORT-TERM INVESTMENTS	14.23%	
MONEY MARKET MUTUAL FUNDS -- 12.27%		
State Street Navigator Prime Plus (5.338% seven day effective yield)/(f)/ (Identified Cost \$70,082,973).....	70,082,973	70,082,973
		-----
	Par (000's)	
	-----	
COMMERCIAL PAPER/(g)/ -- 1.96%		
CAFCO LLC 5.20%, 10/3/07.....	\$ 11,200	11,196,764
		-----
Total Commercial Paper (Identified Cost \$11,196,764)....		11,196,764
		-----
Total Short-Term Investments (Identified Cost \$81,279,737).....		81,279,737
		-----
Total Investments (Identified Cost \$596,973,934) -- 111.72%.....		637,983,137/(a)/

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Securities Sold Short (Proceeds \$11,303,627) -- (1.69)%.	(9,665,000)
Other Assets Less Liabilities -- (10.03)%.....	(57,274,659)
	-----
Net Assets -- 100.00%.....	\$571,043,478
	=====

ADR - American Depositary Receipt.

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- (a) Federal Tax information: Net unrealized appreciation of investment securities is comprised of gross appreciation of \$43,341,038 and gross depreciation of \$5,826,934 for federal tax purposes. At September 30, 2007, the aggregate cost of securities for federal income tax purposes was \$600,469,033.
  - (b) Non-income producing.
  - (c) A security is considered to be foreign if the security is issued in a foreign country. The country of risk, noted parenthetically, is determined based on criteria in Note 1B "Foreign security country determination" in the Notes to Schedule of Investments and Securities Sold Short.
  - (d) Position, or a portion thereof, has been segregated as collateral for securities sold short.
  - (e) All or a portion of security is on loan.
  - (f) Represents security purchased with cash collateral for securities on loan.
  - (g) The rate shown is the discount rate.
  - (h) Principal amount is adjusted daily pursuant to the change in the Consumer Price Index.

See notes to schedule of investments and securities sold short

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	Number of Shares	Value
	-----	-----
SECURITIES SOLD SHORT		
DOMESTIC COMMON STOCKS -- 1.69%		
CONSUMER DISCRETIONARY -- 0.63%		
Starbucks Corp.....	137,000	\$3,589,400
		-----
CONSUMER STAPLES -- 0.23%		
Whole Foods Market, Inc.....	27,000	1,321,920
		-----
INDUSTRIALS -- 0.83%		
YRC Worldwide, Inc.....	174,000	4,753,680
		-----
Total Domestic Common Stocks (Proceeds \$11,303,627).....		9,665,000
		-----
Total Securities Sold Short (Proceeds \$11,303,627)		\$9,665,000/(i)/
		=====

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- (i) Federal Tax information: Net unrealized appreciation of securities sold short is comprised of gross appreciation of \$1,744,683 and gross

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depreciation of \$106,056 for federal income tax purposes. At September 30, 2007, the aggregate proceeds of securities sold short for federal tax purposes was (\$11,303,627).

See notes to schedule of investments and securities sold short

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THE ZWEIG TOTAL RETURN FUND, INC.

NOTES TO SCHEDULES OF INVESTMENTS AND SECURITIES SOLD SHORT

September 30, 2007  
(Unaudited)

### NOTE 1 -- SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Zweig Total Return Fund, Inc. (the "Fund") in the preparation of the Schedule of Investments. The preparation of the Schedules of Investments in conformity with accounting principles 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 Schedules of Investments. Actual results could differ from those estimates.

#### A. Security Valuation:

Equity securities are valued at the official closing price (typically last sale) on the exchange on which the securities are primarily traded, or if no closing price is available, at the last bid price.

Debt securities are valued on the basis of broker quotations or valuations provided by a pricing service, which utilizes information with respect to recent sales, market transactions in comparable securities, quotations from dealers, and various relationships between securities in determining value.

As required, some securities and other assets may be valued at fair value as determined in good faith by or under the direction of the Directors.

Certain foreign common stocks 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 these cases, information from an external vendor may be utilized to adjust closing market prices of certain foreign common stocks to reflect their fair value. Because the frequency of significant events is not predictable, fair valuation of certain foreign common stocks may occur on a frequent basis.

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

In September 2006, Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value,

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establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management is currently evaluating the impact the adoption of SFAS 157 will have on the Funds' financial statement disclosures.

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B. Foreign Security Country Determination:

A combination of the following criteria is used to assign the countries of risk listed in the Schedule of Investments and securities sold short: country of incorporation, actual building address, primary exchange on which the security is traded and country in which the greatest percentage of company revenue is generated.

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Item 2. Controls and Procedures.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

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.

(Registrant) The Zweig Total Return Fund, Inc.

By (Signature and Title)\* /s/ George R. Aylward  
-----  
George R. Aylward, President  
(principal executive officer)



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Date November 21, 2007

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 (Signature and Title)\* /s/ George R. Aylward  
-----  
George R. Aylward, President  
(principal executive officer)

Date November 21, 2007

By (Signature and Title)\* /s/ Nancy G. Curtiss  
-----  
Nancy G. Curtiss, Treasurer  
(principal financial officer)

Date November 21, 2007

\* Print the name and title of each signing officer under his or her signature.