

COHEN & STEERS TOTAL RETURN REALTY FUND INC  
Form N-Q  
November 21, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT COMPANY**

Investment Company Act file number: 811-07154

Cohen & Steers Total Return Realty Fund, Inc.

Exact Name of Registrant (as specified in charter):

280 Park Avenue New York, NY 10017

Address of Principal Executive Office:

Dana DeVivo

280 Park Avenue

New York, NY 10017

Name and address of agent for service:

Registrant telephone number, including area code: (212) 832-3232

Date of fiscal year end: December 31

Date of reporting period: September 30, 2018

**Item 1. Schedule of Investments**

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**COHEN & STEERS TOTAL RETURN REALTY FUND, INC.**
**SCHEDULE OF INVESTMENTS**

September 30, 2018 (Unaudited)

|  |              | <b>Shares</b> | <b>Value</b>  |
|--|--------------|---------------|---------------|
| <b>COMMON STOCK</b>                        | <b>82.1%</b> |               |               |
| <b>COMMUNICATIONS TOWERS</b>               | <b>3.2%</b>  |               |               |
| Crown Castle International Corp.           |              | 95,760        | \$ 10,660,961 |
| <b>REAL ESTATE</b>                         | <b>78.9%</b> |               |               |
| <b>DATA CENTERS</b>                        | <b>9.8%</b>  |               |               |
| CyrusOne, Inc.                             |              | 141,157       | 8,949,354     |
| Digital Realty Trust, Inc.                 |              | 91,127        | 10,249,965    |
| Equinix, Inc.                              |              | 32,002        | 13,853,345    |
|  |              |               | 33,052,664    |
| <b>HEALTH CARE</b>                         | <b>9.6%</b>  |               |               |
| HCP, Inc.                                  |              | 259,458       | 6,828,935     |
| Healthcare Trust of America, Inc., Class A |              | 229,399       | 6,118,071     |
| National Health Investors, Inc.            |              | 35,987        | 2,720,257     |
| Sabra Health Care REIT, Inc.               |              | 302,533       | 6,994,563     |
| Ventas, Inc.                               |              | 71,698        | 3,898,937     |
| Welltower, Inc.                            |              | 91,442        | 5,881,550     |
|  |              |               | 32,442,313    |
| <b>HOTEL</b>                               | <b>5.4%</b>  |               |               |
| Host Hotels & Resorts, Inc.                |              | 364,574       | 7,692,511     |
| Pebblebrook Hotel Trust                    |              | 84,536        | 3,074,574     |
| RLJ Lodging Trust                          |              | 113,539       | 2,501,264     |
| Sunstone Hotel Investors, Inc.             |              | 299,729       | 4,903,567     |
|  |              |               | 18,171,916    |
| <b>INDUSTRIALS</b>                         | <b>4.9%</b>  |               |               |
| Prologis, Inc.                             |              | 244,668       | 16,586,044    |
| <b>NET LEASE</b>                           | <b>6.1%</b>  |               |               |
| Agree Realty Corp.                         |              | 91,187        | 4,843,853     |
| EPR Properties                             |              | 28,981        | 1,982,590     |
| Four Corners Property Trust, Inc.          |              | 154,071       | 3,958,084     |
| Gaming and Leisure Properties, Inc.        |              | 46,941        | 1,654,670     |
| Spirit Realty Capital, Inc.                |              | 668,063       | 5,384,588     |
| VICI Properties, Inc.                      |              | 124,159       | 2,684,318     |

20,508,103

|                                       |      |         |           |
|---------------------------------------|------|---------|-----------|
| OFFICE                                | 9.7% |         |           |
| Alexandria Real Estate Equities, Inc. |      | 40,808  | 5,133,238 |
| Boston Properties, Inc.               |      | 50,429  | 6,207,306 |
| Douglas Emmett, Inc.                  |      | 119,896 | 4,522,477 |
| Hudson Pacific Properties, Inc.       |      | 119,216 | 3,900,747 |

|  | Shares       | Value             |
|--|--------------|-------------------|
| Kilroy Realty Corp.                            | 106,807      | \$ 7,656,994      |
| Vornado Realty Trust                           | 71,913       | 5,249,649         |
|  |              | 32,670,411        |
| <b>RESIDENTIAL</b>                             | <b>18.7%</b> |                   |
| <b>APARTMENT</b>                               | <b>12.7%</b> |                   |
| Apartment Investment & Management Co., Class A | 135,880      | 5,996,384         |
| Equity Residential                             | 84,389       | 5,591,615         |
| Essex Property Trust, Inc.                     | 59,332       | 14,637,798        |
| UDR, Inc.                                      | 406,756      | 16,445,145        |
|  |              | 42,670,942        |
| <b>MANUFACTURED HOME</b>                       | <b>3.0%</b>  |                   |
| Equity LifeStyle Properties, Inc.              | 57,861       | 5,580,694         |
| Sun Communities, Inc.                          | 45,334       | 4,603,214         |
|  |              | 10,183,908        |
| <b>SINGLE FAMILY</b>                           | <b>2.3%</b>  |                   |
| Invitation Homes, Inc.                         | 341,778      | 7,830,134         |
| <b>STUDENT HOUSING</b>                         | <b>0.7%</b>  |                   |
| American Campus Communities, Inc.              | 58,918       | 2,425,065         |
| <b>TOTAL RESIDENTIAL</b>                       |              | <b>63,110,049</b> |
| <b>SELF STORAGE</b>                            | <b>4.2%</b>  |                   |
| Extra Space Storage, Inc.                      | 96,892       | 8,394,723         |
| Life Storage, Inc.                             | 61,589       | 5,860,809         |
|  |              | 14,255,532        |
| <b>SHOPPING CENTERS</b>                        | <b>9.0%</b>  |                   |
| <b>COMMUNITY CENTER</b>                        | <b>4.6%</b>  |                   |
| Brixmor Property Group, Inc.                   | 333,276      | 5,835,663         |
| Regency Centers Corp.                          | 86,645       | 5,603,332         |
| Weingarten Realty Investors                    | 140,982      | 4,195,624         |
|  |              | 15,634,619        |
| <b>REGIONAL MALL</b>                           | <b>4.4%</b>  |                   |
| Simon Property Group, Inc.                     | 82,918       | 14,655,757        |
| <b>TOTAL SHOPPING CENTERS</b>                  |              | <b>30,290,376</b> |
| <b>SPECIALTY</b>                               | <b>1.5%</b>  |                   |

Iron Mountain, Inc.

38,867

1,341,689

|   | Shares       | Value              |
|---|--------------|--------------------|
| Lamar Advertising Co., Class A  | 45,470       | \$ 3,537,566       |
|   |              | 4,879,255          |
| <b>TOTAL REAL ESTATE</b>  |              | <b>265,966,663</b> |
| <b>TOTAL COMMON STOCK</b><br>(Identified cost \$201,883,440)                                      |              | <b>276,627,624</b> |
| <b>PREFERRED SECURITIES \$25 PAR VALUE</b>  | <b>13.5%</b> |                    |
| <b>BANKS</b>  | <b>0.4%</b>  |                    |
| GMAC Capital Trust I, 8.099%, (3 Month US LIBOR + 5.785%), due 2/15/40, Series 2 (TruPS) (FRN)(a) | 35,000       | 920,500            |
| Regions Financial Corp., 6.375% to 9/15/24, Series B(b),(c)                                       | 20,000       | 530,200            |
|   |              | 1,450,700          |
| <b>FINANCIAL INVESTMENT BANKER/BROKER</b>   | <b>0.3%</b>  |                    |
| Morgan Stanley, 6.375% to 10/15/24, Series I(b),(c)   | 40,000       | 1,068,800          |
| <b>REAL ESTATE</b>  | <b>12.8%</b> |                    |
| <b>DIVERSIFIED</b>  | <b>1.5%</b>  |                    |
| Colony Capital, Inc., 8.75%, Series E(c)  | 59,180       | 1,516,192          |
| Colony Capital, Inc., 7.15%, Series I(c)  | 21,000       | 477,960            |
| EPR Properties, 5.75%, Series G(c)  | 17,000       | 395,080            |
| Investors Real Estate Trust, 6.625%, Series C(c)  | 19,695       | 487,451            |
| Lexington Realty Trust, 6.50%, Series C (\$50 Par Value)(c)                                       | 11,300       | 559,237            |
| National Retail Properties, Inc., 5.70%, Series E(c)  | 32,000       | 766,720            |
| Wells Fargo Real Estate Investment Corp., 6.375%, Series A(c)                                     | 35,135       | 899,456            |
|   |              | 5,102,096          |
| <b>HOTEL</b>  | <b>2.3%</b>  |                    |
| Ashford Hospitality Trust, Inc., 7.375%, Series F(c)  | 43,000       | 1,032,860          |
| Ashford Hospitality Trust, Inc., 7.375%, Series G(c)  | 24,463       | 590,781            |
| Ashford Hospitality Trust, Inc., 7.50%, Series H(c)   | 20,000       | 490,200            |
| Ashford Hospitality Trust, Inc., 7.50%, Series I(c)   | 30,000       | 729,630            |
| Hersha Hospitality Trust, 6.50%, Series D(c)  | 23,937       | 554,620            |
| Hersha Hospitality Trust, 6.50%, Series E(c)  | 10,348       | 238,832            |
| LaSalle Hotel Properties, 6.30%, Series J(c)  | 38,944       | 948,676            |
| Summit Hotel Properties, Inc., 6.45%, Series D(c)   | 26,000       | 635,180            |
| Summit Hotel Properties, Inc., 6.25%, Series E(c)   | 37,131       | 876,291            |
| Sunstone Hotel Investors, Inc., 6.95%, Series E(c)  | 35,000       | 907,900            |





|  | Shares      | Value            |
|--|-------------|------------------|
| Sunstone Hotel Investors, Inc., 6.45%, Series F(c)         | 26,825      | \$ 675,588       |
|  |             | 7,680,558        |
| <b>INDUSTRIALS</b>   | <b>1.3%</b> |                  |
| Monmouth Real Estate Investment Corp., 6.125%, Series C(c) | 35,000      | 838,250          |
| PS Business Parks, Inc., 5.75%, Series U(c)                | 39,173      | 967,573          |
| PS Business Parks, Inc., 5.70%, Series V(c)                | 35,000      | 861,350          |
| Rexford Industrial Realty, Inc., 5.875%, Series A(c)       | 41,973      | 1,038,412        |
| STAG Industrial, Inc., 6.875%, Series C(c)                 | 28,000      | 729,400          |
|  |             | 4,434,985        |
| <b>NET LEASE</b>   | <b>1.4%</b> |                  |
| Spirit Realty Capital, Inc., 6.00%, Series A(c)            | 42,667      | 972,808          |
| VEREIT, Inc., 6.70%, Series F(c)                           | 144,711     | 3,596,068        |
|  |             | 4,568,876        |
| <b>OFFICE</b>  | <b>0.5%</b> |                  |
| Equity Commonwealth, 6.50%, Series D(c)                    | 21,000      | 550,200          |
| SL Green Realty Corp., 6.50%, Series I(c)                  | 47,492      | 1,189,200        |
|  |             | 1,739,400        |
| <b>RESIDENTIAL</b>   | <b>1.3%</b> |                  |
| <b>APARTMENT</b>   | <b>0.4%</b> |                  |
| Apartment Investment & Management Co., 6.875%(c)           | 23,456      | 606,338          |
| Bluerock Residential Growth REIT, Inc., 8.25%, Series A(c) | 34,725      | 895,165          |
|  |             | 1,501,503        |
| <b>MANUFACTURED HOME</b>                                   | <b>0.2%</b> |                  |
| UMH Properties, Inc., 8.00%, Series B(c)                   | 20,000      | 523,620          |
| <b>SINGLE FAMILY</b>                                       | <b>0.7%</b> |                  |
| American Homes 4 Rent, 6.50%, Series D(c)                  | 36,825      | 920,625          |
| American Homes 4 Rent, 6.35%, Series E(c)                  | 36,927      | 903,604          |
| American Homes 4 Rent, 6.25%, Series H(c)                  | 22,767      | 573,956          |
|  |             | 2,398,185        |
| <b>TOTAL RESIDENTIAL</b>                                   |             | <b>4,423,308</b> |
| <b>SELF STORAGE</b>  | <b>0.2%</b> |                  |
| National Storage Affiliates Trust, 6.00%, Series A(c)      | 25,000      | 620,750          |

|  |      |        |         |
|--|------|--------|---------|
| SHOPPING CENTERS                             | 3.6% |        |         |
| COMMUNITY CENTER                             | 2.0% |        |         |
| Cedar Realty Trust, Inc., 7.25%, Series B(c) |      | 7,262  | 179,299 |
| Cedar Realty Trust, Inc., 6.50%, Series C(c) |      | 15,000 | 332,250 |

|  | Shares                      | Value             |
|--|-----------------------------|-------------------|
| DDR Corp., 6.375%, Series A(c)   | 34,952                      | \$ 853,528        |
| DDR Corp., 6.50%, Series J(c)  | 80,000                      | 1,952,800         |
| DDR Corp., 6.25%, Series K(c)  | 102,362                     | 2,395,271         |
| Kimco Realty Corp., 5.125%, Series L(c)  | 15,000                      | 333,750           |
| Saul Centers, Inc., 6.125%, Series D(c)  | 17,400                      | 402,810           |
| Washington Prime Group, Inc., 7.50%, Series H(c)                                   | 16,917                      | 386,722           |
|  |                             | 6,836,430         |
| <b>REGIONAL MALL</b>   | <b>1.6%</b>                 |                   |
| Brookfield Property REIT, Inc., 6.375%, Series A(c)                                | 65,740                      | 1,594,195         |
| Pennsylvania REIT, 7.20%, Series C(c)  | 30,050                      | 682,435           |
| Pennsylvania REIT, 6.875%, Series D(c)   | 20,000                      | 432,400           |
| Taubman Centers, Inc., 6.50%, Series J(c)  | 33,470                      | 840,432           |
| Taubman Centers, Inc., 6.25%, Series K(c)  | 71,351                      | 1,793,051         |
|  |                             | 5,342,513         |
| <b>TOTAL SHOPPING CENTERS</b>  |                             | <b>12,178,943</b> |
| <b>SPECIALTY</b>   | <b>0.7%</b>                 |                   |
| Digital Realty Trust, Inc., 6.625%, Series C(c)                                    | 20,000                      | 524,800           |
| Digital Realty Trust, Inc., 6.35%, Series I(c)                                     | 50,000                      | 1,278,750         |
| QTS Realty Trust, Inc., 7.125%, Series A(c)  | 23,400                      | 596,232           |
|  |                             | 2,399,782         |
| <b>TOTAL REAL ESTATE</b>   |                             | <b>43,148,698</b> |
| <b>TOTAL PREFERRED SECURITIES \$25 PAR VALUE</b><br>(Identified cost \$45,339,834) |                             | <b>45,668,198</b> |
|  | <b>Principal<br/>Amount</b> |                   |
| <b>PREFERRED SECURITIES CAPITAL SECURITIES</b>                                     | <b>3.2%</b>                 |                   |
| <b>BANKS</b>   | <b>0.8%</b>                 |                   |
| Bank of America Corp., 6.30% to 3/10/26, Series DD(b),(c)                          | \$ 840,000                  | 907,200           |
| Bank of America Corp., 6.50% to 10/23/24, Series Z(b),(c)                          | 1,000,000                   | 1,081,250         |
| Farm Credit Bank of Texas, 10.00%, Series I(c)                                     | 500                         | 572,500           |
|  |                             | 2,560,950         |
| <b>BANKS FOREIGN</b>   | <b>0.8%</b>                 |                   |
| BNP Paribas SA, 7.625% to 3/30/21, 144A (France)(b),(c),(d),(e)                    | 400,000                     | 421,000           |
|  | 700,000                     | 738,409           |

Credit Suisse Group AG, 7.50% to 12/11/23, 144A  
(Switzerland)(b),(c),(d),(e)

|  | Principal<br>Amount | Value             |
|--|---------------------|-------------------|
| Royal Bank of Scotland Group PLC, 8.625% to 8/15/21<br>(United Kingdom)(b),(c),(e)     | \$ 900,000          | \$ 966,375        |
| UBS Group AG, 6.875% to 3/22/21 (Switzerland)(b),(c),(e),(f)                           | 600,000             | 619,059           |
|  |                     | 2,744,843         |
| <b>COMMUNICATIONS TOWERS</b>   | <b>0.4%</b>         |                   |
| Crown Castle International Corp., 6.875%, due 8/1/20,<br>Series A (Convertible)        | 1,300               | 1,404,468         |
| <b>INSURANCE PROPERTY CASUALTY FOREIGN</b>   | <b>0.2%</b>         |                   |
| QBE Insurance Group Ltd., 6.75% to 12/2/24, due<br>12/2/44 (Australia)(b),(f)          | 606,000             | 636,300           |
| <b>REAL ESTATE</b>   | <b>1.0%</b>         |                   |
| <b>DIVERSIFIED</b>   | <b>0.2%</b>         |                   |
| EPR Properties, 4.95%, due 4/15/28   | 500,000             | 491,957           |
| National Retail Properties, Inc., 4.80% to 4/15/48, due 10/15/48                       | 225,000             | 226,226           |
|  |                     | 718,183           |
| <b>FINANCE</b>   | <b>0.3%</b>         |                   |
| AT Securities BV, 5.25% to 7/21/23<br>(Netherlands)(b),(c),(f)                         | 750,000             | 710,250           |
| CyrusOne LP/CyrusOne Finance Corp., 5.375%, due<br>3/15/27                             | 352,000             | 360,800           |
|  |                     | 1,071,050         |
| <b>OFFICE</b>  | <b>0.1%</b>         |                   |
| Alexandria Real Estate Equities, Inc., 4.70%, due 7/1/30                               | 250,000             | 252,928           |
| <b>SPECIALTY</b>   | <b>0.4%</b>         |                   |
| Equinix, Inc., 5.375%, due 5/15/27   | 500,000             | 502,080           |
| QTS Realty Trust, Inc., 6.50%, Series B(c)   | 7,800               | 823,758           |
|  |                     | 1,325,838         |
| <b>TOTAL REAL ESTATE</b>   |                     | <b>3,367,999</b>  |
| <b>TOTAL PREFERRED SECURITIES CAPITAL SECURITIES</b><br>(Identified cost \$10,269,353) |                     | <b>10,714,560</b> |



|  | Shares    | Value          |
|--|-----------|----------------|
| SHORT-TERM INVESTMENTS   | 0.8%      |                |
| MONEY MARKET FUNDS   |           |                |
| State Street Institutional Treasury Money Market Fund,<br>Premier Class, 1.95%(g)                      | 2,615,561 | \$ 2,615,561   |
| TOTAL SHORT-TERM INVESTMENTS<br>(Identified cost \$2,615,561)  |           | 2,615,561      |
| TOTAL INVESTMENTS IN SECURITIES<br>(Identified cost \$260,108,188)                                     | 99.6%     | 335,625,943    |
| OTHER ASSETS IN EXCESS OF LIABILITIES  | 0.4       | 1,305,109      |
| NET ASSETS (Equivalent to \$12.89 per share based on<br>26,142,041 shares of common stock outstanding) | 100.0%    | \$ 336,931,052 |

## Glossary of Portfolio Abbreviations

|       |                               |
|-------|-------------------------------|
| FRN   | Floating Rate Note            |
| LIBOR | London Interbank Offered Rate |
| REIT  | Real Estate Investment Trust  |
| TruPS | Trust Preferred Securities    |

Note: Percentages indicated are based on the net assets of the Fund.

Represents shares.

- (a) Variable rate. Rate shown is in effect at September 30, 2018.
- (b) Security converts to floating rate after the indicated fixed-rate coupon period.
- (c) Perpetual security. Perpetual securities have no stated maturity date, but they may be called/redeemed by the issuer.
- (d) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may only be resold to qualified institutional buyers. Aggregate holdings amounted to \$1,159,409 or 0.3% of the net assets of the Fund, of which 0.0% are illiquid.
- (e) Contingent Capital security (CoCo). CoCos are preferred securities with loss absorption characteristics built into the terms of the security for the benefit of the issuer. Aggregate holdings amounted to \$2,744,843 or 0.8% of the net assets of the Fund.
- (f) Securities exempt from registration under Regulation S of the Securities Act of 1933. These securities are subject to resale restrictions. Aggregate holdings amounted to \$1,965,609 or 0.6% of the net assets of the Fund, of which 0.0% are illiquid.
- (g) Rate quoted represents the annualized seven-day yield.





**COHEN & STEERS TOTAL RETURN REALTY FUND, INC.**

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited)

**Note 1. Portfolio Valuation**

Investments in securities that are listed on the New York Stock Exchange (NYSE) are valued, except as indicated below, at the last sale price reflected at the close of the NYSE on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and ask prices on such day or, if no ask price is available, at the bid price. Exchange traded options are valued at their last sale price as of the close of options trading on applicable exchanges on the valuation date. In the absence of a last sale price on such day, options are valued at the average of the quoted bid and ask prices as of the close of business. Over-the-counter (OTC) options are valued based upon prices provided by a third-party pricing service or counterparty.

Securities not listed on the NYSE but listed on other domestic or foreign securities exchanges (including NASDAQ) are valued in a similar manner. Securities traded on more than one securities exchange are valued at the last sale price reflected at the close of the exchange representing the principal market for such securities on the business day as of which such value is being determined. If after the close of a foreign market, but prior to the close of business on the day the securities are being valued, market conditions change significantly, certain non-U.S. equity holdings may be fair valued pursuant to procedures established by the Board of Directors.

Readily marketable securities traded in the OTC market, including listed securities whose primary market is believed by Cohen & Steers Capital Management, Inc. (the investment advisor) to be OTC, are valued on the basis of prices provided by a third-party pricing service or third-party broker-dealers when such prices are believed by the investment advisor, pursuant to delegation by the Board of Directors, to reflect the fair value of such securities.

Fixed-income securities are valued on the basis of prices provided by a third-party pricing service or third-party broker-dealers when such prices are believed by the investment advisor, pursuant to delegation by the Board of Directors, to reflect the fair value of such securities. The pricing services or broker-dealers use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services or broker-dealers may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services or broker-dealers also utilize proprietary valuation models which may consider market transactions in comparable securities and the various relationships between securities in determining fair value and/or characteristics such as benchmark yield curves, option-adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features which are then used to calculate the fair values.

Short-term debt securities with a maturity date of 60 days or less are valued at amortized cost, which approximates fair value. Investments in open-end mutual funds are valued at net asset value (NAV).

**COHEN & STEERS TOTAL RETURN REALTY FUND, INC.**

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

The policies and procedures approved by the Fund's Board of Directors delegate authority to make fair value determinations to the investment advisor, subject to the oversight of the Board of Directors. The investment advisor has established a valuation committee (Valuation Committee) to administer, implement and oversee the fair valuation process according to the policies and procedures approved annually by the Board of Directors. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers and other market sources to determine fair value.

Securities for which market prices are unavailable, or securities for which the investment advisor determines that the bid and/or ask price or a counterparty valuation does not reflect market value, will be valued at fair value, as determined in good faith by the Valuation Committee, pursuant to procedures approved by the Fund's Board of Directors. Circumstances in which market prices may be unavailable include, but are not limited to, when trading in a security is suspended, the exchange on which the security is traded is subject to an unscheduled close or disruption or material events occur after the close of the exchange on which the security is principally traded. In these circumstances, the Fund determines fair value in a manner that fairly reflects the market value of the security on the valuation date based on consideration of any information or factors it deems appropriate. These may include, but are not limited to, recent transactions in comparable securities, information relating to the specific security and developments in the markets.

The Fund's use of fair value pricing may cause the NAV of Fund shares to differ from the NAV that would be calculated using market quotations. Fair value pricing involves subjective judgments and it is possible that the fair value determined for a security may be materially different than the value that could be realized upon the sale of that security.

Fair value is defined as the price that the Fund would expect to receive upon the sale of an investment or expect to pay to transfer a liability in an orderly transaction with an independent buyer in the principal market or, in the absence of a principal market, the most advantageous market for the investment or liability. The hierarchy of inputs that are used in determining the fair value of the Fund's investments is summarized below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing investments may or may not be an indication of the risk associated with those investments.

**COHEN & STEERS TOTAL RETURN REALTY FUND, INC.**

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

The following is a summary of the inputs used as of September 30, 2018 in valuing the Fund's investments carried at value:

|   | <b>Total</b>          | <b>Quoted Prices in<br/>Active Markets<br/>for Identical<br/>Investments<br/>(Level 1)</b> | <b>Other<br/>Significant<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|---|-----------------------|--|--|--|
| Common Stock                              | \$ 276,627,624        | \$ 276,627,624   | \$   | \$   |
| Preferred Securities \$25 Par Value:      |                       |  |  |  |
| Real Estate Community Center              | 6,836,430             | 6,433,620  | 402,810  |  |
| Real Estate Hotel                         | 7,680,559             | 5,461,892  | 2,218,667  |  |
| Real Estate Industrials                   | 4,434,985             | 3,705,585  | 729,400  |  |
| Other Industries                          | 26,716,224            | 26,716,224   |  |  |
| Preferred Securities Capital Securities:  |                       |  |  |  |
| Specialty                                 | 1,325,838             | 823,758  | 502,080  |  |
| Other Industries                          | 9,388,722             |  | 9,388,722  |  |
| Short-Term Investments                    | 2,615,561             |  | 2,615,561  |  |
| <b>Total Investments in Securities(a)</b> | <b>\$ 335,625,943</b> | <b>\$ 319,768,703</b>  | <b>\$ 15,857,240</b>   | <b>\$</b>  |

(a) Portfolio holdings are disclosed individually on the Schedule of Investments.

**Note 3. Derivative Instruments**

*Options:* The Fund may purchase and write exchange-listed and OTC put or call options on securities, stock indices and other financial instruments for hedging purposes, to enhance portfolio returns and reduce overall volatility.

When the Fund writes (sells) an option, an amount equal to the premium received by the Fund is recorded as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When an option expires, the Fund realizes a gain on the option to the extent of the premium received. Premiums received from writing options which are exercised or closed are added to or offset against the proceeds or amount paid on the transaction to determine the realized gain or loss. If a put option on a security is exercised, the premium reduces the cost basis of the security purchased by the Fund. If a call option is exercised, the premium is added to the proceeds of the security sold to determine the realized gain or loss. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the underlying index or security. Other risks include the possibility of an illiquid options market or the inability of the counterparties to fulfill their obligations under the contracts.



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**COHEN & STEERS TOTAL RETURN REALTY FUND, INC.**

## NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

Put and call options purchased are accounted for in the same manner as portfolio securities. Premiums paid for purchasing options which expire are treated as realized losses. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying investment transaction to determine the realized gain or loss when the underlying transaction is executed. The risk associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of the premium and change in market value should the counterparty not perform under the contract.

At September 30, 2018, the Fund did not have any option contracts outstanding.

The following summarizes the volume of the Fund's written option contracts activity for the nine months ended September 30, 2018:

|                         | <b>Written Option<br/>Contracts(a)</b> |
|-------------------------|--|
| Average Notional Amount | \$ 17,703,944                          |
| Ending Notional Amount  |  |

- (a) Average notional amount is for the period February 12, 2018 through May 7, 2018, which represents the period the Fund had written option contracts outstanding. Notional amount is calculated using the number of contracts multiplied by notional contract size multiplied by the underlying price.

**Item 2. Controls and Procedures**

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are effective based on their evaluation of these disclosure controls and procedures required by Rule 30a-3(b) under the Investment Company Act of 1940 and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 as of a date within 90 days of the filing of this report.
  
- (b) During the last fiscal quarter, there were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits**

- (a) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**COHEN & STEERS TOTAL RETURN REALTY FUND, INC.**

By: /s/ Adam M. Derechin  
Name: Adam M. Derechin  
Title: President and Principal Executive Officer

Date: November 21, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Adam M. Derechin  
Name: Adam M. Derechin  
Title: President and Principal Executive Officer

By: /s/ James Giallanza  
Name: James Giallanza  
Title: Principal Financial Officer

Date: November 21, 2018