

ZWEIG TOTAL RETURN FUND INC
Form DEF 14A
April 04, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

The Zweig Fund, Inc.

The Zweig Total Return Fund, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

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- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

(4) Date Filed:

The Zweig Fund, Inc.

The Zweig Total Return Fund, Inc.

101 Munson Street, Greenfield, MA 01301-9683

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

MAY 14, 2013

TO THE SHAREHOLDERS:

This Joint Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of The Zweig Fund, Inc., a Maryland corporation (ZF), and The Zweig Total Return Fund, Inc., a Maryland corporation (ZTR), for use at the Joint Annual Meeting of Shareholders to be held at the offices of Willkie Farr & Gallagher LLP, 787 Seventh Avenue, 34th Floor, New York, NY 10019-6099, on Tuesday, May 14, 2013 at 9:00 A.M. Eastern Time, and at any and all adjournments or postponements thereof (the Meeting), for the following purposes:

1. ELECT DIRECTORS:

With respect to both ZF and ZTR, to elect two Directors to serve until the Annual Meeting of Shareholders in 2016 and until their successors are elected and duly qualify.

2. OTHER BUSINESS:

In the discretion of the proxies with respect to such other business as may properly come before the Meeting. Shareholders of record of ZF and/or ZTR at the close of business on March 19, 2013 are entitled to notice of, and will be entitled to vote at, the Meeting. The enclosed Proxy is being solicited on behalf of the Board of Directors of the Fund named therein.

By Order of the Board of Directors of

The Zweig Fund, Inc. and

The Zweig Total Return Fund, Inc.

GEORGE R. AYLWARD,

Chairman of the Board and President

New York, New York

April 10, 2013

IMPORTANT:

Shareholders are cordially invited to attend the Meeting. In order to avoid delay and additional expense, and to assure that your shares are represented, please vote as promptly as possible, regardless of whether you plan to attend the Meeting. Please refer to the website and telephone number indicated on your proxy card for instructions on how to cast your vote. To vote by telephone, please call the toll-free number located on your proxy card and follow the recorded instructions, using your proxy card as a guide. To vote by mail, please mark, sign, date, and mail the enclosed proxy card. No postage is required if you use the accompanying envelope to mail the proxy card in the United States. The proxy is revocable and will not affect your right to vote in person if you attend the Meeting.

The Zweig Fund, Inc.

The Zweig Total Return Fund, Inc.

101 Munson Street, Greenfield, MA 01301-9683

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

MAY 14, 2013

This Joint Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors (each a **Board**) of The Zweig Fund, Inc., a Maryland corporation (**ZF**), and The Zweig Total Return Fund, Inc., a Maryland corporation (**ZTR**), for use at the Joint Annual Meeting of Shareholders to be held at the offices of Willkie Farr & Gallagher LLP, 787 Seventh Avenue, 34th Floor, New York, NY 10019-6099, on Tuesday, May 14, 2013 at 9:00 A.M. Eastern Time, and at any and all adjournments or postponements thereof (the **Meeting**), for the purposes set forth in the accompanying Notice of Annual Meeting dated April 10, 2013.

The Meeting is scheduled as a joint meeting of the respective shareholders of ZF and ZTR (collectively, the **Funds** and each a **Fund**) because the shareholders of both Funds are expected to consider and vote on similar proposals with respect to the election of Directors. The Board of Directors of the Funds have determined that the use of a joint proxy statement for the Meeting is in the best interest of the shareholders of both Funds. In the event that any shareholder of a Fund present at the Meeting objects to the holding of a joint meeting and moves for adjournment of such Fund's Meeting to immediately after the Meeting, so that such Fund's meeting may be held separately, the persons named as proxies will vote in favor of such adjournment. Shareholders of each Fund will vote separately on the proposal(s) relating to their respective Fund, and an unfavorable vote on a proposal by the shareholders of one Fund will not affect the implementation by the other Fund of such proposal if the shareholders of such other Fund approve the proposal.

If the accompanying form of proxy is properly executed and returned in time to be voted at the Meeting, the shares will be voted in accordance with the instructions marked by the shareholder. Except for broker non-votes (as discussed below), executed proxies that are unmarked will be voted **FOR** any proposal for which no instruction is given. A shareholder can revoke the proxy prior to its use by appearing at the Meeting and voting in person, by giving written notice of such revocation to the Secretary of the respective Fund prior to the Meeting, or by returning a subsequently dated proxy prior to the Meeting.

Shareholders may be able to vote their shares by touchtone telephone or by Internet by following the instructions on the proxy card accompanying this Joint Proxy Statement. The Internet procedures are designed to authenticate a shareholder's identity to allow shareholders to vote their shares and confirm that their instructions have been properly recorded. To vote by Internet or by touchtone telephone, shareholders can access the website or call the toll-free number listed on the proxy card. To vote by touchtone telephone or by Internet, shareholders will need to input a control number, which appears on the proxy card.

The Board of Directors of each Fund has fixed the close of business on March 19, 2013 as the record date for the determination of shareholders of that Fund entitled to notice of and to vote at the Meeting. This Proxy Statement and the accompanying form of proxy will be first sent to shareholders on or about April 10, 2013. In accordance with the rules of the Securities and Exchange Commission (SEC), we are advising our shareholders of the availability on the Internet of our proxy materials related to the Meeting. These rules allow companies to provide access to proxy materials in one of two ways. Because we have elected to utilize the full set delivery option, we are delivering to all shareholders paper copies of all of the proxy materials, as well as providing access to those proxy materials on a publicly accessible website.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on Tuesday, May 14, 2013, at 9:00 A.M. Eastern Time, at the offices of Willkie Farr & Gallagher LLP, 787 Seventh Avenue, 34th Floor, New York, N.Y. 10019-6099. The Notice of Annual Meeting of Shareholders, Proxy Statement, form of proxy card and annual report to shareholders are available at www.edocumentview.com/zweig.

As of the record date, 22,071,859 shares of ZF's common stock were outstanding, and 34,806,575 shares of ZTR's common stock were outstanding. To the best of each Fund's knowledge, no person beneficially owns more than five percent of the outstanding shares of that Fund's common stock other than as listed in the below table. This information is based on publicly available Schedule 13D and 13G disclosures filed with the SEC.

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Title of Class	Name and Address of Beneficial Owner*	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock of ZF	First Trust Portfolios L.P.	5,131,313*	22.42%
	First Trust Advisors L.P.		
	The Charger Corporation		

120 East Liberty Drive, Suite 400
Wheaton, Illinois 60187

* This ownership is as of January 29, 2013 based on a statement on Schedule 13G filed by First Trust Portfolios L.P., First Trust Advisors L.P. and The Charger Corporation on January 29, 2013 (the 13G). According to the 13G, each of First Trust Portfolios L.P., First Trust Advisors L.P. and The Charger Corporation holds shared dispositive power over the 5,131,313 shares and disclaims beneficial ownership thereof.

The annual report of each Fund for the year ended December 31, 2012, including financial statements, has been mailed to shareholders and each Fund will furnish, without charge, a copy of the Fund's 2012 Annual Report to any shareholder who requests it by contacting Shareholder Services, 101 Munson Street, Greenfield, MA 01301-9683; Toll-free telephone number 1-800-272-2700; E-Mail Zweig@Virtus.com.

PROPOSAL 1

ELECTION OF DIRECTORS

The members of the Board of Directors of ZF and ZTR are divided into three classes, with the term of office of one class expiring each year. At the forthcoming Meeting, two ZF and two ZTR Directors will be elected to serve a three-year term (until the third succeeding Annual Meeting in 2016 and until their successors are elected and duly qualify). Unless authority to vote for the election of Directors is withheld, the enclosed proxy will be voted for the election of the nominees named below, who have indicated their intention to serve if elected. While management has no reason to believe that the nominees will not be available as candidates, should such a situation arise, proxies may be voted for the election of such other persons as a Director as the holders of the proxies may, in their discretion, determine.

Each Fund's Board of Directors has appointed a Nominating Committee which makes annual recommendations as to the individuals to be nominated by the Fund's Board of Directors for election as Directors at the next annual meeting and recommends to the Board candidates for election by the Board of Directors to fill any vacancies in the Board of Directors, including those resulting from an increase in the number of Directors. Each Fund's Nominating Committee consists of five Directors (Independent Directors) who are not interested persons (as defined in the Investment Company Act of 1940, as amended (the 1940 Act)) of the Fund or the Adviser.

Based on the recommendations made by ZF's Nominating Committee at its meeting held on February 5, 2013, the Board of Directors of ZF has nominated George R. Aylward for re-election and William H. Wright II for election, to serve until the third succeeding Annual Meeting in 2016 and until their successors are elected and duly qualify. Mr. Aylward is presently a Director of ZF. Alden C. Olson, who is currently a Director of ZF, will not be standing for re-election due to having reached retirement age pursuant to the Board of Directors' retirement policy. Mr. Wright, who is not currently a director, has been nominated to replace Mr. Olson.

Based on the recommendations made by ZTR's Nominating Committee at its meeting held on February 5, 2013, the Board of Directors of ZTR has nominated George R. Aylward for re-election and William H. Wright II for election, to serve until the third succeeding Annual Meeting of Shareholders in 2016 and until their successors are elected and duly qualify. Mr. Aylward is presently a Director of ZTR. Mr. Olson, who is currently a Director of ZTR, will not be standing for re-election due to having reached retirement age pursuant to the Board of Directors' retirement policy. Mr. Wright, who is not currently a director, has been nominated to replace Mr. Olson.

Background and additional information with respect to the Nominees and other current Directors appears below.

Unless otherwise noted, the mailing address of each individual is 101 Munson Street, Greenfield, MA 01301-9683.

Persons Nominated for Election as Directors

Name, Address and Birth Year	Position(s) Held with Fund	Term of Office and Length Time Served	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex** Overseen by Director	Other Directorships Held by Director
Independent Director Nominee					
William H. Wright II, YOB: 1960	Director and Member of Audit and Nominating Committees	Term: Until 2016; Has not previously served	Managing Director, Morgan Stanley	2	None
Interested Director Nominee					
George R. Aylward*, 100 Pearl Street, Hartford, CT 06103, YOB: 1964	Chairman of the Board, President and Chief Executive Officer	Term: Until 2016; Served Since 2006	Director, President and Chief Executive Officer (since 2008), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various senior officer positions with Virtus affiliates (since 2005)	61	Trustee (since 2012), Virtus Variable Insurance Trust; Trustee and President (since 2011), Virtus Global Multi-Sector Income Fund and Virtus Total Return Fund

* Director considered to be an interested person, as that term is defined in the 1940 Act. George R. Aylward is considered an interested person because he is an officer of the Funds as well as an officer of the Adviser.

** The term Fund Complex means two or more registered investment companies that: (a) hold themselves out to investors as related companies for purposes of investment and investor services; or (b) have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other registered investment companies.

Current Directors

Name, Address and Birth Year	Position(s) Held with Fund	Term of Office and Length Time Served	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex** Overseen by Director	Other Directorships Held by Director
Independent Directors Charles H. Brunie, YOB:1930	Director and Member of Audit and Nominating Committees	Term: Until 2015. Served since: 1998	Chairman, Brunie Associates (investments) (since April 2001)	2	None

Name, Address and Birth Year	Position(s) Held with Fund	Term of Office and Length Time Served	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex** Overseen by Director	Other Directorships Held by Director
Wendy Luscombe, YOB: 1951	Co-Lead Independent Director and Member of Audit, Executive and Nominating Committees	Term: Until 2014. Served since: 2002	Principal, WKL Associates, Inc. (independent fiduciary and consultant) (since 1994)	2	Member and Chairman of Management Oversight Committee, Deutsche Bank Real Estate Opportunity Fund 1A and 1B (since 2003); Trustee, Acadia Realty Trust (since 2004); Independent Director of Feldman Mall Properties, a private REIT (since 2010)
Alden C. Olson, YOB:1928	Director, Member of Nominating Committee, Chairman of the Audit Committee	Term: Until 2013. Served since: 1996	Chartered Financial Analyst (since 1964)	2	None

Name, Address and Birth Year	Position(s) Held with Fund	Term of Office and Length Time Served	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex** Overseen by Director	Other Directorships Held by Director
James B. Rogers, Jr., YOB: 1942	Director, Member of Audit Committee, Chairman of the Nominating Committee	Term: Until 2015. Served since: 1986 (ZF) and 1988 (ZTR)	Private investor (since 1980)	2	Director, Geo Energy Resources, Limited (since 2012); Director, Genagro Services, Ltd. (since 2011); Chairman, Beeland Interests (Media and Investments) (since 1980)

Name, Address and Birth Year	Position(s) Held with Fund	Term of Office and Length Time Served	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex** Overseen by Director	Other Directorships Held by Director
R. Keith Walton, YOB: 1964	Co-Lead Independent Director and Member of Audit, Executive and Nominating Committees	Term: Until 2014. Served since: 2004	Global Head of Government Affairs for Alcoa (2010-2012); Senior Managing Director, BSE Management LLC (2010); Principal and Chief Administrative Officer, Global Infrastructure Partners (2007-2010)	2	Director, Blue Crest Capital Management, LLC Funds (since 2006)

FURTHER INFORMATION ABOUT DIRECTORS AND MR. WRIGHT

INDEPENDENT DIRECTORS AND MR. WRIGHT

Charles H. Brunie has served on the Board of Directors of ZF since 1998 and of ZTR since 1988, and serves on the Audit and Nominating Committees for both Funds. Since 2001, Mr. Brunie has been the Chairman of Brunie Associates, an investment firm. Mr. Brunie also serves in the following capacities: (i) Manhattan Institute (Board of Trustees, Chairman Emeritus (since 1990)); (ii) Milton and Rose D. Friedman Foundation for Vouchers (Trustee since 1996); and (iii) American Spectator (Chairman of Board since 2002). Previously Mr. Brunie served as a Trustee for Hudson Institute (2002-2008) and from 1969-2000 was associated with Oppenheimer Capital (Chairman from 1980-1990 and Chairman Emeritus from 1990-2000). Mr. Brunie became a Chartered Financial Analyst in 1969. Mr. Brunie earned a BA in Economics from Amherst College in 1952 and an MBA in Finance from Columbia University Graduate School of Business in 1956. Mr. Brunie's years of extensive financial experience, and his management

experience as the former Chairman of Oppenheimer Capital, provide valuable financial and business insight to each Board and its committees.

Wendy Luscombe has served on the Board of Directors for ZF and ZTR since 2002 and has been a co-lead Independent Director of both Funds since 2006. Ms. Luscombe also serves on the Audit, Executive and Nominating Committees for both Funds. Since 1994, Ms. Luscombe has been a Principal of WKL Associates, Inc. (d.b.a. Wendy Luscombe), acting as an independent fiduciary and consultant. Ms. Luscombe also serves in the following capacities: (i) Deutsche Bank Real Estate Opportunity Fund 1A and 1B (Member and Chairman of the Management Oversight Committee since 2003); (ii) Acadia Realty Trust (Trustee, Chairman of the Corporate Governance and Nominating Committees and a Member of the Audit Committee since 2004); (iii) National Association of Corporate Directors (NACD) Teaching Faculty (Member since 2007); (iv) Independent Director of Feldman Mall Properties, a private REIT (since 2010) and (v) is a member of the Real Estate Advisory Committee of New York State Common Retirement Fund (since 2012). Ms. Luscombe is also a member of the NACD and is an NACD Certified Director, a Fellow of the Royal Institution of Chartered Surveyors and a Member of the Chartered Institute of Arbitrators. Previously, Ms. Luscombe was a Director of Endeavour Real Estate Securities, Ltd. REIT Mutual Fund (2000-2005) and a Director of PXRE Corp. (reinsurance) (Chairman of the Investment Committee and Member of the Executive and Audit Committees, 1994-2007). Ms. Luscombe actively participates in annual continuing education courses and conferences including risk assessment, corporate governance, succession, audit and strategic planning, and is the Funds audit committee financial expert as that term is defined by the SEC. Ms. Luscombe graduated in 1973 from Oxford Brookes University with a diploma in estate management. Ms. Luscombe's years of service as a director, her extensive financial experience and training and managerial skills bring valuable skills and knowledge of best practices to each Board and its committees.

Alden C. Olson has served on the Board of Directors for ZF and ZTR since 1996. Mr. Olson also serves on both Funds Audit and Nominating Committee and has been the Chairman of the Audit Committee for both Funds since 2004. Mr. Olson was a Professor of Financial Management Investments at Michigan State University from 1959-1990. In 1964, Mr. Olson became a Chartered Financial Analyst. Mr. Olson was formerly a portfolio adviser with Midwest Investment Fund (1960-1964) and has been actively engaged in portfolio management since 1968. Mr. Olson earned a BBA (1949), an MA (1951) and a PhD (1962), all in finance, from the University of Minnesota. Mr. Olson's academic background and strong financial expertise allow him to offer sound business advice and financial insight to each Board and its committees.

James B. Rogers, Jr. has served on the Board of Directors of ZF since 1986 and of ZTR since 1988. Mr. Rogers is also the Chairman of each Fund's Nominating Committee and is a member of each Fund's Audit Committee. Mr. Rogers also serves as a Director for Genagro Services LTD (since 2011) and as a Director of Geo Energy Resources, Limited (since 2012). Since 1980, Mr. Rogers has been a private investor. Since 1968, Mr. Rogers has served as a financial analyst and investment manager. In 1970, Mr. Rogers co-founded the Quantum Fund, a private investment fund. Mr. Rogers has also authored several financial books, including *Investment Biker: On the Road with Jim Rogers* (1994), *Adventure Capitalist* (2003), *Hot Commodities* (2004), *A Bull in China* (2007) and *A Gift to My Children* (2009). In 1989 and 1990, Mr. Rogers was the moderator of WCBS's *The Dreyfus Roundtable* and FNN's *The Profit Motive with Jim Rogers*. In 1998, Mr. Rogers founded the Rogers International Commodity Index. Mr. Rogers served as an economic commentator on Fox News from 2002-2007. Mr. Rogers has also served as a guest professor of finance at the Columbia University Graduate School of Business. Mr. Rogers is also currently the Chairman of Beeland Interests (since 1980), a private media and investment company, and was on the Board of Directors of Levco Series Trust from 1996-2006. Mr. Rogers earned a BA in History from Yale University in 1964 and a BA/MA in Politics, Economics and Philosophy from Oxford University in 1966. Mr. Rogers brings significant financial and economic experience to each Board, and provides innovative business insight to assist each Board and its committees.

R. Keith Walton has served on the Board of Directors for ZF and ZTR since 2004, and in the capacity as co-Lead Independent Director of both Funds since 2006. Mr. Walton is also a member of ZF's and ZTR's Audit, Executive and Nominating Committees. Since 2011, Mr. Walton has been the Global Head of Government Affairs for Alcoa. In 2010, Mr. Walton was Of Counsel to Nelson, Mullins, Riley & Scarborough. In 2010, Mr. Walton was a Senior Managing Director of BSE Management LLC, an investment firm. From 2007-2010, Mr. Walton served as Principal and Chief Administrative Officer of Global Infrastructure Partners, an investment fund. Mr. Walton was also the Executive Vice President and Secretary of the University at Columbia University from 1996-2007. Mr. Walton also currently serves in the following capacities: (i) Blue Crest Capital Management Funds (Director since 2006); (ii) Council on Foreign Relations (Member since 1997), Nominating and Governance Committee Board of Directors (since 2004); (iii) The Trilateral Commission (Member since 2009); and (iv) Orchestra of St. Luke's (Director since 2000). Mr. Walton has previously served in the following capacities: (i) Apollo Theater Foundation, Inc. (Director, Secretary and Member of the Executive Committee from 2003-2009, Audit Committee Chair (2003-2009)); (ii) The Trinity Episcopal School Corporation (Vice President and Trustee 2003-2009); (iii) Association for the Benefit of

Children (Director 2009-2011); and (iv) The Gillen Brew School Board (Member from 2007-2009). Mr. Walton earned a BA in History and Biology from Yale University in 1986 and a JD from Harvard Law School in 1990. Mr. Walton's business and legal background, and his extensive service with other Board, provide valuable insight to each Board and its committees regarding corporate governance and best practices.

William H. Wright II is nominated to serve on the Board of Directors for ZF and ZTR. Mr. Wright was a Managing Director of Morgan Stanley until his retirement in 2010 having joined the firm in 1982. In addition to his career in Investment Banking, Mr. Wright has served on the faculties of the Ray Garrett Institute of the Northwestern University School of Law and the Practicing Law Institute. Mr. Wright has additionally served on the University Council at Yale University since 2001. He also serves on the Campaign Executive Committee at Yale and is a Sterling Fellow. Mr. Wright is Chairman of the Yale University Librarian's Development Council and a member of the Board of Trustees of the Berkeley Divinity School at Yale. Mr. Wright is also an Associate Fellow of Morse College. In 2008, Mr. Wright was awarded the Yale Medal, the highest honor afforded alumni for distinguished service to the University. Mr. Wright is also a member of the board of Continuum Health Partners and its three member institutions: St. Luke's, Roosevelt, Beth Israel, and New York Eye and Ear Hospitals. Mr. Wright is a member of the Board of Directors of the New York City Ballet, where he serves as co-chairman of the New Combinations Fund and is also a member of the Board of Trustees of the Parrish Art Museum in Southampton. Mr. Wright further serves as Treasurer and as a member of the Board of Trustees of the Historic Hudson Valley and trustee of the Municipal Art Society. Mr. Wright also serves on the board of the Josiah Macy Foundation, where he became board chairman in October 2010. Mr. Wright's years of service as a director of various organizations, his extensive financial experience and training and managerial skills bring valuable skills and knowledge of best practices to each Board and its committees.

INTERESTED DIRECTOR*

George R. Aylward has served on the Board of Directors for both ZF and ZTR since 2006. Mr. Aylward has served as Chairman of the Board, President and Chief Executive Officer to the Funds since 2006. Since 2005, Mr. Aylward has held various senior officer and directorship positions with Virtus affiliates and funds. Since 2006, Mr. Aylward has also been the President of Virtus Investment Partners, Inc. and/or certain of its subsidiaries, and previously served as their Executive Vice President from 2004-2006. Mr. Aylward has previously served in the following

capacities: (i) The Phoenix Companies, Inc., Senior Executive Vice President and President, Asset Management (2007-2008), Senior Vice President and Chief Operating Officer, Asset Management (2004-2007), Vice President and Chief of Staff (2001-2004); (ii) The Phoenix Companies, Inc. affiliates, various senior officer and directorship positions (2005-2008); and (iii) Virtus Investment Partners, Inc. and/or certain of its subsidiaries, Vice President of Finance from 2001-2002. Mr. Aylward's principal business address is 100 Pearl Street, Hartford, CT 06103. Mr. Aylward earned a BS in accounting from the University of Connecticut in 1988 and an MBA from the University of Massachusetts. He earned the designation of certified public accountant and is a member of the Connecticut Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Mr. Aylward's extensive business and accounting background, and fund experience, provide valuable managerial skills and knowledge to each Board and its committees.

* Director considered to be an interested person, as that term is defined in the 1940 Act. George R. Aylward is considered an interested person because he is an officer of the Funds as well as an officer of the Adviser.

OFFICERS WHO ARE NOT DIRECTORS**

Name, Address and Birth Year	Position(s) Held with Fund	Length of Time Served	Principal Occupation(s) During Past 5 years
Carlton Neel, YOB: 1967	Executive Vice President	Since 2003	Senior Vice President and Portfolio Manager, Zweig Advisers LLC (since 2003); Senior Managing Director of Euclid Advisors LLC (since 2011); Virtus Investment Advisers, Inc., Senior Managing Director (2008-2011)

Name, Address and	Position(s) Held	Length of	Principal Occupation(s)
Birth Year	with Fund	Time Served	During Past 5 years
David Dickerson, YOB: 1967	Senior Vice President	Since 2003	Senior Vice President and Portfolio Manager, Zweig Advisers LLC (since 2003); Managing Director, Virtus Investment Advisers, Inc. (since 2008-2011); Managing Director of Euclid Advisers LLC (since 2011)
Nancy J. Engberg, YOB: 1956	Chief Compliance Officer	Since 2012	Vice President (since 2008) and Chief Compliance Officer (2008 to 2011), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2003) with Virtus affiliates; Vice President (since 2010), Chief Compliance Officer (since 2011), Virtus Variable Insurance Trust; Vice President and Chief Compliance Officer (since 2011), Virtus Global Multi-Sector Income Fund and Virtus Total Return Fund

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Name, Address and	Position(s) Held	Length of	Principal Occupation(s)
Birth Year	with Fund	Time Served	During Past 5 years
William Renahan, YOB: 1969	Vice President, Chief Legal Officer and Secretary	Since 2012	Senior Legal Counsel and Vice President, Virtus Investment Partners, Inc. since 2012; Vice President, Chief Legal Officer, Counsel and Secretary, Virtus Global Multi-Sector Income Fund and Virtus Total Return Fund, since 2012, and Vice President and Assistant Secretary, Duff & Phelps Global Utility Income Fund Inc., since 2012; Managing Director, Legg Mason, Inc. and predecessor firms 1999-June 2012
Kevin J. Carr, YOB: 1954	Vice President	Since 2012	Senior Vice President, Legal, Virtus Investment Partners, Inc. and/or certain of its subsidiaries (since 2008); Vice President and Counsel, Phoenix Life Insurance Company (2005-2008).
W. Patrick Bradley, YOB: 1972	Vice President, Treasurer and Chief Financial Officer	Since 2010	Senior Vice President, Fund Services (since 2010); Senior Vice President, Fund Administration (since 2009), Vice President, Fund Administration (2007-2009), Virtus Investment Partners, Inc. and/or certain of its subsidiaries

Name, Address and	Position(s) Held	Length of	Principal Occupation(s)
Birth Year Jacqueline Porter, YOB: 1958	with Fund Vice President and Assistant Treasurer	Time Served Since 2006	During Past 5 years Vice President, Fund Administration and Tax, Virtus Investment Partners (since 2008); Phoenix Equity Planning Corporation (1995-2008); Vice President and Assistant Treasurer, multiple funds in the Virtus Mutual Fund Complex and Virtus Variable Insurance Trust (since 1995)

** The term for each Officer expires immediately following the 2013 Annual Meeting of Shareholders. Each Board considers reappointments annually.

FURTHER INFORMATION ABOUT OFFICERS WHO ARE NOT DIRECTORS

Carlton Neel has served as Executive Vice President for ZF and ZTR since 2003. Mr. Neel has also served as Senior Vice President and Portfolio Manager, Zweig Advisers LLC (since 2003). Since 2009, Mr. Neel has been the Senior Managing Director of Euclid Advisors LLC (since 2011) and previously served in the following capacities: Virtus Investment Advisers, Inc., Senior Managing Director (2008-2011); Shelter Rock Capital Partners, LP, Managing Director and Co-Founder (2002-2003); Phoenix/Zweig Advisers LLC, Senior Vice President and Portfolio Manager (1995-2002); Euclid Advisors LLC, Executive Vice President (2008-2011) and (Senior Vice President (2001-2008); JP Morgan & Co., Vice President (1990-1995).

David Dickerson has served as Senior Vice President for ZF and ZTR since 2003. Mr. Dickerson has also served as Senior Vice President and Portfolio Manager, Zweig Advisers LLC (since 2003) and as Managing Director, Virtus Investment Advisers, Inc. (since 2008-2011). Mr. Dickerson has been Managing Director of Euclid Advisors LLC (since 2011) and previously served in the following capacities: Shelter Rock Capital Partners, LP, Managing Director and Co-Founder (2002-2003); Phoenix/Zweig Advisers LLC, Vice President and Portfolio Manager (1993-2002); and Euclid Advisors LLC, First Vice President (2008-2011).

Nancy Engberg, has served as Chief Compliance Officer of ZF and ZTR since 2012. Ms. Engberg is Vice President and Chief Compliance Officer of Virtus Mutual Funds and Virtus Variable Insurance Trust (since 2011). Ms. Engberg was employed in various legal and compliance positions with The Phoenix Companies, Inc. and its affiliates since 1994. She was previously counsel for Phoenix Investment Partners, Ltd. when it was a public company (1999-2001), and was previously Chief Compliance Officer of The Phoenix Companies, Inc. (2003-2006). She obtained her BA from the University of Connecticut and received her law degree from the University of California. Ms. Engberg holds FINRA Series 7 and 24 registrations.

W. Patrick Bradley has served as Vice President (since 2012) and Treasurer and Chief Financial Officer of ZF and ZTR since 2010. Mr. Bradley also has served as Senior Vice President, Fund Services since 2009, Vice President, Fund Administration (2007-2009), Second Vice President, Fund Control and Tax (2004-2006) of Virtus Investment Partners, Inc. and/or certain of its subsidiaries; Vice President, Chief Financial Officer, Treasurer and Principal Accounting Officer (since 2006), Assistant Treasurer (2004-2006) of Virtus Variable Insurance Trust; Chief Financial Officer and Treasurer (since 2005), Assistant Treasurer (2004-2006), of certain funds within the Virtus mutual funds complex. Mr. Bradley previously served as Assurance Senior Manager, Deloitte (1995-2004). Mr. Bradley is also a Certified Public Accountant.

Kevin J. Carr has served as Vice President (since 2012) and formerly Secretary and Chief Legal Officer of ZF and ZTR (2005-2012). Mr. Carr also has served as Senior Vice President, Counsel and Secretary of Virtus Investment Partners, Inc. and/or certain of its subsidiaries since 2008. Since 2005, Mr. Carr has served as Vice President, Counsel, Chief Legal Officer and Secretary of certain funds within the Virtus mutual fund complex. Mr. Carr previously served in the following capacities: Phoenix Life Insurance Company, Vice President and Counsel (2005-2008); Travelers Life & Annuity Company, Compliance Officer of Investments and Counsel (January 2005-May 2005); and The Hartford Financial Services Group, Assistant General Counsel and certain other positions (1995-2005).

Jacqueline Porter has served as Vice President and Assistant Treasurer of ZF and ZTR since 2006. Ms. Porter also serves in the following capacities: Vice President, Fund Administration and Tax, of Virtus Investment Partners, Inc. and/or certain of its subsidiaries since 1995; Vice President and Assistant Treasurer, multiple funds in the Virtus Mutual Fund complex (since 1995) and the Virtus Variable Insurance Trust complex (since 1999).

William Renahan has served as Vice President, Secretary and Chief Legal Officer of ZR and ZTR since 2012. Mr. Renahan also has served as Senior Legal Counsel and Vice President of Virtus Investment Partners, Inc. and/or certain of its subsidiaries since 2012. Mr. Renahan previously served as a Managing Director of Legg Mason, Inc. and predecessor firms from 1999- 2012.

Compensation of Directors and Officers

During the year ended December 31, 2012, each Fund paid Directors' fees aggregating \$448,000 to the Independent Directors. For the year ended December 31, 2012, each Fund paid each Independent Director an annual fee of \$11,000 and a fee of \$1,500 for attendance at each meeting of the Board of Directors and each meeting of the Audit Committee and the Nominating Committee. Each Fund pays its Audit Committee Chairman a \$5,000 annual retainer. Each Fund also pays its Nominating Committee Chairman a \$2,500 annual retainer. The members of the Executive Committee of each Fund are Wendy Luscombe and R. Keith Walton, who also function as the co-lead Independent Directors of each Fund. They do not receive any Executive Committee meeting fees, but are each paid an additional annual fee of \$10,000 by each Fund for acting as a co-lead Independent Director. Each Fund also reimburses its Directors for their actual out-of-pocket expenses relating to attendance at such meetings.

Set forth below is the compensation paid by ZF and ZTR to current Directors for the year ended December 31, 2012. The Funds do not pay any pension or retirement benefits to Directors.

COMPENSATION TABLE

Name of Person, Position	Aggregate Compensation From the Fund	Pension or Retirement Benefits as Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From the Fund and Fund Complex* Paid to Directors
Charles H. Brunie Director	ZF \$41,000			
	ZTR \$41,000	\$ 0	\$ 0	\$ 82,000
Wendy Luscombe Director	ZF \$51,000			
	ZTR \$51,000	\$ 0	\$ 0	\$ 102,000
Alden C. Olson Director	ZF \$41,500			
	ZTR \$41,500	\$ 0	\$ 0	\$ 83,000
James B. Rogers, Jr. Director	ZF \$39,500			
	ZTR \$39,500	\$ 0	\$ 0	\$ 79,000
R. Keith Walton Director	ZF \$51,000			
	ZTR \$51,000	\$ 0	\$ 0	\$ 102,000
George R. Aylward Interested Director and President	ZF \$0	\$ 0	\$ 0	\$ 0
	ZTR \$0			

* The term "Fund Complex" means two or more registered investment companies that: (a) hold themselves out to investors as related companies for purposes of investment and investor services; or (b) have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other registered investment companies.

Director Ownership of Securities

Set forth in the table below is the dollar range of equity securities of the Funds owned by each Director or Nominee as of April 1, 2013.

Name of Director	Dollar Range of Equity Securities in the Fund*	Aggregate Dollar Range of Fund Ownership in all Funds Overseen by Director in the Family of
		Registered Investment Companies**
Charles H. Brunie	ZF Over \$100,000	Over \$100,000
	ZTR Over \$100,000	
Wendy Luscombe	ZF \$10,001-\$50,000	\$10,001-\$50,000
	ZTR \$10,001-\$50,000	
Alden C. Olson	ZF \$10,001-\$50,000	\$10,001-\$50,000
	ZTR \$1-\$10,000	
James B. Rogers, Jr.	ZF \$10,001-\$50,000	\$10,001-\$50,000
	ZTR \$1-\$10,000	
R. Keith Walton	ZF \$10,001-\$50,000	\$10,001-\$50,000
	ZTR \$10,001-\$50,000	
George R. Aylward	ZF \$1-\$10,000	Over \$100,000
	ZTR \$1-\$10,000	
William H. Wright	None	None
	None	

* The information as to beneficial ownership is based on statements furnished to each Fund by its Directors and reflects ownership as of April 1, 2013. Except as otherwise indicated, each person has sole voting and investment power with respect to the shares owned by him or her. The Directors and officers of the Funds, as a group, beneficially own less than 1% of the outstanding shares of each Fund.

** The term, Family of Registered Investment Companies, means any two or more registered investment companies that share the same investment adviser or principal underwriter or hold themselves out to investors as related companies for purposes of investment and investor services.

Committees; Board of Directors and Standing Committees Meetings

Audit Committee

Each Fund's Board of Directors has appointed a standing Audit Committee and adopted a written charter for the Audit Committee. Each Fund's Audit Committee Charter is available on the Adviser's website:

ZF Audit Committee Charter:

http://www.virtus.com/vSiteManager/Upload/Docs/ClosedEndFunds/ZF/Governance/ZF_Audit_Committee_Charter.pdf

ZTR Audit Committee Charter:

http://www.virtus.com/vSiteManager/Upload/Docs/ClosedEndFunds/ZTR/Governance/ZTR_Audit_Committee_Charter.pdf

The purposes of each Board's Audit Committee are set forth in the Audit Committee Charter. In brief, the role of each Board's Audit Committee is to assist the Board of Directors in its oversight of the respective Fund's financial reporting process, including internal controls and the performance of the independent registered public accounting firm. As set forth in the Charter of each Board's Audit Committee, it is not the responsibility of the Audit Committee to plan or conduct audits or to determine that each Fund's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, which duties are the responsibility of the Adviser and each Fund's independent registered public accounting firm. The independent registered public accounting firm for each Fund is responsible for auditing that Fund's financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

In the performance of its oversight function, each Audit Committee has considered and discussed the audited financial statements with management and the independent registered public accounting firm of the Fund. Each Audit Committee also has discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 114, *The Auditor's Communication With Those Charged With Governance*, as currently in effect. Each Audit Committee also has considered whether the provision by the Fund's independent registered public accounting firm of non-audit services to the Fund, and of professional services to the Adviser and affiliates of the Adviser that provide services to the Fund, is compatible with maintaining the independent registered public accounting firm's independence. Finally, each Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the Public Company Accounting

Oversight Board regarding the independent registered public ac