ANNUAL REPORT

Not FDIC Insured
No Bank Guarantee
May Lose Value

December 31, 2016

FUND DISTRIBUTIONS AND MANAGED DISTRIBUTION PLAN

The Fund has a Managed Distribution Plan to maintain a consistent distribution level that may be paid in part or in full from net investment income, realized capital gains, or, if necessary, return of capital. The board believes that regular quarterly, 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.

On a tax basis, the Fund did not distribute more than its income and net realized capital gains in the fiscal year to date (See Note 11 in Notes to Financial Statements.) Shareholders should note, however, that if the Fund's aggregate investment income and net realized capital gains are less than the amount of the distribution level, the difference will be paid from the Fund's capital and will constitute a return of the shareholder's 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 the Fund's notices pursuant to Section 19(a) of the Investment Company Act of 1940 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 its fiscal year and may be subject to changes based on tax regulations. The Fund will send shareholders a Form 1099-DIV for 2016 that tells them 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 Fund is available at *www.Virtus.com*. Section 19(a) notices are posted on the website at: *http://www.virtus.com/our-products/closed-end-fund-details/ZF*.

MESSAGE TO SHAREHOLDERS

Dear Fellow Zweig Fund Shareholder:

I am pleased to share the annual report for the Zweig Fund, Inc. that discusses performance for the 12-month period ended December 31, 2016.

Effective September 7, 2016, Duff & Phelps Investment Management and Newfleet Asset Management were appointed to manage the respective equity and fixed income portions of the Fund's portfolio. Performance and characteristics prior to that date were attained by the previous manager using a different investment techniques. The balance of September was devoted to the successful transitioning of the portfolio to the new managers, which was completed by month-end. The report, therefore, includes commentary from Duff & Phelps and Newfleet that focuses on how their respective portions of the portfolio performed from the transition period through December 31. Newfleet's commentary also discusses the performance contribution of the options overlay strategy that was implemented in April 2016 and has continued under Newfleet's management.

For the fiscal year ended December 31, 2016, the fund's NAV decreased 1.58%, including $1.08 in reinvested distributions. During the same period, the fund's benchmark[1], a composite index that consists of 60% MSCI World Infrastructure Sector Capped Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index, increased 6.40%, including reinvested dividends. Performance for the composite's underlying indices over this period included an 11.83% increase for the MSCI World Infrastructure Sector Capped Index (net) and a 2.65% increase in the Bloomberg Barclays U.S. Aggregate Bond Index.

I welcome new investors to the fund and thank all of our shareholders for entrusting your assets to us. Should you have any questions or require support, the Virtus customer service team is ready to assist you at 1-866-270-7788 or through the closed-end fund section of our website, www.virtus.com.

Sincerely,

George R. Aylward
President and Director
The Zweig Fund, Inc.

February 2017

(1) Allocation of 60% MSCI World Infrastructure Sector Capped Index and the 40% Bloomberg Barclays U.S. Aggregate Bond Index was effective starting 9/7/16. Prior to this date the allocation was 100% S&P 500® Index.

For information regarding the indexes cited and key investment terms used in this report see page 10.

About the Fund:

The Zweig Fund, Inc. (NYSE: ZF) (the "Fund") is invested in a balance of approximately 60% equity and 40% fixed income investments. The Fund's investment objective is capital appreciation, with current income as a secondary objective. *There is no guarantee that the Fund will achieve its investment objective.*

The use of leverage enables the Fund to borrow at short-term rates and invest at higher yields on its investments. As of December 31, 2016, the Fund's leverage consisted of $81 million of borrowings made pursuant to a line of credit, which represented approximately 26% of the Fund's total assets.

Effective September 7, 2016, Virtus Investment Advisers (VIA) was appointed by the Board as the investment Adviser of the Fund, and Duff & Phelps Investment Management Co. (DPIM) and Newfleet Asset Management (Newfleet) were appointed by the Board as subadvisers of the Fund. Subsequently, at an in-person meeting on September 20, 2016, the Board of Directors of the Fund voted to approve VIA, DPIM and Newfleet as the investment Adviser and subadvisers of the Fund and recommend them to shareholders for their approval. Performance and characteristics prior to September 7, 2016 were attained by the previous Adviser using a different investment strategy. The Fund has a current target allocation of investing approximately 60% of its total assets in equity securities and 40% in fixed income securities. DPIM manages the equity portion of the Fund, which invests globally in owners/operators of infrastructure in the communications, utility, energy, and transportation industries (also referred to as "essential services"). Newfleet manages the fixed income portion of the Fund, which is designed to generate high current income and total return through the application of active sector rotation, extensive credit research, and disciplined risk management that seeks to capitalize on opportunities across undervalued areas of the fixed income markets. The Fund also pursues an options income strategy whereby it purchases and sells out-of-the money puts and calls, creating an options spread.

Manager Comments – Duff & Phelps Investment Management Co. (DPIM)

DPIM manages the equity portion of the Fund's portfolio utilizing its global infrastructure strategy that leverages the company's in-depth fundamental research expertise in income-producing securities. The following commentary is provided by the portfolio management team at DPIM, and covers the performance of the Fund's equity portfolio following the transition of the portfolio to DPIM.

How did the equity markets perform during the fiscal year ended December 31, 2016?

Over the course of the fiscal year, developed world equity markets, as measured by the MSCI World Index, posted positive returns despite multiple challenges. Unexceptional economic outlooks across much of the world and widespread political election uncertainties resulted in significant market volatility. In the second half of the year, we saw the United Kingdom vote to leave the European Union ("Brexit") and businessman Donald Trump win the U.S. presidential election. Both outcomes were viewed as surprising by the market, causing short-lived selloffs followed by strong rallies.

In the fourth quarter, the U.S. equity market rallied post the surprising presidential election result as a Republican-controlled Congress and White House were viewed as

For information regarding the indexes and certain key investment terms, see Key Investment Terms starting on page 10

positive for the U.S. economy. Expectations of fiscal stimulus and lower taxes drove the reflation trade resulting in higher bond yields. As was largely anticipated post the election, the Federal Reserve (the "Fed") raised the fed funds rate by 25 basis points in December. Other developed world equity markets generally lagged the U.S. due to the uncertain impact of the new administration's policies, particularly with respect to trade, on the rest of the world. Additionally, concerns regarding economic growth prospects and the potential for political upheaval in many countries has caused global markets to trade cautiously.

What factors affected the performance of the Fund's equity portfolio in the fourth quarter of 2016?

From October through December, the equity portion of the portfolio underperformed the broader world equity market (as measured by the MSCI World Index) and its benchmark as investors rotated out of defensive sectors post the election. Security selection had a negative contribution and was the primary driver of the strategy's underperformance versus the benchmark during the quarter. Transportation selection was the biggest detractor. European toll roads and airports had mixed performance and we generally owned the underperformers. We had overweight positions in the Australia/New Zealand toll roads and airports that underperformed in the quarter due to significant sector rotation out of defensive names and into commodity stocks in that region. The strength of the U.S. dollar also hurt the foreign transportation holdings. U.S. railroads rallied strongly in the quarter post the election. While we had some exposure to the rails, we didn't own one of the better performers. Positive security selection in energy served as a partial offset. Two portfolio holdings that are not in the benchmark were significant outperformers in the quarter and accounted for most of the positive effect. Selection in communications and utilities had negligible impacts.

Sector allocation during the quarter had a modestly negative impact on portfolio performance relative to the benchmark. The primary drivers were our overweight in communications and our underweight in utilities. Communications was the second worst performing sector in the portfolio and utilities was the second best. Energy and transportation provided a modest offset to the negative allocation affect. Regional allocation had a beneficial impact on performance. Positive contributions from an overweight in North America and an underweight in Asia Pacific, were partially offset by the overweight in the poorly performing European region.

What is your outlook for the equity markets?

As we enter a new year, we expect equity market performance will remain volatile while the market absorbs the numerous economic and political factors in play. Even though the U.S. economy appears to be gathering strength, the full impact of the new administration's emerging policy changes are still unknown. Following the increase in the fed funds rate in December 2016, more tightening is likely in 2017, in contrast to the accommodative policies by central banks in other developed markets. Anxiety with respect to Europe is high given the slow pace of the economic recovery, upcoming elections, quantitative easing by the European Central Bank, and the Brexit transition. Given the uncertainties, we believe that the sector and regional diversity that our strategy provides can offer benefits to investors.

For information regarding the indexes and certain key investment terms, see Key Investment Terms starting on page 10

We have positioned the equity portion of the portfolio to reflect our outlook for each of the essential services sectors in which the Fund invests: energy, telecommunications, transportation, and utilities.

- The largest overweight in the portfolio is energy given our view that the sector has stabilized following strengthening oil prices. As oil price volatility subsides, we believe the midstream energy stocks in the portfolio will benefit from renewed investor focus on company fundamentals. The current trend toward the simplification of corporate structures of the pipeline companies and their limited partnerships has generally been perceived as favorable for the sector.
- Within the communications sector, we remain comfortable with the overweight position in U.S. and European tower companies as they will benefit from network investment by the carriers to support increased data and video usage.
- We are underweight the utility sector but remain positive on the fundamentals of regulated utilities, particularly the U.S.-based gas and water utilities. Large capital spending requirements bode well for those companies with supportive regulation. The potential for further Fed rate hikes in 2017 could increase utility stock volatility. Tax reform could also create some uncertainty for the industry around interest expense deductibility, but overall any reform will likely be neutral for utility companies.
- The underweight in the transportation sector was driven by railroads where we were cautious on volume trends into year-end. However, pricing and volumes could improve in 2017 with increased economic activity. Railroads would also be beneficiaries of tax reform. Our airport and toll road holdings are positioned to benefit from relatively attractive traffic growth in Europe and Asia.

Manager Comments – Newfleet Asset Management, LLC (Newfleet)

Newfleet's multi-sector strategies team manages the fixed income portion, leveraging the knowledge and skills of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management for portfolio construction, avoiding interest rate bets and remaining duration neutral. Newfleet also manages the Fund's options overlay strategy. The options overlay strategy seeks to generate additional income through the purchase and sale of paired out-of-the-money puts and calls. The following commentary is provided by the portfolio management team at Newfleet and covers the performance of the Fund's fixed income portfolio following the transition of the portfolio to Newfleet.

How did the fixed income markets perform during the Fund's fiscal year ended December 31, 2016?

Most spread sectors outperformed U.S. Treasuries during the fiscal year. The Fed's dovish stance in mid-February sparked a rally that turned around a volatile time period that began with fresh concerns over China, plummeting oil prices, and fears that the Fed had raised interest rates too soon.

Late in June, volatility returned briefly with fallout from the U.K.'s decision to leave the European Union (EU). Bond yields in the U.S., Japan, and across Europe fell to historic lows in early July as investors fled to the safety of bonds on global growth concerns fueled by the Brexit decision.

For information regarding the indexes and certain key investment terms, see Key Investment Terms starting on page 10

Markets recovered rather quickly, however, from the initial shock of the Brexit vote. Easing by major central banks and a weaker U.S. dollar helped to improve global risk sentiment and stabilize markets.

September brought heightened concerns over the ability and willingness of central banks to fight chronic low inflation and weak growth as the decision by the European Central Bank (ECB) to leave interest rates and its stimulus program unchanged was a precipitating factor in a widespread market sell-off, reinforced by fears that the Bank of Japan (BOJ) had run out of quantitative easing tools. Hawkish signals from the Fed added to the volatility. The BOJ subsequently decided not to change rates but to shift its focus to stabilizing the long end of the yield curve. This bolstered market sentiment, as did the Fed's eventual decision to stand pat at its September meeting.

The unexpected election of Donald Trump as the 45th President of the United States sparked another bout of volatility in early November. President Trump's campaign, which focused on immigration, trade, tax cuts and infrastructure spending, was largely perceived by the market as faster growth and increased inflation expectations, causing the yield on the 10-year U.S. Treasury to rise 0.52% by the end of the month. In late November, oil prices benefited from OPEC's decision to cut oil production for the first time in eight years.

In a largely anticipated move, at its last meeting of 2016, the Fed raised its target rate 0.25% to a range of 0.50% to 0.75%.

Over the past 12 months, yields increased across the U.S. Treasury curve, more so at the short end of the curve and the curve flattened slightly.

What factors affected the performance of the Fund's fixed income portfolio in the fourth quarter of 2016?

From October through December 2016, the underperformance of U.S. Treasuries relative to most fixed income spread sectors was the key driver of the outperformance of the fixed income portfolio for the period.

The Fund's sector allocations to corporate high yield and high yield bank loans were the largest positive contributors to performance for the period.

Exposure to foreign sectors including emerging markets high yield and Yankee high quality securities detracted from performance during the period. Also detracting during the period was the Fund's allocation to agency mortgage-backed securities.

What is your outlook for fixed income markets?

We are entering 2017 with a fair amount of uncertainty, much of it related to whether and how President Trump's campaign rhetoric materializes into well-defined policies. Other challenges from 2016 remain as the new year begins. These include the ramifications of divergent global monetary policy; the extent to which the U.S. dollar will appreciate as the Fed tightens; the path of commodity prices; Chinese economic activity and policy; and the ever present but unknown geopolitical risks. Politics has become a heightened dimension of uncertainty as important elections in Europe in 2017 will test the strength of political gains made by those individuals and parties considered anti-establishment.

We also enter 2017 with renewed optimism for U.S. economic growth, modestly improving credit fundamentals, and evidence of continued, albeit slowly improving, emerging markets fundamentals. All of these

For information regarding the indexes and certain key investment terms, see Key Investment Terms starting on page 10

factors should be positive for spread sectors. Trump's proposed policies are growth oriented, which implies rising inflation and interest rates. We believe, however, that the Fed will stay the course and let the economic data drive monetary policy. While the exact pace and magnitude of future rate hikes is unknown, there is significant evidence to support a gradual rise in rates. This also is a positive situation for spread sectors.

As always, we believe it is important to stay diversified, have granular positions, and emphasize liquid investments. We will continue to look for opportunities in all sectors of the bond market, striving to uncover any out-of-favor or undervalued sectors and securities. We are constructive on spread sectors based on still-sound fundamentals, strong technicals, accommodative central banks, and attractive valuations in certain areas of the fixed income markets.

With strong demand for fixed income by investors and a supportive environment, spread sectors continue to offer attractive investment opportunities to investors searching for total return and yield. Some of the specific sectors where we see value are out-of-index/off-the-run asset-backed securities, non-agency residential mortgage-backed securities, corporate high yield, high yield bank loans, and select emerging markets bonds.

How did the options overlay strategy perform for the Fund during the fiscal year?

In early April 2016, the Fund added an options overlay strategy with the goal of increasing income and total return. This overlay strategy seeks to generate income through the use of index-based, out-of-the-money put and call spreads. The strategy is adaptive to changes in the volatility environment, and is implemented using strict risk limits.

A range-bound market, as was experienced for much of the year, is an ideal environment for the strategy. In such an environment, the strategy is able to retain the majority of the premium generated from option sales, and losses are infrequent. When the S&P 500® Index makes large and fast moves that are not priced into the implied volatility of the options market, the strategy can and will take losses.

The only loss generated by the overlay strategy since it was added to the Fund occurred in December, when, in the context of an unusually low volatility environment, the S&P 500 quickly appreciated above levels at which the overlay strategy could maintain full profitability. Even given this loss, the strategy made a positive contribution for the month. From April 20 through the end of 2016, the options overlay strategy contributed 3.38% in incremental income to the Fund (gross of fees).

The preceding information is the opinion of portfolio management only through the end of the period of the report as stated on the cover. Any such opinions are subject to change at any time based upon market conditions and should not be relied upon as investment advice.

The Fund's portfolio holdings are subject to change and may not be representative of the portfolio managers' current or future investments. The mention of individual securities held by the Fund is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional.

Equity Securities: The market price of equity securities may be adversely affected

For information regarding the indexes and certain key investment terms, see Key Investment Terms starting on page 10

by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk.

Credit & Interest: Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt securities may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities.

Foreign Investing: Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk.

High Yield-High Risk Fixed Income Securities: There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities.

Industry/Sector Concentration: A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund.

Leverage: When a fund leverages its portfolio, the value of its shares may be more volatile and all other risks may be compounded.

Call/Put Spreads: Buying and selling call and put option spreads on the SPX Index risks the loss of the premium when buying and may increase downside losses.

Market Price/NAV: At the time of purchase and/or sale, an investor's shares may have a market price that is above or below the fund's NAV, which may increase the investor's risk of loss.

Fundamental Risk of Investing: There can be no assurance that the Fund will achieve its investment objectives. An investment in the shares of the Fund is subject to the risk of loss of principal; shares may decrease in value.

For information regarding the indexes and certain key investment terms, see Key Investment Terms starting on page 10

THE ZWEIG FUND, INC.
DECEMBER 31, 2016
(Unaudited)

The following tables present the portfolio holdings within certain sectors or countries as a percentage of total investments net of written options at December 31, 2016.

Asset Allocation

Common Stocks		58%
Utilities	25%	
Industrials	16	
Energy	12	
All other Common Stock	5	
Corporate Bonds and Notes		21
Energy	6	
Financials	4	
All other Corporate Bonds and Notes	11	
Mortgage-Backed Securities		7
Foreign Government Securities		4
Loan Agreements		3
Other		7
Total		100%

Country Weightings

United States	62%
Canada	8
Spain	6
Australia	5
Italy	2
United Kingdom	2
Mexico	1
Other	14
Total	100%

Bank of Japan (BOJ)

One of the world's major central banks, the Bank of Japan is responsible for issuing the country's currency, managing monetary policy, and maintaining financial system stability.

Bloomberg Barclays U.S. Aggregate Bond Index

Bloomberg Barclays U.S. Aggregate Bond Index an index that measures the U.S. investment grade fixed rate bond market, calculated on a total return basis. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

Brexit

A combination of the words "Britain" and "exit" which refers to Britain's withdrawal from the European Union.

European Central Bank ("ECB")

The European Central Bank (ECB) is responsible for conducting monetary policy for the eurozone. The ECB was established as the core of the Eurosystem and the European System of Central Banks (ESCB). The ESCB comprises the ECB and the national central banks (NCBs) of all 17 European Union Member States whether they have adopted the Euro or not.

Exchange-Traded Funds (ETF):

An open-end fund that is traded on a stock exchange. Most ETFs have a portfolio of stocks or bonds that track a specific market index.

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.

MSCI World Index (net)

The MSCI World Index (net) is a free float-adjusted market capitalization-weighted index that measures developed global market equity performance. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment

MSCI World Infrastructure Sector Capped Index

MSCI World Infrastructure Sector Capped Index a market capitalization weighted index that measures performance of global infrastructure companies by capturing broad and diversified opportunities across telecommunication, utilities, energy, transportation, and social infrastructure sectors. The telecommunication, infrastructure, and utilities sectors each represent one-third of the index weight, while energy, transportation, and social infrastructure sectors have a combined weight of the remaining one-third of the index. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

Organization of the Petroleum Exporting Countries (OPEC):

The Organization of the Petroleum Exporting Countries was originally organized in September 1960 with 5 member countries and there are currently 12 member countries. The organization's objective is to co-ordinate and unify petroleum policies among member countries, in order to secure fair and stable prices for petroleum producers; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry.

S&P 500® Index:

A free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Yield Curve:

A line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates. The curve is also used to predict changes in economic output and growth.

Zweig Fund Linked Benchmark

The Zweig Fund Linked Benchmark consists of 60% MSCI World Infrastructure Sector Capped Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. Performance of the Zweig Fund Linked Benchmark prior to 9/7/2016 represents an allocation consisting of 100% S&P 500® Index.

($ reported in thousands)

	PAR VALUE	VALUE
FOREIGN GOVERNMENT SECURITIES—5.2%		
Argentine Republic		
144A 7.500%, 4/22/26[3]	$ 650	$ 682
8.280%, 12/31/33	757	812
144A 7.125%, 7/6/36[3]	600	572
Bolivarian Republic of Venezuela		
RegS 8.250%, 10/13/24[4]	510	240
RegS 7.650%, 4/21/25[4]	1,050	483
9.375%, 1/13/34	430	201
Federative Republic of Brazil		
12.500%, 1/5/22	1,700[BRL]	538
8.500%, 1/5/24	950[BRL]	255
5.625%, 1/7/41	335	300
Kingdom of Bahrain 144A		
7.000%, 10/12/28[3]	380	389
Kingdom of Jordan		
144A 5.750%, 1/31/27[3]	440	418
Kingdom of Morocco 144A		
5.500%, 12/11/42[3]	400	406
Kingdom of Saudi Arabia 144A		
3.250%, 10/26/26[3]	330	313
Provincia de Buenos Aires 144A		
9.125%, 3/16/24[3]	180	196
Republic of Colombia		
4.375%, 3/21/23	553,000[COP]	160
9.850%, 6/28/27	1,050,000[COP]	411
Republic of Costa Rica		
144A 7.000%, 4/4/44[3]	440	404
Republic of Cote d'Ivoire		
144A 6.375%, 3/3/28[3]	440	429
Republic of El Salvador		
144A 6.375%, 1/18/27[3]	200	185
Republic of Romania		
144A 6.750%, 2/7/22[3]	170	194
Republic of South Africa		
Series R203, 8.250%, 9/15/17	2,665[ZAR]	195
Series R208, 6.750%, 3/31/21	4,635[ZAR]	319
4.300%, 10/12/28	260	241
Republic of Turkey		
6.250%, 9/26/22	425	443
4.875%, 10/9/26	1,045	970

	PAR VALUE	VALUE
FOREIGN GOVERNMENT SECURITIES (continued)		
4.875%, 4/16/43	$ 435	$ 350
State of Qatar		
144A 3.250%, 6/2/26[3]	350	338
Sultanate of Oman 144A		
4.750%, 6/15/26[3][7]	585	565
Ukraine		
144A 7.750%, 9/1/26[3]	465	435
United Mexican States		
Series M, 6.500%, 6/9/22	8,520[MXN]	397
TOTAL FOREIGN GOVERNMENT SECURITIES (Identified Cost $12,623)		**11,841**
MORTGAGE-BACKED SECURITIES—8.6%		
Agency—2.8%		
FNMA		
3.500%, 1/1/46[7]	3,222	3,303
3.000%, 9/1/46[7]	3,135	3,116
		6,419
Non-Agency—5.8%		
Agate Bay Mortgage Trust 13-1, A1 144A		
3.500%, 7/25/43[2][3]	1,206	1,215
American Homes 4 Rent 14-SFR2, C 144A		
4.705%, 10/17/36[3]	390	403
AMSR Trust		
16-SFR1, C 144A 2.986%, 11/17/33[2][3]	245	246
16-SFR1, D 144A 3.136%, 11/17/33[2][3]	385	384
Bayview Opportunity Master Fund IVa Trust 16-SPL1, B1 144A		
4.250%, 4/28/55[3]	255	260
Citigroup Commercial Mortgage Trust 16-SMPL, A 144A		
2.228%, 9/10/31[3]	440	428
Colony Starwood Homes Trust 16-2A, C 144A		
2.886%, 12/17/33[2][3]	320	321
Credit Suisse First Boston Mortgage Securities Corp. 03-AR30, 5A1		
3.151%, 1/25/34[2]	182	185

See Notes to Financial Statements

($ reported in thousands)

	PAR VALUE	VALUE
Non-Agency (continued)		
Deutsche Bank-UBS Mortgage Trust 11-LC3A, D 144A 5.345%, 8/10/44(2)(3)	$ 390	$ 403
Freddie Mac Structured Agency Credit Risk Debt Notes 16-DNA2, M2 2.956%, 10/25/28(2)	750	759
Home Equity Mortgage Trust 05-2, M7 2.436%, 7/25/35(2)	343	340
JPMorgan Chase (Bear Stearns) Alternate Loan Trust 04-5, 3A1 3.204%, 6/25/34(2)	590	591
JPMorgan Chase Commercial Mortgage Securities Trust		
14-C22, A4 3.801%, 9/15/47	850	886
07-LDPX, AM 5.464%, 1/15/49(2)	315	312
JPMorgan Chase Mortgage Trust		
16-1, M2 144A 3.750%, 4/25/45(2)(3)	267	265
16-2, M2 144A 3.750%, 12/25/45(2)(3)	408	404
16-1, A3 144A 3.500%, 5/25/46(3)	273	275
16-3, A3 144A 3.500%, 10/25/46(2)(3)	592	596
Morgan Stanley Capital Barclays Bank Trust 16-MART, A 144A 2.200%, 9/13/31(3)	650	636
New Residential Mortgage Loan Trust		
14-1A, A 144A 3.750%, 1/25/54(2)(3)	182	187
16-3A, A1 144A 3.750%, 9/25/56(2)(3)	231	236
16-4A, B1A 144A 4.500%, 11/25/56(3)	469	486
Towd Point Mortgage Trust		
15-1, A2 144A 3.250%, 10/25/53(2)(3)	630	615
Non-Agency (continued)		
15-6, M1 144A 3.750%, 4/25/55(2)(3)	$ 120	$ 117
15-2, 1M1 144A 3.250%, 11/25/60(2)(3)	615	610
Tricon American Homes Trust 16-SFR1, C 144A 3.487%, 11/17/33(3)	635	616
Vericrest Opportunity Loan Trust		
16-NPL9, A1 144A 3.500%, 9/25/46(2)(3)	388	388
14-NPL9, A1 144A 3.375%, 11/25/54(2)(3)	637	638
15-NPL2, A1 144A 3.375%, 2/25/55(2)(3)	87	87
15-NPL3, A1 144A 3.375%, 10/25/58(2)(3)	136	135
Vericrest Opportunity Loan Trust LLC 16-NP11, A1 144A 3.500%, 10/25/46(2)(3)	188	188
		13,212
TOTAL MORTGAGE-BACKED SECURITIES (Identified Cost $20,105)		**19,631**
ASSET-BACKED SECURITIES—1.6%		
Applebee's LLC 14-1, A2 144A 4.277%, 9/5/44(3)	300	296
BCC Funding XIII LLC 16-1, D 144A 4.780%, 8/20/22(3)	460	451
Centre Point Funding LLC 12-2A,1 144A 2.610%, 8/20/21(3)	447	440
Exeter Automobile Receivables Trust 16-3A, B 144A 2.840%, 8/16/21(3)	440	438
First Investors Auto Owner Trust 16-2A, C 144A 2.530%, 7/15/22(3)	760	746
Navistar Financial Dealer Note Master Owner Trust II 16-1, B 144A 2.342%, 9/27/21(2)(3)	505	509

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	PAR VALUE	VALUE
ASSET-BACKED SECURITIES (continued)		
Trip Rail Master Funding LLC 14-1A, A1 144A 2.863%, 4/15/44[3]	$ 368	$ 359
VSE VOI Mortgage LLC 16-A, A 144A 2.540%, 7/20/33[3]	423	418
TOTAL ASSET-BACKED SECURITIES (Identified Cost $3,703)		**3,657**
CORPORATE BONDS AND NOTES—27.8%		
Consumer Discretionary—3.9%		
AMC Entertainment Holdings, Inc. 144A 5.875%, 11/15/26[3]	60	61
Boyd Gaming Corp. 6.875%, 5/15/23	185	200
Cablevision Systems Corp. 5.875%, 9/15/22	345	337
Caesars Entertainment Resort Properties LLC 8.000%, 10/1/20	335	353
Caesars Growth Properties Holdings LLC 9.375%, 5/1/22	445	482
CBS Radio, Inc. 144A 7.250%, 11/1/24[3]	25	26
Clear Channel Worldwide Holdings, Inc. Series B 7.625%, 3/15/20	500	502
Columbus Cable Barbados Ltd. 144A 7.375%, 3/30/21[3]	425	454
Cooper-Standard Automotive, Inc. 144A 5.625%, 11/15/26[3]	225	223
Dana Financing Luxembourg S.a.r.l. 144A 6.500%, 6/1/26[3]	110	115
DR Horton, Inc. 4.750%, 2/15/23	475	487
Grupo Televisa SAB 4.625%, 1/30/26	430	435
International Game Technology plc 144A 6.250%, 2/15/22[3]	300	323

	PAR VALUE	VALUE
Consumer Discretionary (continued)		
Landry's, Inc. 144A 6.750%, 10/15/24[3]	$ 95	$ 97
Live Nation Entertainment, Inc. 144A 4.875%, 11/1/24[3]	170	171
Meritor, Inc. 6.750%, 6/15/21	230	236
MPG Holdco I, Inc. 7.375%, 10/15/22	385	404
NCL Corp., Ltd. 144A 4.750%, 12/15/21[3]	270	271
Pinnacle Entertainment, Inc. 144A 5.625%, 5/1/24[3]	145	146
QVC, Inc. 5.125%, 7/2/22	270	279
Scientific Games International, Inc. 6.625%, 5/15/21	255	217
144A 7.000%, 1/1/22[3]	250	269
SFR (Numericable) Group S.A. 144A 6.000%, 5/15/22[3]	480	494
Signet UK Finance plc 4.700%, 6/15/24[7]	400	383
TI Group Automotive Systems LLC 144A 8.750%, 7/15/23[3]	375	394
Toll Brothers Finance Corp. 5.625%, 1/15/24	75	78
4.875%, 11/15/25	410	404
TRI Pointe Group, Inc. 5.875%, 6/15/24	400	414
VTR Finance BV 144A 6.875%, 1/15/24[3]	400	414
Ziggo Secured Finance BV 144A 5.500%, 1/15/27[3]	335	327
		8,996
Consumer Staples—0.9%		
AdvancePierre Foods Holdings, Inc. 144A 5.500%, 12/15/24[3]	200	202
Dole Food Co., Inc. 144A 7.250%, 5/1/19[3]	240	245
ESAL GmbH 144A 6.250%, 2/5/23[3]	430	434

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($ reported in thousands)

	PAR VALUE	VALUE
Consumer Staples (continued)		
Pilgrim's Pride Corp. 144A 5.750%, 3/15/25[3]	$ 165	$ 166
Post Holdings, Inc. 144A 5.000%, 8/15/26[3]	365	350
Safeway, Inc. 7.250%, 2/1/31	230	225
Tops Holding LLC (Tops Markets II Corp.) 144A 8.000%, 6/15/22[3]	415	359
		1,981
Energy—7.6%		
Alberta Energy Co., Ltd. 8.125%, 9/15/30[7]	165	199
Alta Mesa Holdings LP (Alta Mesa Finance Services Corp.) 144A 7.875%, 12/15/24[3]	180	187
American Midstream Partners LP 144A 8.500%, 12/15/21[3]	150	149
Anadarko Petroleum Corp.		
4.850%, 3/15/21	65	70
5.550%, 3/15/26	100	112
6.600%, 3/15/46	220	272
Antero Resources Corp. 5.625%, 6/1/23	205	211
Archrock Partners LP 6.000%, 10/1/22	340	332
Blue Racer Midstream LLC 144A 6.125%, 11/15/22[3]	145	146
Callon Petroleum Co. 144A 6.125%, 10/1/24[3]	115	119
Carrizo Oil & Gas, Inc. 6.250%, 4/15/23	320	330
Cheniere Corpus Christi Holdings LLC 144A 7.000%, 6/30/24[3]	360	392
Cimarex Energy Co. 4.375%, 6/1/24	215	223
Concho Resources, Inc.		
5.500%, 4/1/23	130	135
4.375%, 1/15/25	185	186
CONSOL Energy, Inc. 5.875%, 4/15/22	285	281

	PAR VALUE	VALUE
Energy (continued)		
Continental Resources, Inc.		
5.000%, 9/15/22	$ 250	$ 253
4.500%, 4/15/23	140	138
Crestwood Midstream Partners LP 6.250%, 4/1/23	420	431
Diamondback Energy, Inc.		
144A 4.750%, 11/1/24[3]	45	44
144A 5.375%, 5/31/25[3]	260	262
Ecopetrol S.A. 5.375%, 6/26/26[7]	410	408
Encana Corp. 3.900%, 11/15/21	150	151
Energy Transfer Equity LP 5.875%, 1/15/24	410	425
EnLink Midstream Partners LP 4.850%, 7/15/26	45	45
EnQuest plc 7.000%, 4/15/22	469	342
EP Energy LLC 144A 8.000%, 11/29/24[3]	30	32
Gazprom OAO (Gaz Capital S.A.) 144A 6.000%, 11/27/23[3][11]	435	463
Helmerich & Payne International Drilling Co. 4.650%, 3/15/25	240	248
HollyFrontier Corp. 5.875%, 4/1/26[7]	370	378
KazMunayGas National Co. 144A 6.375%, 4/9/21[3]	425	462
Laredo Petroleum, Inc. 7.375%, 5/1/22	275	286
Lukoil International Finance BV 144A 4.563%, 4/24/23[3]	425	429
Matador Resources Co. 144A 6.875%, 4/15/23[3]	370	390
MPLX LP 4.875%, 12/1/24	595	612
Newfield Exploration Co. 5.375%, 1/1/26	400	408
NGL Energy Partners LP 5.125%, 7/15/19	276	275

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($ reported in thousands)

	PAR VALUE	VALUE
Energy (continued)		
Noble Holding International Ltd. 7.750%, 1/15/24	$ 70	$ 66
Occidental Petroleum Corp. 4.400%, 4/15/46	285	289
Parker Drilling Co. 7.500%, 8/1/20	355	321
Parsley Energy LLC 144A 6.250%, 6/1/24[3]	490	518
Petrobras Global Finance BV		
5.375%, 1/27/21	315	308
8.375%, 5/23/21	130	140
8.750%, 5/23/26	550	595
Petroleos de Venezuela S.A.		
RegS 8.500%, 11/2/17	44	35
144A 6.000%, 5/16/24[3]	525	203
Petroleos de Venezuela S.A. 144A 8.500%, 10/27/20[3]	150	112
Petroleos Mexicanos		
4.875%, 1/24/22[7]	225	226
144A 6.875%, 8/4/26[3][7]	465	491
6.500%, 6/2/41[7]	225	211
QEP Resources, Inc.		
6.875%, 3/1/21	190	203
5.250%, 5/1/23	260	262
Regency Energy Partners LP		
5.875%, 3/1/22	100	110
5.000%, 10/1/22	120	127
Rosneft Oil Co. 144A 4.199%, 3/6/22[3][11]	440	434
RSP Permian, Inc. 144A 5.250%, 1/15/25[3]	165	166
Sabine Pass Liquefaction LLC 5.625%, 2/1/21	290	310
SM Energy Co.		
6.125%, 11/15/22	155	158
6.500%, 1/1/23	165	169
Southern Gas Corridor CJSC 144A 6.875%, 3/24/26[3]	300	324
State Oil Co. (Republic of Azerbaijan) 6.950%, 3/18/30	345	361
Sunoco LP 6.375%, 4/1/23	$ 800	$ 814
Tesoro Logistics LP 5.250%, 1/15/25	60	62
Transocean, Inc.		
144A 9.000%, 7/15/23[3]	110	113
6.800%, 3/15/38	100	78
Weatherford International Ltd. 144A 9.875%, 2/15/24[3]	100	107
YPF S.A. 144A 8.500%, 3/23/21[3]	245	263
		17,402
Financials—4.9%		
Allstate Corp. (The) 5.750%, 8/15/53[2][10]	320	331
Ally Financial, Inc. 5.750%, 11/20/25	350	350
Ares Capital Corp. 3.625%, 1/19/22	210	203
Australia & New Zealand Banking Group Ltd. 144A 4.400%, 5/19/26[3]	400	405
Banco Bilbao Vizcaya Argentaria Bancomer S.A. 144A 6.500%, 3/10/21[3]	500	539
Banco de Bogota SA 144A 6.250%, 5/12/26[3]	305	312
Banco de Credito del Peru		
144A 4.250%, 4/1/23[3]	220	225
144A 6.125%, 4/24/27[2][3][7]	210	227
Banco Internacional del Peru SAA Interbank 144A 6.625%, 3/19/29[2][3]	320	339
Banco Santander Chile 144A 3.875%, 9/20/22[3]	340	349
Bancolombia S.A. 5.125%, 9/11/22	360	366
Bank of America Corp.		
4.200%, 8/26/24	280	285
4.450%, 3/3/26	50	52
Bank of China Ltd. 144A 5.000%, 11/13/24[3]	435	451

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	PAR VALUE	VALUE
Financials (continued)		
Citigroup, Inc.		
4.600%, 3/9/26[7]	$ 190	$ 196
Compass Bank		
3.875%, 4/10/25	425	404
Drawbridge Special Opportunities Fund LP		
144A 5.000%, 8/1/21[3][7]	350	337
Eurasian Development Bank 144A		
4.767%, 9/20/22[3]	440	453
GrupoSura Finance S.A. 144A		
5.500%, 4/29/26[3][7]	275	282
Guanay Finance Ltd.		
144A 6.000%, 12/15/20[3]	428	432
ICAHN Enterprises LP		
6.000%, 8/1/20	150	154
5.875%, 2/1/22	250	249
iStar Financial, Inc.		
4.875%, 7/1/18	160	160
5.000%, 7/1/19	225	227
Kazakhstan Temir Zholy Finance BV		
144A 6.950%, 7/10/42[3]	430	417
Leucadia National Corp.		
5.500%, 10/18/23	240	254
Morgan Stanley		
4.350%, 9/8/26	210	214
Navient Corp.		
7.250%, 9/25/23	80	82
OM Asset Management plc		
4.800%, 7/27/26[7]	365	345
PKO Finance AB 144A		
4.630%, 9/26/22[3][7][11]	435	449
PNC Financial Services Group, Inc. (The) Series S,		
5.000%, 12/29/49[2]	250	241
Prudential Financial, Inc.		
5.875%, 9/15/42[2][7]	170	178
5.625%, 6/15/43[2][7][10]	165	171
Springleaf Finance Corp.		
5.250%, 12/15/19	205	207
Starwood Property Trust, Inc. 144A		
5.000%, 12/15/21[3]	55	56
Tervita Escrow Corp.		
144A 7.625%, 12/1/21[3]	50	51

	PAR VALUE	VALUE
Financials (continued)		
Toronto-Dominion Bank (The)		
3.625%, 9/15/31[2]	$ 130	$ 128
Turkiye Garanti Bankasi AS 144A		
5.250%, 9/13/22[3]	400	388
Voya Financial, Inc.		
5.650%, 5/15/53[2]	570	562
Woodside Finance Ltd.		
144A 3.700%, 9/15/26[3]	60	59
		11,130
Health Care—2.1%		
Abbott Laboratories		
3.400%, 11/30/23	70	70
3.750%, 11/30/26	240	238
Alere, Inc.		
6.500%, 6/15/20	260	257
Centene Corp.		
4.750%, 1/15/25	315	308
Community Health Systems, Inc.		
6.875%, 2/1/22	260	182
Concordia International Corp.		
144A 9.000%, 4/1/22[3]	75	64
Endo Finance LLC		
144A 6.000%, 7/15/23[3]	355	313
Envision Healthcare Corp.		
144A 6.250%, 12/1/24[3]	65	69
HCA, Inc.		
5.375%, 2/1/25	140	140
5.250%, 6/15/26	130	134
Inventiv Group Holdings, Inc.		
144A 7.500%, 10/1/24[3]	180	189
MEDNAX, Inc.		
144A 5.250%, 12/1/23[3]	175	180
MPH Acquisition Holdings LLC		
144A 7.125%, 6/1/24[3]	245	258
Ortho-Clinical Diagnostics, Inc.		
144A 6.625%, 5/15/22[3]	325	289
Surgery Center Holdings, Inc.		
144A 8.875%, 4/15/21[3]	290	310

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($ reported in thousands)

	PAR VALUE	VALUE
Health Care (continued)		
Surgical Care Affiliates, Inc.		
144A 6.000%, 4/1/23[3]	$ 415	$ 431
Teleflex, Inc.		
4.875%, 6/1/26	185	184
Tenet Healthcare Corp.		
5.500%, 3/1/19	245	242
144A 7.500%, 1/1/22[3]	15	16
8.125%, 4/1/22	310	294
Teva Pharmaceutical Finance BV		
4.100%, 10/1/46	225	192
Valeant Pharmaceuticals International, Inc.		
144A 6.375%, 10/15/20[3]	165	143
144A 7.500%, 7/15/21[3]	50	43
144A 5.625%, 12/1/21[3]	45	35
144A 5.875%, 5/15/23[3]	210	160
		4,741
Industrials—2.1%		
Advanced Disposal Services, Inc. 144A		
5.625%, 11/15/24[3]	45	45
Allegiant Travel Co.		
5.500%, 7/15/19	65	67
Bombardier, Inc.		
144A 6.125%, 1/15/23[3]	315	302
Carpenter Technology Corp.		
4.450%, 3/1/23	350	335
CEB, Inc. 144A		
5.625%, 6/15/23[3]	260	253
Doric Nimrod Air Alpha Pass-Through-Trust 13-1, A 144A		
5.250%, 5/30/23[3][7]	280	292
DP World Ltd. 144A		
6.850%, 7/2/37[3][7]	210	224
Harland Clarke Holdings Corp. 144A		
6.875%, 3/1/20[3][7]	240	233
Hawaiian Airlines Pass-Through Certificates 13-1, B		
4.950%, 1/15/22	431	428
Industrials (continued)		
Masco Corp.		
5.950%, 3/15/22	$ 300	$ 331
4.450%, 4/1/25	130	132
Navistar International Corp.		
8.250%, 11/1/21	190	193
Owens Corning		
3.400%, 8/15/26	230	218
Pelabuhan Indonesia II PT 144A		
4.250%, 5/5/25[3]	435	414
Prime Security Services Borrower LLC		
144A 9.250%, 5/15/23[3]	270	295
Standard Industries, Inc.		
144A 5.500%, 2/15/23[3]	110	114
TransDigm, Inc.		
6.000%, 7/15/22	280	293
6.500%, 5/15/25	120	126
UAL Pass-Through-Trust 07-01, A		
6.636%, 7/2/22	408	439
		4,734
Information Technology—0.6%		
Diamond 1 Finance Corp. (Diamond 2 Finance Corp.)		
144A 5.450%, 6/15/23[3]	75	80
144A 6.020%, 6/15/26[3]	75	81
144A 8.100%, 7/15/36[3]	150	178
Inception Merger Sub, Inc. (Rackspace Hosting, Inc.)		
144A 8.625%, 11/15/24[3]	440	467
NXP BV		
144A 4.625%, 6/1/23[3]	425	447
WESCO Distribution, Inc.		
144A 5.375%, 6/15/24[3]	200	201
		1,454
Materials—3.0%		
Alpek SAB de C.V.		
144A 5.375%, 8/8/23[3]	495	511
ArcelorMittal		
6.125%, 6/1/25	400	440
Ardagh Packaging Finance plc 144A		
7.250%, 5/15/24[3]	200	212

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($ reported in thousands)

	PAR VALUE	VALUE
Materials (continued)		
BHP Billiton Finance USA Ltd. 144A 6.750%, 10/19/75[(2)(3)(7)(10)]	$ 200	$ 224
BlueScope Steel Finance Ltd. 144A 6.500%, 5/15/21[(3)]	305	324
Cemex SAB de C.V. 144A 7.250%, 1/15/21[(3)]	400	427
Equate Petrochemical BV 144A 4.250%, 11/3/26[(3)]	315	301
Fortescue Metals Group (FMG) Resources August 2006 Pty Ltd. 144A 9.750%, 3/1/22[(3)]	170	197
Freeport-McMoRan Copper & Gold, Inc.		
3.550%, 3/1/22	120	112
3.875%, 3/15/23	185	171
Gerdau Holdings, Inc. 144A 7.000%, 1/20/20[(3)(7)]	300	321
Graphic Packaging International, Inc. 4.125%, 8/15/24	355	340
INEOS Group Holdings S.A. 144A 5.625%, 8/1/24[(3)]	500	497
Inversiones CMPC S.A. 144A 4.375%, 5/15/23[(3)]	435	437
Novelis Corp. 144A 5.875%, 9/30/26[(3)]	400	405
Office Cherifien des Phosphates S.A. (OCP) 144A 5.625%, 4/25/24[(3)]	350	362
Reynolds Group Issuer, Inc. 144A 7.000%, 7/15/24[(3)]	425	452
Scotts Miracle-Gro Co. (The) 144A 5.250%, 12/15/26[(3)]	35	35
Standard Industries, Inc. 144A 6.000%, 10/15/25[(3)]	250	263
Teck Resources Ltd. 144A 8.500%, 6/1/24[(3)]	100	116
Vale Overseas Ltd. 5.875%, 6/10/21	260	273
Vedanta Resources plc 144A 6.000%, 1/31/19[(3)]	$ 435	$ 440
		6,860
Real Estate—0.5%		
Communications Sales & Leasing, Inc. (CSL Capital LLC) 144A 7.125%, 12/15/24[(3)]	180	182
EPR Properties 4.750%, 12/15/26	125	124
ESH Hospitality, Inc. 144A 5.250%, 5/1/25[(3)]	285	284
MPT Operating Partnership LP 5.500%, 5/1/24	200	202
Select Income REIT 4.500%, 2/1/25[(7)]	390	377
		1,169
Telecommunication Services—1.5%		
Altice Financing S.A. 144A 6.625%, 2/15/23[(3)]	240	247
AT&T, Inc.		
4.800%, 6/15/44[(7)]	140	132
5.650%, 2/15/47[(7)]	130	139
CenturyLink, Inc. Series Y 7.500%, 4/1/24	190	200
Cincinnati Bell Inc 144A 7.000%, 7/15/24[(3)]	75	80
Crown Castle Towers LLC 144A 3.222%, 5/15/22[(3)]	250	254
Digicel Group Ltd. 144A 8.250%, 9/30/20[(3)]	500	432
Empresa Nacional de Telecomunicaciones S.A. 144A 4.875%, 10/30/24[(3)]	325	325
Frontier Communications Corp.		
6.250%, 9/15/21	175	167
10.500%, 9/15/22	260	274
GTH Finance BV 144A 7.250%, 4/26/23[(3)]	425	457
Sprint Communications, Inc. 6.000%, 11/15/22	315	318

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	PAR VALUE	VALUE
Telecommunication Services (continued)		
Sprint Corp. 7.250%, 9/15/21	$ 65	$ 69
T-Mobile USA, Inc. 6.375%, 3/1/25	175	187
Zayo Group LLC 6.375%, 5/15/25	120	126
		3,407
Utilities—0.7%		
AmeriGas Partners LP 5.500%, 5/20/25	105	106
Dynegy, Inc. 7.375%, 11/1/22	265	254
Lamar Funding Ltd. 144A 3.958%, 5/7/25[3]	435	400
Majapahit Holding BV 144A 7.750%, 1/20/20[3]	345	388
Talen Energy Supply LLC 144A 4.625%, 7/15/19[3]	300	286
TerraForm Power Operating LLC 144A 6.375%, 2/1/23[2][3]	225	229
		1,663
TOTAL CORPORATE BONDS AND NOTES (Identified Cost $64,134)		**63,537**
LOAN AGREEMENTS[2]—3.6%		
Consumer Discretionary—0.8%		
Affinity Gaming LLC 5.000%, 7/1/23	199	201
Bass Pro Group LLC 11.941%, 12/15/23	370	367
Caesars Entertainment Resort Properties LLC Tranche B, 7.000%, 10/11/20	314	318
Caesars Growth Properties Holdings LLC Tranche B, First Lien, 6.250%, 5/8/21	190	191
CDS U.S. Intermediate Holdings, Inc. First Lien, 5.000%, 7/8/22	125	126
Cengage Learning, Inc. 2016 Refinance, 5.250%, 6/7/23	125	122

	PAR VALUE	VALUE
Consumer Discretionary (continued)		
Harbor Freight Tools USA, Inc. 4.137%, 8/18/23	$ 125	$ 127
Las Vegas Sands Tranche B, 3.006%, 12/19/20	185	186
Laureare Education, Inc. 2021 Extended, 8.868%, 3/17/21	149	150
UFC Holdings LLC First Lien 5.000%, 8/18/23	150	152
		1,940
Consumer Staples—0.3%		
Albertson's Companies LLC TRanche B-4, 3.750%, 8/25/21	250	253
Amplify Snack Brands, Inc. 6.500%, 9/2/23	314	307
Chobani LLC First Lien, 5.250%, 10/9/23	60	61
Kronos, Inc. Second Lien, 9.250%, 11/1/24	80	83
		704
Energy—0.2%		
EP Energy LLC 9.750%, 6/30/21	255	267
Seadrill Operating LP 4.000%, 2/21/21	249	173
		440
Financials—0.2%		
Lonestar Intermediate Super Holdings LLC 10.000%, 8/31/21	190	196
Walter Investment Management Corp. Tranche B, 4.750%, 12/18/20	275	263
		459
Health Care—0.4%		
CHG Healthcare Services, Inc. First Lien, 4.750%, 6/7/23	199	201

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	PAR VALUE	VALUE
Health Care (continued)		
InVentiv Health, Inc. 0.000%, 11/9/23[5]	$ 255	$ 258
NVA Holdings, Inc. Second Lien, 0.000%, 8/14/22[5]	180	181
Quorum Health Corp. 6.750%, 4/29/22	129	127
U.S. Renal Care, Inc. First Lien, 0.000%, 12/30/22[5]	195	183
		950
Industrials—0.6%		
84 Lumber Co. 6.750%, 10/25/23	320	322
Aspen Merger Sub (Coinstar), Inc. Tranche B, First Lien 6.125%, 9/27/23	125	127
McGraw-Hill Global Education Holdings LLC Tranche B, First Lien, 5.000%, 5/4/22	175	175
Navistar, Inc. Tranche B, 6.500%, 8/7/20	199	202
PAE Holding Corp. First Lien, 6.500%, 10/20/22	102	103
Quikrete International, Inc. 0.000%, 11/15/23[5]	30	30
Sedgwick Claims Management Services, Inc. Second Lien, 6.750%, 2/28/22	275	275
Zodiac Pool Solutions LLC 5.500%, 12/20/23	90	91
		1,325
Information Technology—0.6%		
Avaya, Inc. 0.000%, 5/29/20[5]	285	249
Blackboard, Inc. Tranche B-4 First Lien, 0.000%, 6/30/21[5]	305	308
Information Resources 0.000%, 12/20/23[5]	25	25

	PAR VALUE	VALUE
Information Technology (continued)		
Masergy Communications, Inc. Tranche B, First Lien, 5.500%, 12/15/23	$ 65	$ 66
NXP B.V. (NXP Funding LLC) Tranche F 3.405%, 12/7/20	125	125
On Semiconductor Corp. 2016 New Replacement Term Loan 4.020%, 3/31/23	125	126
Presidio, Inc. Refinancing Term, 5.250%, 2/2/22	207	210
Rackspace Hosting, Inc. Tranche B, First Lien, 4.500%, 11/3/23	110	112
Veritas US, Inc. 0.000%, 1/27/23[5]	200	185
		1,406
Materials—0.2%		
Anchor Glass Container Corp.		
First Lien, 4.250%, 12/7/23	76	77
Second Lien, 8.750%, 12/7/24	82	84
Omnova Solutions, Inc. Tranche B-2, 5.250%, 8/25/23	249	254
		415
Real Estate—0.1%		
Capital Automotive LP Second Lien, 6.000%, 4/30/20	155	158
Utilities—0.2%		
NRG Energy, Inc. 3.520%, 6/30/23	374	378
Vistra Operations Company LLC (Tex Operations Co., LLC) 5.000%, 8/4/23	110	112

See Notes to Financial Statements

($ reported in thousands)

	PAR VALUE	VALUE
Utilities (continued)		
Tranche C, 5.000%, 8/4/23	$ 25	$ 25
		515
TOTAL LOAN AGREEMENTS (Identified Cost $8,197)		**8,312**

	SHARES	VALUE
PREFERRED STOCK—1.4%		
Energy—0.2%		
PTT Exploration & Production PCL 144A, 4.875%[2][3][7]	435[6]	439
Financials—1.0%		
Citigroup, Inc. Series J, 7.125%	15,000	420
Citigroup, Inc. Series T, 6.250%[2]	500[6]	515
M&T Bank Corp. Series F, 5.125%[2][7]	125[6]	121
PNC Financial Services Group, Inc. (The) Series R, 4.850%[2]	305[6]	293
Wells Fargo & Co. Series K, 7.980%[2][7]	310[6]	324
Zions Bancorp 6.950%	17,625	493
		2,166
Industrials—0.2%		
General Electric Co. Series D, 5.000%[2][7]	490[6]	508
TOTAL PREFERRED STOCK (Identified Cost $3,230)		**3,113**
COMMON STOCKS—76.3%		
Energy—15.2%		
Enbridge, Inc.	140,310	5,910
Inter Pipeline Ltd.	59,205	1,307
Kinder Morgan, Inc.	255,180	5,285
ONEOK, Inc.	20,640	1,185
Pembina Pipeline Corp.	61,175	1,912
Plains GP Holdings LP	45,397	1,574
Spectra Energy Corp.	109,555	4,501
Tallgrass Energy GP LP	58,165	1,559
Targa Resources Corp.	47,180	2,645
Energy (continued)		
TransCanada Corp.	138,380	$ 6,248
Williams Cos., Inc. (The)	86,120	2,682
		34,808
Industrials—20.6%		
Abertis Infraestructuras SA	337,730	4,727
Aena SA[3]	38,504	5,255
Atlantia SpA	273,570	6,410
Auckland International Airport Ltd.	692,614	3,007
Canadian Pacific Railway Ltd.	12,715	1,815
CSX Corp.	78,330	2,814
Ferrovial SA	74,079	1,325
Flughafen Zuerich AG	15,514	2,878
Sydney Airport	731,613	3,163
Transurban Group	1,303,570	9,708
Union Pacific Corp.	39,685	4,115
Vinci SA	25,354	1,727
		46,944
Real Estate—5.4%		
American Tower Corp.	66,090	6,984
Crown Castle International Corp.	62,220	5,399
		12,383
Telecommunication Services—2.4%		
BCE, Inc.	32,970	1,426
Cellnex Telecom SA[3]	130,875	1,883
TELUS Corp.	66,050	2,103
		5,412
Utilities—32.7%		
ALLETE, Inc.	30,085	1,931
American Electric Power Co., Inc.	58,460	3,681
American Water Works Co., Inc.	50,290	3,639
APA Group	248,718	1,538
Aqua America, Inc.	54,945	1,651
Atmos Energy Corp.	30,660	2,273
Black Hills Corp.	36,045	2,211
CMS Energy Corp.	53,100	2,210
Dominion Resources, Inc.	55,625	4,260
DTE Energy Co.	38,000	3,743

See Notes to Financial Statements

($ reported in thousands)

	SHARES	VALUE
Utilities (continued)		
Edison International	31,970	$ 2,301
Emera, Inc.	51,215	1,731
Eversource Energy	29,500	1,629
Iberdrola SA	404,178	2,652
Innogy SE[(3)(9)]	55,070	1,914
National Grid plc	378,618	4,440
NextEra Energy, Inc.	64,525	7,708
NiSource, Inc.	104,050	2,304
ONE Gas, Inc.	20,975	1,342
PG&E Corp.	62,260	3,784
Red Electrica Corp. SA	65,025	1,227
Scottish & Southern Energy plc	90,849	1,739
Sempra Energy	54,075	5,442
South Jersey Industries, Inc.	47,180	1,589
Spire, Inc.	29,195	1,885
Vectren Corp.	36,560	1,907
WEC Energy Group, Inc.	35,820	2,101
XCEL Energy, Inc.	48,100	1,958
		74,790
TOTAL COMMON STOCKS (Identified Cost $184,756)		**174,337**
EXCHANGE-TRADED FUNDS—1.4%		
PowerShares Senior Loan Portfolio[(8)]	139,125	3,250
TOTAL EXCHANGE-TRADED FUNDS (Identified Cost $3,223)		**3,250**

	CONTRACTS	VALUE
PURCHASED OPTIONS—0.2%		
Call Options—0.0%		
S&P 500® Index expiration 01/04/17 strike price $2,375	432	4
S&P 500® Index expiration 01/06/17 strike price $2,370	805	8
S&P 500® Index expiration 01/11/17 strike price $2,375	434	9
Call Options (continued)		
S&P 500® Index expiration 01/13/17 strike price $2,375	806	$ 19
		40
Put Options—0.2%		
S&P 500® Index expiration 01/04/17 strike price $2,160	432	41
S&P 500® Index expiration 01/06/17 strike price $2,145	805	75
S&P 500® Index expiration 01/11/17 strike price $2,135	434	80
S&P 500® Index expiration 01/13/17 strike price $2,100	806	137
		333
TOTAL PURCHASED OPTIONS —0.2% (Premiums Paid $320)		**373**
TOTAL LONG TERM INVESTMENTS—126.1% (Identified Cost $300,291)		**288,051[(12)]**

	SHARES	VALUE
SHORT-TERM INVESTMENT—5.9%		
Money Market Mutual Fund—5.9%		
JPMorgan U.S. Government Money Market Fund – Institutional Shares (seven-day effective yield 0.440%)[(8)]	13,384,840	13,385
TOTAL SHORT-TERM INVESTMENT (Identified Cost $13,385)		**13,385**
TOTAL INVESTMENTS BEFORE WRITTEN OPTIONS—132.0% (Identified Cost $313,676)		**301,436[(1)]**

See Notes to Financial Statements

($ reported in thousands)

	CONTRACTS	VALUE
WRITTEN OPTIONS—(0.4)%		
Call Options—(0.0)%		
S&P 500® Index expiration 01/04/17 strike price $2,325	432	$ (6)
S&P 500® Index expiration 01/06/17 strike price $2,320	805	(20)
S&P 500® Index expiration 01/11/17 strike price $2,325	434	(20)
S&P 500® Index expiration 01/13/17 strike price $2,325	806	(43)
		(89)
Put Options—(0.4)%		
S&P 500® Index expiration 01/04/17 strike price $2,210	432	(89)
S&P 500® Index expiration 01/06/17 strike price $2,195	805	(234)
S&P 500® Index expiration 01/11/17 strike price $2,185	434	(234)
S&P 500® Index expiration 01/13/17 strike price $2,150	806	(266)
		(823)
TOTAL WRITTEN OPTIONS—(0.4)% (Premiums Received $798)		**(912)**[1]
TOTAL INVESTMENTS NET OF WRITTEN OPTIONS—131.6% (Identified Cost $312,878)		**300,524**
Other assets and liabilities, net—(31.6)%		(72,204)
NET ASSETS—100.0%		**$228,320**

Abbreviations:

FNMA	Federal National Mortgage Association ("Fannie Mae")
REIT	Real Estate Investment Trust

Footnote Legend:

(1) Federal Income Tax Information: For tax information at December 31, 2016, see Note 11 Federal Income Tax Information in the Notes to Financial Statements.
(2) Variable or step coupon security; interest rate shown reflects the rate in effect at December 31, 2016.
(3) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2016, these securities amounted to a value of $61,145 or 26.8% of net assets.
(4) Regulation S security. Security is offered and sold outside of the United States, therefore, it is exempt from registration with the SEC under Rules 903 and 904 of the Securities Act of 1933.
(5) This loan will settle after December 31, 2016, at which time the interest rate, based on the London Interbank Offered Rate ("LIBOR") and the agreed upon spread on trade date, will be reflected.
(6) Value shown as par value.
(7) All or a portion of the security is segregated as collateral for written options.
(8) Shares of this fund are publicly offered and its prospectus and annual report are publicly available.
(9) Non-income producing.
(10) Interest payments may be deferred.
(11) This Note was issued for the sole purpose of funding a loan agreement between the issuer and the borrower. As the credit risk for this security lies solely with the borrower, the name represented here is that of the borrower.
(12) All or a portion of the Fund's portfolio has been segregated for borrowings.

Foreign Currencies:

BRL	Brazilian Real
COP	Colombian Peso
MXN	Mexican Peso
ZAR	South African Rand

See Notes to Financial Statements

($ reported in thousands)

The following table provides a summary of inputs used to value the Fund's investments as of December 31, 2016 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at December 31, 2016	Level 1 Quoted Prices	Level 2 Significant Observable Inputs
Debt Securities:			
Asset-Backed Securities	$ 3,657	$ —	$ 3,657
Corporate Bonds And Notes	63,537	—	63,537
Foreign Government Securities	11,841	—	11,841
Loan Agreements	8,312	—	8,312
Mortgage-Backed Securities	19,631	—	19,631
Equity Securities:			
Common Stocks	174,337	174,337	—
Exchange-Traded Funds	3,250	3,250	—
Preferred Stocks	3,113	913	2,200
Purchased Options	373	293	80
Short-Term Investment	13,385	13,385	—
Total Investments before Written Options	$301,436	$192,178	$109,258
Written Options	$ (912)	$ (912)	$ —
Total Investments net of Written Options	$300,524	$191,266	$109,258

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

There were no transfers between Level 1 and Level 2 related to securities held at December 31, 2016.

THE ZWEIG FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2016

(Reported in thousands except shares and per share amounts)

Assets:	
Investment in securities at value (Identified cost $313,676)	$301,436
Cash	37
Segregated cash for options	475
Receivables:	
Investment securities sold	8,209
Dividends and interest	2,109
Tax reclaims	22
Prepaid expenses	51
Total assets	312,339
Liabilities:	
Written options at value (Premiums received $798) (Note 3)	912
Borrowings (Note 8)	81,000
Payables:	
Investment securities purchased	1,659
Investment advisory fee	221
Administration fee	17
Directors' fees and expenses	10
Printing expenses	120
Interest payable on borrowings	44
Professional fees	6
Transfer agent fees and expenses	5
Other accrued expenses	25
Total liabilities	84,019
Net Assets	**$228,320**
Capital:	
Common stock ($0.10 par value 200,000,000 shares authorized)	$ 1,707
Capital paid in on shares of beneficial interest	212,957
Accumulated undistributed net investment income (loss)	1,072
Accumulated undistributed net realized gain (loss)	24,940
Net unrealized appreciation (depreciation) on investments	(12,242)
Net unrealized appreciation (depreciation) on written options	(114)
Net Assets	**$228,320**
Net Asset Value Per Share	
(Net assets/shares outstanding) Shares outstanding – 17,066,804	$ 13.38

See Notes to Financial Statements

THE ZWEIG FUND, INC.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

($ reported in thousands)

Investment Income:	
Dividends	$ 6,779
Interest	1,726
Foreign taxes withheld	(154)
Total investment income	8,351
Expenses:	
Investment advisory fees	2,518
Administration fees	209
Directors' fees and expenses	271
Printing fees and expenses	291
Professional fees	530
Transfer agent fees and expenses	121
Custodian fees	90
Miscellaneous	114
Total expenses before dividends expense and interest expense	4,144
Dividends and interest expense on securities sold short and borrowings	705
Total expenses after dividend expense on securities sold short and interest expense	4,849
Less Administration fees waived	(16)
Earnings credit from custodian	(4)
Net expenses	4,829
Net investment income	3,522
Net Realized and Unrealized Gain (Loss):	
Net realized gain (loss) on investments	36,474
Net realized gain (loss) on foreign currency transactions	(193)
Net realized gain (loss) on securities sold short	(8,248)
Net realized gain (loss) on written options	15,117
Net change in unrealized appreciation (depreciation) on investments	(54,067)
Net change in unrealized appreciation (depreciation) on foreign currency translations	(2)
Net change in unrealized appreciation (depreciation) on securities sold short	10
Net change in unrealized appreciation (depreciation) on written options	(114)
Net realized and unrealized gain (loss)	**(11,023)**
Net increase (decrease) in net assets resulting from operations	**$ (7,501)**

See Notes to Financial Statements

THE ZWEIG FUND, INC.
STATEMENTS OF CHANGES IN NET ASSETS

($ reported in thousands)

	Year Ended December 31, 2016	Year Ended December 31, 2015
INCREASE (DECREASE) IN NET ASSETS		
Operations		
Net investment income	$ 3,522	$ 2,189
Net realized gain (loss)	43,150	11,178
Net change in unrealized appreciation (depreciation)	(54,173)	(45,382)
Net increase (decrease) in net assets resulting from operations	(7,501)	(32,015)
Dividends and distributions to shareholders from		
Net investment income	(2,445)	(2,522)
Net realized long-term gains	(17,061)	(22,275)
Total dividends and distributions to shareholders	(19,506)	(24,797)
Capital share transactions (Note 7)		
Common Shares repurchased	(15)	(5,497)
Payments for tendered shares	(41,502)	—
Net increase (decrease) in net assets derived from capital share transactions	(41,517)	(5,497)
Net increase (decrease) in net assets	(68,524)	(62,309)
NET ASSETS		
Beginning of period	296,844	359,153
End of period	**$ 228,320**	**$ 296,844**
Accumulated undistributed net investment income (loss) at end of period	$ 1,072	$ 114
Supplemental—Other Information:		
Capital share transactions were as follows:		
Common Shares outstanding at beginning of period	20,079,893	20,466,093
Common Shares repurchased	(1,300)	(386,200)
Common Shares tendered	(3,011,789)	—
Common Shares outstanding at end of period	17,066,804	20,079,893

See Notes to Financial Statements

THE ZWEIG FUND, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

($ reported in thousands)

Increase (Decrease) in cash	
Cash Flows Provided by (Used for) Operating Activities:	
Net increase (decrease) in net assets resulting from operations	$ (7,501)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided/(used by) operating activities:	
Proceeds from sales and paydowns of long-term investments	606,873
(Increase) Decrease in investment securities sold receivable	(8,209)
Purchases of long-term investments	(604,383)
Increase (Decrease) in investment securities purchased payable	1,659
Proceeds from securities sold short	102,920
Costs to cover securities sold short	(119,769)
Net (purchases) or sales of short-term securities	(13,171)
Net (purchases) or sales in purchased options	(7,041)
Net purchases or (sales) in written options	15,915
Net change in unrealized (appreciation)/depreciation on long-term investments	54,067
Net change in unrealized (appreciation)/depreciation on securities sold short	(10)
Net change in unrealized (appreciation)/depreciation on written options	114
Net realized (gains)/loss from sales of long-term investments	(36,474)
Net realized (gains)/loss from securities sold short	8,248
Net realized (gains)/loss from written options	(15,117)
Amortization of premium and accretion of discounts on investments	101
Non-Cash adjustment for dividend income return of capital	284
(Increase) Decrease in segregated cash	(475)
(Increase) Decrease in deposit with prime broker	8,713
(Increase) Decrease in tax reclaims receivable	(22)
(Increase) Decrease in dividends and interest receivable	(1,967)
(Increase) Decrease in prepaid expenses	(25)
Increase (Decrease) in interest payable on securities sold short and borrowings	39
Increase (Decrease) in investment advisory fee payable	2
Increase (Decrease) in transfer agent fees and expenses payable	(8)
Increase (Decrease) in directors' fees and expenses payable	(18)
Increase (Decrease) in professional fees payable	(44)
Increase (Decrease) in printing expenses payable	94
Increase (Decrease) in other accrued expenses payable	30
Cash provided by (used for) operating activities	(15,175)
Cash provided by (used for) financing activities:	
Cash receipts from borrowings	155,198
Cash payments to reduce borrowings	(74,875)
Common shares repurchased	(214)
Payments for tendered shares	(41,502)
Cash distributions paid to shareholders	(23,967)
Cash provided by (used for) financing activities:	14,640
Net increase (decrease) in cash	(535)
Cash:	
Beginning of period	572
End of period	**$ 37**
Supplemental cash flow information:	
Cash paid during the period for interest payable on securities sold short and borrowings	$ 666

See Notes to Financial Statements

THE ZWEIG FUND, INC.
FINANCIAL HIGHLIGHTS
(Selected data for a share outstanding throughout each period)

	Year Ended December 31,				
	2016	2015	2014	2013	2012[10]
PER SHARE DATA					
Net asset value, beginning of period	$ 14.78	$ 17.55	$ 16.94	$ 13.89	$ 13.48
Income from investment operations					
Net investment income (loss)[3]	0.19	0.11	0.11	0.14	0.10
Net realized and unrealized gains (losses)	(0.56)	(1.70)	1.49	3.66	1.28
Total from investment operations	(0.37)	(1.59)	1.60	3.80	1.38
Dividends and Distributions					
Dividends from net investment income	(0.15)	(0.12)	(0.11)	(0.13)	(0.10)
Distributions from net realized gains	(0.93)	(1.10)	(0.92)	(0.65)	(0.33)
Tax return of capital	—	—	—	(0.10)	(0.54)
Total dividend and distributions	(1.08)	(1.22)	(1.03)	(0.88)	(0.97)
Fund Share Transactions (Note 7)					
Anti-dilutive impact of repurchase plan	—[8]	0.04	0.04	0.13	—
Anti-dilutive impact of tender offer	0.05	—	—	—	—
Dilutive effect on net asset value as a result of rights offering	—	—	—	—	—
Net asset value, end of period	$ 13.38	$ 14.78	$ 17.55	$ 16.94	$ 13.89
Market value, end of period[1]	$ 12.05	$ 13.14	$ 15.46	$ 14.86	$ 12.19
Total investment return[2]	(0.30)%	(7.33)%	11.34%	30.31%	13.62%
Total return on net asset value[4]	(1.58)%	(8.18)%	10.93%	30.29%	11.41%
RATIOS/SUPPLEMENTAL DATA					
Net assets, end of period (in thousands)	$228,320	$296,844	$359,153	$353,176	$309,124
Ratio of net expenses to average net assets (after expense waivers, earnings credits and dividend and interest expense)	1.89%[9]	1.17%	1.26%	1.19%	1.15%[5]
Ratio of expenses to average net assets (before expense waivers, earnings credits and after dividend and interest expense)[6]	1.90%[9]	1.17%	1.26%	1.25%	1.32%[5]
Ratio of net investment income (loss) to average net assets	1.38%	0.65%	0.66%	0.91%	0.74%
Portfolio turnover rate	204%[8]	98%	57%	62%	82%

See Notes to Financial Statements

(1) Closing Price – New York Stock Exchange.
(2) Total investment return is calculated assuming a purchase of common shares of the opening on the first day and sale on the closing of the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's Automatic Reinvestment and Cash Purchase Plan. Total investment return is not annualized for periods of less than one year. Brokerage commissions that a shareholder may pay are not reflected. Total return does not reflect the deduction of taxes that a shareholder may pay on fund distributions or the sale of fund shares.
(3) Computed using average shares outstanding.
(4) NAV return is calculated using the opening Net Asset Value price of the Fund's common stock on the first business day and the closing Net Asset Value price of the Fund's common stock on the last business day of each period reported. Dividends and distributions, if any, are assumed for the purpose of this calculation, to be reinvested at prices obtained under the Fund's Automatic Reinvestment and Cash Purchase Plan.
(5) The fund incurred certain non-recurring proxy and reverse stock split costs in 2012. When excluding these costs, the Ratio of expenses to average net assets (after expense waivers) would be 1.06% and the Ratio of expenses to average net assets (before expense waivers) would be 1.23%.
(6) Ratios of expenses, excluding dividends and interest expense on short sales, interest expense on borrowing, and earnings credits and administration fee waiver for the periods ended December 31, or as otherwise noted are as follows:

Year Ended				
2016	2015	2014	2013	2012
1.63%	1.15%	1.19%	1.22%	1.27%

(7) Amount is less than $0.005.
(8) The increase in portfolio turnover rate is due to a change in the investment adviser and the appointment of two new sub-advisers associated with a strategy change on the fund.
(9) The Fund incurred certain non-recurring proxy and tender offer costs in 2016. When excluding these costs, the ratio of expenses to average net assets (after expense waivers, earnings credits and dividend and interest expense) would be 1.77%, the ratio of expenses to average net assets (before expense waivers, earnings credits and dividend and interest expense) would be 1.78% and the ratio of net investment income to average net assets would be 1.50%.
(10) Per share data, including the proportionate impact to market price, has been restate to reflect the effects of a 1-for-4 reverse stock split effective as of the start of trading on the NYSE on June 27, 2012.

THE ZWEIG FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1. Organization

The Zweig Fund, Inc. (the "Fund") is a closed-end, diversified management investment company registered under the Investment Company Act of 1940 (the "Act"). The Fund was incorporated under the laws of the State of Maryland on June 18, 1986. The Fund's investment objective is capital appreciation, with income as a secondary objective.

Note 2. Significant Accounting Policies

The significant accounting policies consistently followed by the Fund in the preparation of its financial statements are summarized below and for derivatives, included in Note 3 below. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts 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:

Security valuation procedures for the Fund, which include nightly price variance, as well as back-testing items such as bi-weekly unchanged price, monthly secondary source and transaction analysis, have been approved by the Board of Directors of the Fund (the "Board", or the "Directors"). All internally fair valued securities are approved by a valuation committee (the "Valuation Committee") appointed by the Board. The Valuation Committee is comprised of certain members of management as identified to the Board and convenes independently from portfolio management. All internally fair valued securities, referred to below, are updated daily and reviewed in detail by the Valuation Committee monthly unless changes occur within the period. The Valuation Committee reviews the validity of the model inputs and any changes to the model. Fair valuations are reviewed quarterly by the Board.

The Fund utilizes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The Fund's policy is to recognize transfers between levels at the end of the reporting period.

- Level 1 – quoted prices in active markets for identical securities (security types generally include listed equities).
- 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 Valuation Committee'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 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 Valuation Committee, are generally categorized as Level 3 in the hierarchy.

Certain non-U.S. 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 non-U.S. markets close (where the security is principally traded) and the time that the Fund calculates its net asset value (“NAV”) (at the close of regular trading on the New York Stock Exchange (“NYSE”), generally 4 p.m. Eastern time) that may impact the value of securities traded in these non-U.S. markets. In such cases the Fund fair values non-U.S. securities using an independent pricing service which considers the correlation of the trading patterns of the non-U.S. security to the intraday trading in the U.S. markets for investments such as ADRs, financial futures, exchange-traded-funds (“ETFs”), 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 non-U.S. common stocks may occur on a frequent basis.

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 that considers one or more of the following factors: 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, such as mortgage-backed and asset-backed securities, 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 Valuation Committee, are generally categorized as Level 3 in the hierarchy.

Listed derivatives, such as options, 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 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 NAV. Investments in closed-end funds are valued as of the close of regular trading on the NYSE each business day. Both are categorized as Level 1 in the hierarchy.

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 methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

B. Security Transactions and Investment Income:

Security transactions are recorded on the trade date. Realized gains and losses from sales of securities are determined on the identified cost basis. Dividend income is recognized 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.

C. Income Taxes:

The Fund is treated as a separate taxable entity. It is the Fund's intention to comply with the requirements of Subchapter M of the Internal Revenue Code and to distribute substantially all of its taxable income to its shareholders. Therefore, no provision for federal income taxes or excise taxes has been made.

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable based upon current interpretations of the tax rules and regulations that exist in the markets in which it invests.

Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. As of December 31, 2016, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2013 forward (with limited exceptions).

D. Dividends and Distributions to Shareholders:

Distributions are recorded by the Fund on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America.

The Fund has a Managed Distribution Plan which currently provides for the Fund to make a quarterly distribution of $0.361 per share. Distributions may represent earnings from net investment income, realized capital gains, or, if necessary, return of capital. Shareholders should not draw any conclusions about the Fund's investment performance from the terms of the Fund's Managed Distribution Plan.

E. Short Sales:

A short sale is a transaction in which the Fund sells a security it does not own in anticipation of a decline in market price. To sell a security short, the Fund must borrow the security. The Fund's obligation to replace the security borrowed and sold short will be fully collateralized at all times by the proceeds from the short sale retained by the broker and by cash and securities deposited in a segregated account with the Fund's custodian. If the price of the security sold short increases between the time of the short sale and the time the Fund replaces the borrowed security, the Fund will realize a loss, and if the price declines during the period, the Fund will realize a gain. Any realized gain will be decreased by, and any realized loss increased by, the amount of transaction costs. On ex-dividend date, dividends on short sales are recorded as an expense to the Fund.

In accordance with the terms of its prime brokerage agreement, the Fund may receive rebate income or be charged a fee based on borrowed securities which is under interest expense on short sales on the Statement of Operations. Such income or fee is calculated on a daily basis based on the market value of each borrowed security and a variable rate that is dependent upon the availability of such security.

At December 31, 2016, the Fund did not hold any securities sold short.

F. Foreign Currency Translation:

Non-U.S. investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the foreign currency exchange rate effective at the end of the reporting period. Cost of investments is translated at the currency exchange rate effective at the trade date. The gain or loss resulting from a change in currency exchange rates between the trade and settlement date of a portfolio transaction is treated as a gain or loss on foreign currency. Likewise, the gain or loss resulting from a change in currency exchange rates between the date income is accrued and the date it is paid is treated as a gain or loss on foreign currency. The Fund does not isolate that portion of the results of operations arising from changes in foreign exchange rates on investments from the fluctuations arising from changes in the market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

G. Earnings Credit and Interest

Through arrangements with the Fund's custodian, the Fund either receives an earnings credit or interest on agreed upon target un-invested cash balances to reduce the Fund's custody expenses. The credits are reflected as "Earnings credits from Custodian" and the interest is reflected under "Interest income" in the Fund's Statements of Operations for the period, as applicable.

H. Loan Agreements

The Fund may invest in direct debt instruments which are interests in amounts owed by a corporate, governmental, or other borrower to lenders or lending syndicates. Loan agreements are generally non-investment grade and often involve borrowers that are highly leveraged. The Fund may invest in obligations of borrowers who are in bankruptcy proceedings. Loan agreements are typically senior in the corporate capital structure of the borrower. A loan is often administered by a bank or other financial institution (the "lender") that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. The Fund's investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties. When investing in loan participations, the Fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the loan participation and only upon receipt by the lender of payments from the borrower. The Fund generally has no right to enforce compliance with the terms of the loan agreement with the borrower. As a result, the Fund may be subject to the credit risk of both the borrower and the lender that is selling the loan agreement. When the Fund purchases assignments from lenders it acquires direct rights against the borrower on the loan.

The Fund may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. Loan agreements may involve foreign borrowers, and investments may be denominated in foreign currencies. Direct indebtedness of emerging countries involves a risk that the government entities responsible for the repayment of the debt may be unable, or unwilling, to pay the principal and interest when due.

The loan agreements have floating rate loan interests which generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally LIBOR (London Interbank Offered Rate), the prime rate offered by one or more U.S. banks or the certificate of deposit rate. When a loan agreement is purchased the Fund may pay an assignment fee. On an ongoing basis, the Fund may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a loan agreement. Prepayment penalty fees are received upon the prepayment of a loan agreement by a borrower. Prepayment penalty, facility, commitment, consent and amendment fees are recorded to income as earned or paid.

At December 31, 2016, all loan agreements held by the Fund were assignment loans.

I. Expenses

Expenses incurred together by the Fund and other affiliated open- and closed-end funds are allocated in proportion to the net assets of each such fund, except where allocation of direct expense to each fund or an alternative allocation method can be more appropriately used.

In addition to the net annual operating expenses that the Fund bears directly, the shareholders of the Fund indirectly bear the Fund's pro rata expenses of any underlying open- and closed-end funds in which the Fund invests.

Note 3. Derivative Financial Instruments and Transactions

($ reported in thousands)

Disclosures about derivative instruments and hedging activities are intended to enable investors to understand how and why the Fund uses derivatives, how derivatives are accounted for, and how derivative instruments affect the Fund's results of operations and financial position. Summarized below is a specific type of derivative instrument used by the Fund.

A. Options contracts

An options contract provides the purchaser with the right, but not the obligation, to buy (call option) or sell (put option) a financial instrument at an agreed upon price. The Fund pursues an option income strategy whereby it purchases and sells out-of-the money puts and calls, creating an options spread designed to generate a consistent level of option cash flow which should result in additional yield. The Fund is subject to equity price risk in the normal course of pursuing its investment objectives. When the Fund purchases an option, it pays a premium and an amount equal to that premium is recorded as an asset. When the Fund writes an option, it receives a premium and an amount equal to that premium is recorded as a liability. The asset or liability is adjusted daily to reflect the current market value of the option. Holdings of the Fund designated to cover outstanding written options are noted in the Schedule of Investments and Securities Sold Short. Purchased options are reported as an asset within "Investment in securities at value" in the Statement of Assets and Liabilities. Options written are reported as a liability within "Written options outstanding at value". Changes in value of the purchased option is included in "Net change in unrealized appreciation (depreciation) on investments" in the Statement of Operations. Changes in value of written options is included in "Net change in unrealized appreciation (depreciation) on written options". If an option expires unexercised, the Fund realizes a gain or loss to the extent of the premium received or paid. If an option is exercised, the premium received or paid is recorded as an adjustment to the proceeds from the sale or the cost basis of the purchase. The difference between the premium and the amount received or paid on effecting a closing purchase or sale transaction is also treated as a realized gain or loss. Gain or loss on purchased options is included in "Net realized gain (loss) on investments" in the Statement of Operations. Gain or loss on written options is presented separately as "Net realized gain (loss) on written options" in the Statement of Operations.

The risk in writing covered put options is that the Fund may incur a loss if the market price of the security decreases and the option is exercised. The risk in buying options is that the Fund pays a premium whether or not the option is exercised. The use of such instruments may involve certain additional risks as a result of unanticipated movements in the market. Writers (sellers) of options are normally subject to unlimited risk of loss, as the seller will be obligated to deliver or take delivery of the security at a predetermined price which may, upon exercise of the option, be significantly different from the then-market value. However, the Fund may limit its risk of loss when writing an option by purchasing an option similar to the one that is sold, except for the fact it is further “out of the money”.

The Fund invested in derivative instruments during the fiscal period in the form of writing put/call options and buying put/call options on the S&P 500® Index. The primary risk associated with these derivative instruments is equity risk.

The Fund had transactions in written options for the period ended December 31, 2016, as follows:

	Calls		Puts	
	Number of Contracts	**Premiums Received**	**Number of Contracts**	**Premiums Received**
Written Options outstanding at December 31, 2015	—	$ —	—	$ —
Options written	43,399	2,295	43,399	14,462
Options closed	(34,949)	(1,861)	(33,368)	(11,353)
Options expired	(5,973)	(236)	(7,554)	(2,509)
Options exercised	—	—	—	—
Written Options outstanding at December 31, 2016	2,477	$ 198	2,477	$ 600

The following is a summary of the Fund’s options contracts as presented in the Statement of Assets and Liabilities at December 31, 2016:

Assets: Purchased options at value	$ 373[(1)]
Liabilities: Written options at value	(912)
Net asset (liability) balance	$(539)

The following is a summary of the Fund’s options contracts as presented in the Statement of Operations at December 31, 2016.

Net realized gain (loss) on purchased options	$ (6,721)[(2)]
Net realized gain (loss) on written options	15,117
Net change in unrealized appreciation (depreciation) on purchased options	53[(3)]
Net change in unrealized appreciation (depreciation) on written options	(114)
Total realized and unrealized gain (loss) on purchased and written options	$ 8,335

(1) Amount included in Investment in securities at value.

(2) Amount included in Net realized gain (loss) on investments.

(3) Amount included in Net change in unrealized appreciation (depreciation) on investments.

For the period ended December 31, 2016, the average daily premiums paid by the Fund for purchased options were $306 (reported in thousands) and the average daily premiums received by the Fund for written options were $726 (reported in thousands).

Note 4. Investment Advisory Fees and Other Transactions with Affiliates

($ reported in thousands)

A. Investment Advisory Fee:

Effective September 7, 2016, Virtus Investment Advisers, Inc. (the “Adviser”), an indirect wholly owned subsidiary of Virtus Investment Partners, Inc. (“Virtus”) was appointed by the Board as the adviser of the Fund. The Adviser manages the Fund’s investment program and general operations of the Fund including oversight of the Fund’s subadvisers. For the period of January 1, 2016 through September 6, 2016, Zweig Advisers LLC, an indirect wholly-owned subsidiary of Virtus Investment Partners, Inc. (“Virtus”), was the adviser (the “Adviser”) to the Fund.

The Investment Advisory Agreement (the “Agreement”) between the Adviser and the Fund provides that, subject to the direction of the Board of Directors of the Fund and the applicable provisions of the Act, the Adviser is responsible for the management of the Fund’s portfolio. The responsibility for making decisions to buy, sell, or hold a particular investment rests with the Adviser, subject to review by the Board of Directors and the applicable provisions of the Act. For the services provided by the Adviser under the Agreement, the Fund pays the Adviser a monthly fee equal, on an annual basis, of 0.85% of the Fund’s average daily managed assets. The Fund’s “managed assets” are equal to the total assets of the Fund minus the sum of all accrued liabilities of the Fund (other than the aggregate amount of any outstanding borrowings or other indebtedness, entered into for the purpose of creating financial leverage).

B. Subadvisers

Effective September 7, 2016, Duff & Phelps Investment Management Co.(“DPIM”), an indirect wholly owned subsidiary of Virtus, was appointed as subadviser of the equity portion of the Fund’s portfolio and Newfleet Asset Management LLC (“Newfleet”), an indirect wholly owned subsidiary of Virtus, was appointed as subadviser of the fixed income portion and the options overlay strategy of the Fund’s portfolio. The subadvisers manage the investments of the Fund for which they are paid a fee by the Adviser.

C. Administration Services:

Virtus Fund Services, LLC, an indirect wholly-owned subsidiary of Virtus, serves as administrator to the Fund. For the services provided by the administrator under the Administration Agreement, the Fund pays the administrator a monthly asset-based fee calculated on the Fund’s average daily managed assets. On December 1, 2016, the Board of the Fund approved an amendment to the Administration Agreement, pursuant to which the fee paid by the Fund increased effective December 2, 2016.

In addition, the Board approved a new Sub-Administration and Accounting Services Agreement, whereby the Fund will pay a monthly asset-based fee calculated on the Fund’s average daily managed assets. Previously, the sub-administration fee was paid directly by Virtus Fund Services.

Virtus Fund Services has contractually committed, for a period of two years from December 2, 2016 to waive receipt of a portion of its fee, to offset the fee increases to the Fund. The waiver is calculated on the Fund's average daily managed assets and is paid monthly. The administration fee, sub-administration fees and administration fee waiver are all reported in the Statement of Operations.

D. Directors Fee:

For the period ended December 31, 2016, the Fund incurred director fees totaling $241, which are included in the Statement of Operations.

Note 5. Purchases and Sales of Securities

($ reported in thousands)

Purchases and sales of securities (excluding U.S. Government and agency securities and short-term investments) for the period ended December 31, 2016, were as follows:

Purchases	Sales
$571,340	$590,736

The purchases and sales of long-term U.S. Government and agency securities for the period ended December 31, 2016 were as follows:

Purchases	Sales
$33,043	$16,137

Note 6. 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, in the normal course of business, the Fund enters into contracts that provide a variety of indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these arrangements and expects the risk of loss to be remote.

Note 7. Capital Stock and Reinvestment Plan; Repurchase Program; Dividend Distributions; Tender Offers

At December 31, 2016, the Fund had one class of common stock, par value $0.10 per share, of which 200,000,000 shares are authorized and 17,066,804 shares are outstanding.

Registered shareholders may elect to have all distributions paid by check mailed directly to the shareholder by Computershare as dividend paying agent. Pursuant to the Automatic Reinvestment and Cash Purchase Plan (the "Plan"), shareholders not making such election will have all such amounts automatically reinvested by Computershare, as the Plan agent, in whole or fractional shares of the Fund, as the case may be. During the periods ended December 31, 2016 and December 31, 2015, there were no shares issued pursuant to the Plan.

Pursuant to the Board approved stock repurchase program, the Fund may repurchase up to 20% of its outstanding shares in the open market at a discount to NAV. The Fund started its buyback of shares on April 13, 2012. From January 1, 2016 through December 31, 2016, the Fund repurchased 1,300 shares at an average price of $11.72. The average discount to NAV at which repurchases were executed during this period was 13.51%. From January 1, 2015 through December 31, 2015, the Fund repurchased 386,200 shares at an average price of $14.21. The average discount to NAV at which repurchases were executed during this period was 12.51%.

On April 29, 2016, the Fund announced the commencement of a 15% tender offer (3,011,789 shares) at a price equal to 98% of the Fund's net asset value per share on the expiration date of the offer. The tender offer expired on May 26, 2016, at which time the offer was oversubscribed. The Fund purchased the maximum number of shares covered by the offer price of $13.78 per share, which represented a price equal to 98 percent of the net asset value per share as of the close of trading on the New York Stock Exchange on May 26, 2016. As a result of the tender offer, $41,502 (reported in thousands) was distributed to shareholders and there was an accretion of $0.05 to the net asset value per share of all the outstanding shares after the close of the tender offer.

On November 25, 2016, the Fund announced the commencement of a 5% tender offer (853,340 shares) at a price equal to 98% of the Fund's net asset value per share on the expiration date of the offer. The tender offer expired on December 23, 2016. The Fund purchased the maximum number of shares covered by the offer price of $13.1418 per share, which represented a price equal to 98% of the net asset value per share as of the close of trading on the New York Stock Exchange on December 23, 2016. As a result of the tender offer, payment was made on January 5, 2017, at which time 853,340 shares outstanding were retired.

On December 2, 2016, the Fund announced a distribution of $1.361 per share to shareholders of record on December 29, 2016. This distribution had an ex-dividend date of January 5, 2017, and was paid on January 10, 2017.

On January 3, 2017, the Fund announced a supplemental distribution of $1.00 per share of long term capital gains to shareholders of record on December 29, 2016. This distribution had an ex-dividend date of January 5, 2017, and was paid on January 10, 2017.

Note 8. Borrowings

($ reported in thousands)

The Fund employed leverage in the form of borrowing on margin and/or using proceeds from shorts, which allowed the Fund to use its long positions as collateral, in order to purchase additional securities. Borrowing on margin and/or using proceeds from shorts were secured by assets of the Fund that were held with the Fund's custodian in a separate account. The Fund was permitted to borrow up to 33.33% of its total assets.

As of December 27, 2016, the Fund no longer utilizes borrowing on margin.

On December 23, 2016, the Fund entered into a Credit Agreement (the "Agreement") with a commercial bank (the "Bank") that allows the Fund to borrow cash from the Bank, up to a limit of $105,000,000 ("Commitment Amount"). Borrowings under the Agreement are collateralized by investments of the Fund. The Agreement results in the Fund being subject to certain covenants including asset coverage and portfolio composition (among others). If the Fund fails to meet or maintain certain covenants as required under the Agreement, the Fund may be required to repay immediately, in part or in full, the loan balance outstanding under the Agreement, necessitating the sale of securities at potentially inopportune times. Interest is charged at LIBOR (London Interbank Offered Rate) plus an additional percentage rate on the amount borrowed. Commitment fees are charged on the undrawn balance, if less than 75% of the Commitment Amount is outstanding as a loan to the Fund. There were no commitment fees paid or accrued for the year ended December 31, 2016. The Agreement has a term of 364 days and is renewable by the Fund with the Bank's consent and approval of the Board. The Agreement can also be converted to a 179 day fixed term facility, one time at the Fund's option. The Bank has the ability to require repayment of outstanding borrowings under the Agreement upon certain circumstances such as an event of default.

For the year ended December 31, 2016, the average daily borrowings under the Agreement and the weighted daily average interest rate were $47,119 and 0.98%, respectively. At December 31, 2016, the amount of such outstanding borrowings was as follows:

Outstanding Borrowings	Interest Rate
$81,000	1.610%

Note 9. 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 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 the pursuit of its investment objective. 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 10. Regulatory Matters and Litigation

From time to time, the Adviser, DPIM, Newfleet and/or their respective affiliates and/or subadvisers may be involved in litigation and arbitration as well as examinations and investigations by various regulatory bodies, including the Securities and Exchange Commission ("SEC"), involving compliance with, among other things, securities laws, client investment guidelines, laws governing the activities of broker-dealers and other laws and regulations affecting their products and other activities. At this time, the Fund's investment adviser believes that the outcomes of such matters are not likely, either individually or in the aggregate, to be material to these financial statements.

Note 11. Federal Income Tax Information

($ reported in thousands)

At December 31, 2016, 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)
Investments	$313,836	$2,995	$(15,395)	$(12,400)
Written Options	(912)	—	—	—

Capital losses realized after October 31 and certain late year ordinary losses may be deferred and treated as occurring on the first day of the following fiscal year. For the fiscal year ended December 31, 2016, the Fund deferred post-October capital loss of $0, and qualified late year ordinary loss of $0 and recognized post-October capital loss of $573 and qualified late year ordinary loss of $0.

The components of distributable earnings on a tax basis (excluding unrealized appreciation (depreciation) which are disclosed in the table above) consist of undistributed ordinary income of $300 and undistributed long-term capital gains of $2,530.

The differences between the book and tax basis components of distributable earnings relate principally to the timing of recognition of income and gains for federal income tax purposes These differences may include the treatment of non-taxable dividends, foreign currency gain or loss, derivatives, passive foreign investment companies, partnerships, operating losses and losses deferred due to wash sales and other differences. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to capital paid in on shares of beneficial interest.

Short-term gain distributions reported in the Statements of Changes in Net Assets, if any, are reported as ordinary income for federal tax purposes. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes.

The tax character of dividends and distributions paid during the years ended December 31, 2016 and 2015 was as follows:

	Year Ended	
	2016	**2015**
Ordinary income	$ 3,217	$ 2,001
Long-term capital gains	39,516	17,413
Total	$42,733	$19,414

The difference between the distributions reported on the Statement of Changes and this table is due to distributions that are declared in the current fiscal year and paid in the following fiscal year that qualify to be treated, for tax purposes, as paid in the year the distribution was declared.

For financial reporting purposes, book basis capital accounts are adjusted to reflect the tax character of permanent book/tax differences. The reclassifications have no impact on the net assets or net asset value of the Fund. As of December 31, 2016, the Fund recorded reclassifications to increase (decrease) the accounts as listed below:

Capital Paid in on Shares of Beneficial Interest	Undistributed Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss)
$—[1]	$(119)	$119

[1] Amount is less than $500.

Note 12. New Accounting Pronouncement

On October 13, 2016, the SEC amended existing rules intended to modernize reporting and disclosure of information. These amendments relate to Regulation S-X which sets forth the form and content of financial statements. At this time, management is evaluating the implications of adopting these amendments and their impact on the financial statements and accompany notes.

Note 13. Subsequent Events

Management has evaluated the impact of all subsequent events on the Fund through the date the financial statements were issued, and has determined that there the following subsequent events that requires recognition or disclosure in these financial statements.

At a Special Shareholder Meeting on January 31, 2017 shareholders approved the following: an investment advisory agreement between the Fund and Virtus Investment Advisers, Inc. ("VIA"); subadvisory agreements between VIA and each of Duff & Phelps Investment Management Co. and Newfleet Asset Management, LLC.; and the election of William R. Moyer as a Class I director for a three-year term or until a successor has been duly elected and qualified.

On February 6, 2017, the Fund announced a proposed reorganization of Virtus Total Return Fund (DCA) into the Fund. Subject to shareholder approval by each Fund's shareholders at a shareholder meeting scheduled for March 7, 2017, DCA will merge into the Fund on or about March 27, 2017. Contemporaneous with the proposed merger, the Fund will change its name to "Virtus Total Return Fund Inc." and retain the "ZF" ticker symbol. The legal survivor of the proposed reorganization will be the Fund, while the accounting survivor will be DCA.

pwc

Report of Independent Registered Public Accounting Firm

To the Board of Directors
and Shareholders of
The Zweig Fund, Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets, and of cash flows and the financial highlights present fairly, in all material respects, the financial position of The Zweig Fund, Inc. (the “Fund”) at December 31, 2016, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2016 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
February 23, 2017

THE ZWEIG FUND, INC.
TAX INFORMATION
DECEMBER 31, 2016
(Unaudited)

For the fiscal year ended December 31, 2016, the Fund makes the following disclosures for federal income tax purposes. Below is listed the percentage, or the maximum amount allowable, of its ordinary income dividends ("QDI") to qualify for the lower tax rates applicable to individual shareholders, and the percentage of ordinary income dividends earned by the Fund which qualifies for the dividends received deduction ("DRD") for corporate shareholders. The actual percentage of QDI and DRD for the calendar year will be designated in year-end tax statements. The Fund designates the amount below, as long-term capital gains dividends ("LTCG") subject to the 20% rate, or lower depending on the shareholders income ($ reported in thousands). LTCG or if subsequently different, will be designated in the next annual report.

QDI	DRD	LTCG
100%	100%	$42,046

KEY INFORMATION

Shareholder Relations: 1-866-270-7788

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, DPIM and Newfleet vote proxies relating to portfolio securities in 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, free of charge, by calling toll-free 1-866-270-7788. This information is also available through the SEC’s website at *http://www.sec.gov.*

FORM N-Q INFORMATION

The Fund files a complete schedule of portfolio holdings with 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.

CERTIFICATION (Unaudited)

The Fund’s Chief Executive Officer (“CEO”) will file the required annual CEO certification regarding compliance with the NYSE’s listing standards no more than 30 days after the Fund’s annual shareholder meeting. The Fund has included the certifications of the Fund’s CEO and Principal Financial Officer required by Section 302 of the Sarbanes-Oxley Act in the Fund’s Form N-CSR filed with the SEC for the period of this report.

BOARD CONSIDERATIONS IN APPROVING THE PROPOSED AGREEMENTS

At an in-person meeting held on September 20, 2016, the Board of Directors of the Fund, including a majority of the Independent Directors, considered: (1) a new advisory agreement between the Fund and Virtus Investment Advisers, Inc. ("VIA"); (2) a new sub-advisory agreement between VIA and Duff & Phelps Investment Management Co. ("DPIM"); and (3) a new sub-advisory agreement between VIA and Newfleet Asset Management, LLC ("Newfleet") (all three agreements together, "Proposed Agreements") and voted to approve and recommend them to shareholders for their approval.

In connection with its consideration of the Proposed Agreements, the Board requested and evaluated information provided by VIA, DPIM and Newfleet, which, in the Board's view, constituted information necessary for the Board to form a judgment as to whether the approval of each of the Proposed Agreements would be in the best interests of the Fund and its shareholders. The Board noted the affiliation of DPIM and Newfleet with VIA, and potential conflicts of interest therein.

The Independent Directors were advised separately by independent legal counsel throughout the process. In approving and recommending to shareholders the Proposed Agreements, the Board considered all factors that it considered relevant, including the specific factors described below. The Board did not identify any one factor as all-important or controlling, and each Director attributed different weights to the various factors. The Board also discussed the Proposed Agreements in executive sessions with its independent legal counsel at which no representatives of VIA, DPIM and Newfleet were present.

Nature, Extent and Quality of the Services to be Provided

The Directors considered various data and information regarding the nature, extent and quality of the services to be provided under the Proposed Agreements, including responses by VIA, DPIM and Newfleet to detailed requests submitted by independent legal counsel to the Independent Directors on their behalf. The Directors also received in-person presentations by senior management of VIA, DPIM and Newfleet. The responses to the information requests and presentations included, among other things, information about the: background, experience and investment philosophy of senior management and investment personnel who would be responsible for managing the Fund; resources, operations and compliance structure of VIA, DPIM and Newfleet; and investment process, investment strategies, personnel, and overall performance of VIA, DPIM and Newfleet.

With respect to the Proposed Advisory Agreement, the Board considered VIA's process for supervising and managing DPIM and Newfleet, including, among other things: (i) VIA's ability to select and oversee sub-investment advisers; (ii) VIA's ability to provide the services and oversight necessary to monitor sub-investment advisers' compliance with the Fund's investment objectives, policies and restrictions; and (iii) VIA's ability and willingness to identify instances in which a sub-investment adviser should be terminated or replaced, and to effect such change. The Directors also considered: (i) the experience and capability of VIA's management and other personnel; (ii) the quality of VIA's own regulatory and legal compliance policies, procedures and systems; (iii) VIA's supervision and oversight of the Fund's other service providers; and (iv) VIA's risk management processes.

With respect to the Proposed Sub-Advisory Agreements, the Board considered the portfolio management services proposed to be provided by DPIM and Newfleet, and in connection therewith received a presentation from each of DPIM and Newfleet detailing, among other things: (i) the scope of their operations; (ii) their portfolio management capabilities; (iii) the breadth and depth of their management, investment and research personnel; and (iv) the various support services that they would provide to the Fund. The Board considered the investment management process and strategies to be employed by DPIM and Newfleet with respect to the equity and fixed-income portions, respectively, of the Fund's portfolio, and the experience and capability of DPIM's and Newfleet's management and other personnel to be committed to the Fund. The Directors also considered: (i) the quality of DPIM's and Newfleet's regulatory and compliance policies, procedures and systems; and (ii) DPIM's and Newfleet's brokerage and trading practices, including with respect to best execution and soft dollars. The Board also took into account DPIM's and Newfleet's risk assessment and monitoring processes, and regulatory history.

Performance, Fees and Expenses of the Fund and Comparisons to Other Clients

The Board noted that VIA, DPIM and Newfleet were not yet providing services to the Fund and, therefore, there were limitations on the Directors' ability to evaluate their performance in managing the Fund.

The Board discussed with representatives of VIA, DPIM and Newfleet the portfolio management team and the investment strategies to be employed in the management of the Fund's assets. The Directors generally noted the reputation and experience of VIA, DPIM and Newfleet, and discussed the performance of the proposed portfolio management team in managing other similar accounts and funds. The Directors concluded that, while recognizing that past investment performance may not be indicative of future returns, there was reason to believe that the appointment of the new portfolio management team would be in the best interests of the Fund and its shareholders.

The Directors noted that the contractual advisory fee rate under the Proposed Advisory Agreement will be identical to the fee rate payable under the Existing Advisory Agreement and Interim Advisory Agreement. The Fund will continue to pay a monthly investment advisory fee computed at the annual rate of 0.85% of the Fund's average daily managed assets, and VIA will compensate directly each of DPIM and Newfleet out of the advisory fee paid by the Fund to VIA. For these purposes, the term "managed assets" of the Fund on any day is defined as the value of the total assets of the Fund minus the sum of all accrued liabilities of the Fund (other than the aggregate amount of any outstanding borrowings or other indebtedness constituting leverage).

The Directors also considered the proposed fees that VIA would pay to DPIM and Newfleet, and determined that the proposed fees appeared to be reasonable in light of the proposed allocation of responsibilities between VIA and each of DPIM and Newfleet. The Directors also considered the fee rates payable by accounts and funds managed by DPIM and Newfleet.

Additionally, the Board considered the proposed contractual advisory fee rate and the Fund's expense ratio relative to that of its performance group and performance universe as selected by Management Practice Inc., an independent consulting firm, at the request of the Independent Directors, and as included in reports prepared by Broadridge Financial Solutions, Inc., an independent provider of investment company data. The Board noted that the proposed contractual advisory fee rate at common asset levels was below the Expense Group median, and that the Fund's actual total expenses were below the Expense Group and Universe averages.

The Board noted that the Fund's expenses were not expected to increase in the short-term as a result of the retention of VIA, DPIM and Newfleet.

Profitability

The Directors noted the pro forma nature of the profitability information presented at the meeting, and that it was not possible to predict with certainty how VIA's profitability actually would be affected by becoming the investment adviser of the Fund. The Directors, however, acknowledged that VIA's projected profitability was within a range that they considered reasonable and appropriate.

In considering the profitability of DPIM and Newfleet in connection with their relationship to the Fund, the Board noted that the fees payable under the Proposed Sub-Advisory Agreements will be paid by VIA, and not by the Fund. In considering the reasonableness of the fees payable by VIA to each of DPIM and Newfleet, the Board noted that, because DPIM and Newfleet are affiliates of VIA, their profitability might be directly or indirectly shared by VIA and, therefore, the Board considered profitability of VIA and each of DPIM and Newfleet together. For these reasons, the Board concluded that the profitability to each of DPIM and Newfleet was not a material factor in approval of the Proposed Sub-Advisory Agreements.

The Non-Interested Directors also noted that they would have opportunities to review the profitability of VIA, DPIM and Newfleet in the future, based on actual results. Additionally, the Directors received and considered information about the financial viability of VIA, DPIM and Newfleet, and were satisfied that they have adequate resources to perform the services required under the Proposed Agreements.

Economies of Scale

The Directors considered the extent to which economies of scale would be realized as the Fund grows, and whether the proposed fee levels reflect these economies of scale for the benefit of Fund investors. The Board noted that economies of scale may develop for certain funds as their assets increase and their fixed fund-level expenses decline as a percentage of assets, but that closed-end funds such as the Fund typically do not have the ability to increase substantially their asset base as do open-end funds.

The Directors discussed whether the proposed advisory fee rate is reasonable in relation to the asset size of the Fund, and whether any economies of scale exist at that size. The Directors concluded that, given the Fund's closed-end structure, the Fund's proposed advisory and subadvisory fee structure was reasonable in relation to the asset size of the Fund. At the same time, the Directors agreed that it would be appropriate to monitor this matter in the event that the assets of the Fund were to increase substantially via a secondary or rights offering, capital appreciation, reinvested dividends, the use of leverage or some other means.

Other Benefits of the Proposed Relationship

The Directors considered information regarding potential “fall-out” or ancillary benefits that VIA, DPIM and Newfleet, and their respective affiliates, would receive as a result of their relationship with the Fund. The Board noted that an affiliate of VIA serves as the Fund's administrator and that separately a new administrative agreement had been approved that increased the administrative fee (also noting that contemporaneously a contractual administration fee waiver agreement was also approved to ensure that the total administrative fees paid by the Fund do not exceed the rate previously paid by the Fund for a period of two years following the start of the new administration agreement). The Board noted management's discussion of the fact that, while DPIM and Newfleet are affiliates of VIA, there are no other direct benefits received by DPIM or Newfleet in providing investment advisory services to the Fund, other than the fees to be earned under the Proposed Sub-Advisory Agreements.

The Directors concluded that potential "fall-out" benefits that VIA, DPIM and Newfleet may receive, such as greater name recognition or increased ability to obtain research or brokerage services, as applicable, appear to be reasonable and may, in some cases, benefit the Fund.

Conclusion

After considering all factors that it considered relevant, the Board, including a majority of the Independent Directors, approved each of the Proposed Agreements as in the best interests of the Fund and its shareholders.

FUND MANAGEMENT

Information pertaining to the Directors and officers of The Zweig Fund, Inc. as of December 31, 2016 is set forth below. The address of each individual, unless otherwise noted, is c/o The Zweig Fund, Inc., 100 Pearl Street, Hartford, CT 06103.

DISINTERESTED DIRECTORS*

Name, Year of Birth (YOB) and Position(s) with the Funds Number of Portfolios in Fund Complex Overseen by Director	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Director
Philip R. McLoughlin YOB: 1946 Elected: 2016 Chairman 74 Portfolios	Retired. Director and Chairman (since 2016), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc,; Trustee and Chairman (since 2013). Virtus Alternative Solutions Trust (4 portfolios); Trustee/Director and Chairman (since 2011), Virtus Closed-End Funds (3 funds); Chairman and Trustee (since 2003), Virtus Variable Insurance Trust (9 portfolios); Director (since 1995), closed-end funds managed by Duff & Phelps Investment Management Co. (4 funds); Director (since 1991) and Chairman (since 2010), Lazard World Trust Fund (closed-end investment firm in Luxembourg); and Trustee (since 1989) and Chairman (since 2002). Virtus Mutual Fund Complex (52 portfolios).
James M. Oates YOB: 1946 Elected: 2016 70 Portfolios	Managing Director (since 1994), Wydown Group (consulting firm), Director (since 2016), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Trustee (since 2016), Virtus Variable Insurance Trust (9 Portfolios); Trustee/ Director (since 2013). Virtus Closed-End Funds (3 funds); Trustee (since 2013), Virtus Alternative Solutions Trust (4 Portfolios); Chairman and Trustee (since 2005), John Hancock Fund Complex (228 portfolios); Director (2002 to 2014), New Hampshire Trust Company; Chairman (since 2000), Emerson Investment Management, Inc.; Non-Executive Chairman (2000 to 2014), Hudson Castle Group, Inc. (formerly IBEX Capital Markets, Inc.) (financial services); Chairman and Director (1999 to 2014), Connecticut River Bank; Director (since 1996), Stifel Financial; and Trustee (since 1987), Virtus Mutual Fund Complex (52 portfolios).
James B. Rogers, Jr. YOB: 1942 Elected: 1986 5 Portfolios	Director (since 1986), The Zweig Fund, Inc, and Virtus Global Dividend & Income Fund Inc.; Trustee/Director (since 2016), Virtus Closed-End funds (3 funds); Non-Executive Director (since 2016), Crusader Resources limited; Director, First China Financial Network Holdings Limited (since 2014); Director, Phos Agro (since 2014); Director, Spanish Mountain Gold Limited (since 2014); Director, Genagro Services, Ltd. (since 2011); Director, FAB Universal Corp. (2013-2014); Chairman, Beeland Interests (Media and Investments) (since 1980);
R. Keith Walton YOB: 1964 Elected: 2004 5 Portfolios	Trustee/Director (since 2016), Virtus Closed-End Funds (3 funds); Director (since 2004), The Zweig Fund, Inc.; Director (since 2013), Virtus Global Dividend & Income Fund Inc.; Director, Blue Crest Capital Management, LLC Funds (since 2006), Vice President, Strategy, Arizona State University (since 2013); Vice President, Global Government & Affairs, Alcoa (2011-2013).
Brian T. Zino YOB: 1952 Elected: 2014 4 Portfolios	Retired President of J&W Seligman Co. Inc. (1994-2008); Trustee (since 2016), Virtus Global Multi-Sector Income Fund; Director (since 2016), Duff & Phelps Select Energy MLP Fund Inc.; Advisory Board Member (since 2016), Virtus Total Return Fund; Director (since 2014), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Trustee of Bentley University (Since 2011), Director of J&W Seligman Co. Inc. (1986-2008), Director of Union Data Service Center (1987-2008), Director of Seligman Family of Mutual Funds (1986-2008), Director of Tri Continental Corp (1998-2008), Director of ICI Mutual Ins Co (1998-2009), Member of the Board of Governors of ICI (1998-2008).

* Each Director is elected for a term lasting at least three years or until his successor is duly elected and qualified.

INTERESTED DIRECTOR**

Name, Year of Birth (YOB) and Position(s) with the Funds Number of Portfolios in Fund Complex Overseen by Director	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Director
George R. Aylward** YOB: 1964 Director and President Elected: 2006 71 Portfolios	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); Chairman and Trustee (since 2015), Virtus ETF Trust II (1 fund); Trustee and President (since 2013), Virtus Alternative Solutions Trust (4 portfolios); Director (since 2013), Virtus Global Funds, PLC (2 portfolios); Trustee (since 2012) and President (since 2010), Virtus Variable Insurance Trust (9 portfolios); Trustee and President (since 2011), Virtus Closed-End Funds (3 funds); Trustee (since 2006), Virtus Mutual Funds (52 portfolios); and Director, President and Chief Executive Officer (since 2006), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.

**Mr. Aylward is an "interested person" as defined in the 1940 Act by reason of his position as President and Chief Executive Officer of Virtus Investment Partners, Inc. ("Virtus"), the ultimate parent of the Adviser, and various positions with its affiliates, including the Adviser.

ADVISORY BOARD MEMBERS***

Name, Year of Birth (YOB) and Position(s) with the Funds Number of Portfolios in Fund Complex Overseen by Director	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Director
William R. Moyer YOB: 1944 Appointed: 2016‡ 5 Portfolios	Financial and Operations Principal (since 2006), Newcastle Distributions LLC (broker dealer): Partner (2006 to 2012). CrossPond Partners, LLC (strategy consulting firm); Director and Treasurer. CT Invention Convention (since 1986); and former Chief Financial Officer, Phoenix Investment Partners. Director (since 2016), Virtus Global Dividend & Income Fund Inc.; Advisory Board Member (since 2016), The Zweig Fund, Inc.; Trustee (2013 to 2016), Virtus Alternative Solutions Trust; Trustee/Director (since 2011), Virtus Closed-End Funds (3 Funds).
William H. Wright II YOB: 1960 Appointed: 2016 5 Portfolios	Director (since 1999) and Chairman (since 2010), Josiah Macy Foundation; Director of Mount Sinai Health Systems (since 1999); Retired Managing Director of Morgan Stanley (1982-2010); Member of Yale University Council (2001-2012); Chairman of the Board of Yale Alumni Fund (2004-2006).

*** The Advisory Board members were appointed for a term of 3 years.

‡ Shareholders of the fund approved the election of William R. Moyer as a Class I Director at a special meeting held on January 31, 2017.

OFFICERS WHO ARE NOT DIRECTORS‡‡

Name, Year of Birth (YOB) and Position(s)	Principal Occupation(s) During Past 5 Years and Other Directorships Held
Nancy J. Engberg YOB: 1956 Vice President and Chief Compliance Officer	Vice President (since 2008) and Chief Compliance Officer (2008-2011 and since 2016), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2003) with Virtus affiliates; Vice President and Chief Compliance Officer (since 2011), Virtus Mutual Fund Complex; Vice President (since 2010), and Chief Compliance Officer (since 2011), Virtus Variable Insurance Trust; Vice President and Chief Compliance Officer (since 2011), Virtus Closed-End Funds; Vice President and Chief Compliance Officer (since 2012), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Vice President and Chief Compliance Officer (since 2013), Virtus Alternative Solutions Trust; Chief Compliance Officer (since 2015), ETFis Series Trust I; and Chief Compliance Officer (since 2015), Virtus ETF Trust II.
William Renahan YOB: 1969 Vice President, Chief Legal Officer and Secretary	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.
W. Patrick Bradley YOB: 1972 Treasurer, Chief Financial Officer	Executive Vice President, Fund Services (since 2016), Senior Vice President, Fund Services (since 2010-2016), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2006) with Virtus affiliates; Executive Vice President (since 2016), Senior Vice President (since 2013-2016), Vice President (2011-2013), Chief Financial Officer and Treasurer (since 2006), Virtus Mutual Funds; Executive Vice President (since 2016), Senior Vice President (2013-2016), Vice President (2011-2013), Chief Financial Officer and Treasurer (since 2004), Virtus Variable Insurance Trust; Executive Vice President (since 2016), Senior Vice President (since 2013-2016), Vice President (2011-2013), Chief Financial Officer and Treasurer (since 2011), Virtus Closed-End Funds; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Chief Financial Officer and Treasurer (since 2013), Virtus Alternative Solutions Trust; Executive Vice President (since 2016), Senior Vice President (since 2013-2016), Vice President (2012-2013) and Treasurer (Chief Financial Officer) (since 2007), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.Closed-End Funds; Vice President and Assistant Treasurer (since 2011), Duff & Phelps Global Utility Income Fund Inc.; and Director (since 2013), Virtus Global Funds, PLC.
Jacqueline Porter YOB: 1958 Vice President and Assistant Treasurer	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 (formerly Phoenix Edge Series Fund) (since 1995).

‡‡ The Term of each Officer expires immediately following the 2017 Annual Meeting of Shareholders. Each Board considers reappointments annually.

Automatic Reinvestment and Cash Purchase Plan

The Zweig Fund, Inc. (the “Fund”) allows you to conveniently reinvest distributions quarterly in additional Fund shares thereby enabling you to compound your returns from the Fund. By choosing to reinvest, you’ll be able to invest money regularly and automatically, and watch your investment grow.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

Enrollment in the Reinvestment Plan

It is the policy of the Fund to automatically reinvest distributions payable to shareholders. A “registered” shareholder automatically becomes a participant in the Fund’s Automatic Dividend Reinvestment and Cash Purchase Plan. (the “Plan”). The Plan authorizes the Fund to credit all shares of common stock to participants upon a distribution regardless of whether the shares are trading at a discount or premium to the net asset value. Registered shareholders may terminate their participation and receive distributions in cash by contacting Computershare Trust Company, N.A. (the “Plan Administrator”). The termination will become effective with the next distribution if the Plan Administrator is notified at least 7 business days prior to the distribution payment date. Registered shareholders that wish to change their distribution option from cash payment to reinvest may do so by contacting the Plan Administrator at 1-866-270-7788.

In the case of banks, brokers, or other nominees which hold your shares for you as the beneficial owner, the Plan Administrator will administer the Plan based on the information provided by the bank, broker or nominee. To the extent that you wish to participate in the Plan, you should contact the broker, bank or nominee holding your shares to ensure that your account is properly represented. If necessary, you may have your shares taken out of the name of the broker, bank or nominee and register them in your own name.

How shares are purchased through the Reinvestment Plan

When a distribution is declared, nonparticipants in the plan will receive cash. Participants in the plan will receive shares of the Fund valued as described below:

If on the payable date of the distribution, the market price of the Fund’s common stock is less than the net asset value, the Plan Administrator will buy Fund shares on behalf of the Participant in the open market, on the New York Stock Exchange (NYSE) or elsewhere. The price per share will be equal to the weighted average price of all shares purchased, including commissions. Commission rates are currently $0.02 per share, although the rate is subject to change and may vary. If, following the commencement of purchases and before the Plan Administrator has completed its purchases, the trading price equals or exceeds the most recent net asset value of the common shares, the Plan Administrator may cease purchasing shares on the open market and the Fund may issue the remaining shares at a price equal to the greater of (a) the net asset value on the last day the Plan Administrator purchased shares or (b) 95% of the market price on such day. In the case where the Plan Administrator has terminated open market purchase and the Fund has issued the remaining shares, the number of shares received by the Participant in respect of the cash distribution will be based on the weighted average of prices paid for shares purchased in the open market and the price at which the Fund issued the remaining shares. Under certain circumstances, the rules and regulations of the Securities and Exchange Commission may require limitation or temporary suspension of market purchases of shares under the Plan. The Plan Administrator will not be accountable for its inability to make a purchase during such a period.

If on the payable date of the distribution, the market price is equal to or exceeds the net asset value, Participants will be issued new shares by the Fund at the greater of the (a) the net asset value on the record date or (b) 95% of the market price on such date.

The automatic reinvestment of distributions will not relieve Participants of any income tax which may be payable on such distributions. A Participant in the Plan will be treated for federal income tax purposes, as having received on a payment date, a distribution in an amount equal to the cash the participant could have received instead of shares. Shareholders should note, however, that if the Fund's aggregate net investment income and net realized capital gains are less than the amount of the distribution level, the difference will be distributed from the Fund's assets and will constitute a return of the shareholder's capital. A return of capital is not taxable; rather it reduces a shareholder's tax basis in his or her shares of the Fund. If you participate in the Plan, you will receive a Form 1099-DIV concerning the Federal tax status of distributions paid during the year.

Voluntary Cash Purchase Plan

Participants in the Plan have the option of making additional cash payments for investment in shares of the Fund. Such payments can be made in any amount from $100 per payment to $3,000 per month. The Plan Administrator will use the funds received to purchase Fund shares in the open market on the 15th of each month or the next business day if the 15th falls on a weekend or holiday (the "Investment Date"). The purchase price per share will be equal to the weighted average price of all shares purchased on the Investment Date, including commissions. There is no charge to shareholders for Cash Purchases. The plan administrator's fee will be paid by the Fund. However, each participating shareholder will pay pro rata share of brokerage commissions incurred (currently $0.02 per share, but may vary and is subject to change) with respect to the Plan Administrator's open market purchases in connection with all cash investments. Voluntary cash payments should be sent to Computershare Trust Company, N.A., PO Box 43078, Providence, RI 02940-3078.

Participants have an unconditional right to obtain the return of any cash payment if the Plan Administrator receives written notice at least 5 business days before such payment is to be invested.

Automatic Monthly Investment

Participants in the Plan may purchase additional shares by means of an Automatic Monthly Investment of not less than $100 nor more than $3,000 per month by electronic funds transfer from a predesignated U.S bank account. If a Participant has already established a Plan account and wishes to initiate Automatic Monthly Investments, the Participant must complete and sign an automatic monthly investment form and return it to the Plan Administrator together with a voided check or deposit slip for the account from which funds are to be withdrawn. Automatic monthly investment forms may be obtained from the Plan Administrator by calling 1-866-270-7788.

Termination of Shares

Shareholders wishing to liquidate shares held with the Plan Administrator must do so in writing or by calling 1-866-270-7788. The Plan Administrator does not charge a fee for liquidating your shares; however, a brokerage commission of $0.02 will be charged. This charge may vary and is subject to change.

Once terminated, you may re-enroll in the Plan (provided you still have shares registered in your name) by contacting the Plan Administrator at 1-866-270-7788.

Additional Information

For more information regarding the Automatic Reinvestment and Cash Purchase Plan, please contact the Plan Administrator at 1-866-270-7788 or visit our website at Virtus.com.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such distribution. The Plan also may be amended or terminated by the Plan Administrator with at least 90 days written notice to participants in the Plan.

Investment Adviser
Virtus Investment Advisers, Inc.
100 Pearl Street
Hartford, CT 06103-4506

Fund Administrator
Virtus Fund Services, LLC
100 Pearl Street
Hartford, CT 06103-4506

Custodian
JPMorgan Chase Bank, NA
1 Chase Manhattan Plaza
New York, NY 10005-1401

Transfer Agent
Computershare Trust Company, NA
P.O. Box 43078
Providence, RI 02940-3078

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
2 Commerce Square Suite 1700
2001 Market Street
Philadelphia PA 19103-7042

Fund Counsel
Sullivan & Worcester LLP
1666 K Street, NW
7th Floor
Washington, DC 20006

For more information about
Virtus Closed-End Funds, please
contact us at 1-866-270-7788
or closedendfunds@virtus.com
or visit Virtus.com.

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ZWEIG FUND

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