

CORNERSTONE PROGRESSIVE RETURN FUND
Form N-Q
November 23, 2009

OMB APPROVAL

OMB Number: 3235-0578

Expires: April 30, 2010

Estimated average burden
hours per response: 10.5

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-22066

Cornerstone Progressive Return Fund

(Exact name of registrant as specified in charter)

260 Madison Avenue, 8th Floor
York
(Address of principal executive offices)

New York, New York 10016
(Zip code)

Frank J. Maresca

Ultimus Fund Solutions, LLC 260 Madison Avenue, 8th Floor New York, NY 10016

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 652-6155

Date of fiscal year end: December 31, 2009

Date of reporting period: September 30, 2009

Edgar Filing: CORNERSTONE PROGRESSIVE RETURN FUND - Form N-Q

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

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments.

CORNERSTONE PROGRESSIVE RETURN FUND
SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2009 (UNAUDITED)

| Description | No. of Shares | Value |
|--|---------------|-------------|
| EQUITY SECURITIES - 99.22% | | |
| CLOSED-END FUNDS - 81.60% | | |
| Adams Express Company (The) (a) | 130,206 | \$1,272,113 |
| Advent Claymore Convertible Securities and Income Fund ^ | 87,900 | 1,294,767 |
| BlackRock Defined Opportunity Credit Trust ^ | 33,100 | 387,270 |
| BlackRock High Yield Trust ^ | 2,500 | 15,200 |
| BlackRock Income Trust, Inc. ^ | 91,674 | 607,799 |
| BlackRock Preferred Opportunity Trust ^ | 4,100 | 41,861 |
| BlackRock Strategic Dividend Achievers Trust ^ | 19,406 | 170,385 |
| BlockRock Health Sciences Trust ^ | 1,700 | 39,780 |
| Blue Chip Value Fund | 242,850 | 743,121 |
| Clough Global Allocation Fund | 51,578 | 756,133 |
| Clough Global Equity Fund | 73,175 | 1,014,205 |
| Clough Global Opportunities Fund | 85,510 | 1,084,267 |
| Cohen & Steers Dividend Majors Fund, Inc. | 2,700 | 26,352 |
| DCW Total Return Fund | 30,652 | 126,899 |
| DWS RREEF World Real Estate & Tactical Strategies Fund, Inc. | 3,950 | 59,487 |
| Eaton Vance Floating-Rate Income Trust ^ | 22,000 | 280,500 |
| Eaton Vance Senior Income Trust ^ | 100,800 | 560,448 |
| European Equity Fund (The) | 6,900 | 47,886 |
| Evergreen International Balanced Income Fund ^ | 6,330 | 89,000 |
| First Trust/FIDAC Mortgage Income Fund | 20,731 | 369,012 |
| First Trust/Four Corners Senior Floating Rate Income Fund II ^ | 34,717 | 384,664 |
| First Trust Strategic High Income Fund ^ | 71,316 | 193,979 |
| Franklin Universal Trust | 82,600 | 451,822 |
| Gabelli Convertible & Income Securities Fund | 13,900 | 79,091 |
| Gabelli Dividend & Income Trust ^ | 194,050 | 2,404,279 |
| Gabelli Global Gold Natural Resources & Income Trust ^ | 102,000 | 1,578,960 |
| Gabelli Healthcare & Wellness Rx Trust (The) | 25,900 | 153,587 |
| General American Investors Company, Inc. | 41,485 | 987,343 |
| Global Income & Currency Fund, Inc. ^ | 24,757 | 349,569 |
| Greater China Fund, Inc. | 17,200 | 210,872 |
| H&Q Healthcare Investors | 157,489 | 1,781,201 |
| H&Q Life Sciences Investors | 112,590 | 1,039,206 |
| John Hancock Bank and Thrift Opportunity Fund ^ | 95,120 | 1,344,046 |
| John Hancock Income Securities Trust | 8,000 | 104,000 |
| Latin America Equity Fund, Inc. | 300 | 10,542 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
 SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2009 (UNAUDITED) (Continued)

CLOSED-END FUNDS (Continued)

| | | |
|--|---------|------------|
| Lazard Global Total Return & Income Fund, Inc. ^ | 4,000 | \$56,680 |
| Lazard World Dividend & Income Fund, Inc. ^ | 28,049 | 295,636 |
| Liberty All-Star Equity Fund | 673,799 | 2,850,170 |
| Liberty All-Star Growth Fund | 237,600 | 750,816 |
| LMP Capital & Income Fund, Inc. | 186,762 | 1,792,915 |
| LMP Corporate Loan Fund, Inc. ^ | 13,105 | 127,381 |
| Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund | 11,463 | 134,576 |
| Macquarie Global Infrastructure Total Return Fund, Inc. ^ | 18,634 | 280,069 |
| Madison/Claymore Covered Call & Equity Strategy Fund ^ | 80,761 | 671,124 |
| Madison Strategic Sector Premium Fund ^ | 17,843 | 212,688 |
| Malaysia Fund, Inc. | 27,400 | 198,376 |
| Montgomery Street Income Securities, Inc. | 4,600 | 69,046 |
| Morgan Stanley China A Share Fund, Inc. ^ | 11,500 | 370,185 |
| NFJ Dividend, Interest & Premium Strategy Fund | 650,900 | 8,722,060 |
| Nuveen Core Equity Alpha Fund | 39,747 | 439,602 |
| Nuveen Floating Rate Income Fund ^ | 37,238 | 352,271 |
| Nuveen Floating Rate Income Opportunity Fund | 15,400 | 146,300 |
| Preferred Income Strategies Fund | 75,541 | 680,624 |
| RMR Asia Pacific Real Estate Fund | 17,953 | 310,406 |
| Royce Focus Trust, Inc. ^ | 53,014 | 314,903 |
| Royce Micro-Cap Trust, Inc. ^ | 146,356 | 1,068,399 |
| Royce Value Trust, Inc. | 351,402 | 3,626,469 |
| Source Capital, Inc. | 19,100 | 792,841 |
| Spain Fund, Inc. (The) | 6,660 | 47,619 |
| SunAmerica Focused Alpha Growth Fund, Inc. | 111,635 | 1,347,434 |
| SunAmerica Focused Alpha Large-Cap Fund, Inc. | 49,400 | 599,716 |
| Thai Fund, Inc. (The) ^ | 61,120 | 557,414 |
| Tri-Continental Corporation | 138,534 | 1,526,645 |
| TS&W/Claymore Tax-Advantaged Balanced Fund ^ | 14,573 | 141,650 |
| Zweig Fund, Inc. (The) | 291,682 | 936,299 |
| | | 49,479,960 |
| CONSUMER DISCRETIONARY - 1.53% | | |
| Amazon.com, Inc. ^ * | 1,000 | 93,360 |
| Best Buy Company, Inc. | 2,000 | 75,040 |
| Comcast Corporation - Class A | 3,358 | 56,717 |
| Ford Motor Company * | 8,000 | 57,680 |
| GameStop Corporation - Class A ^ * | 2,500 | 66,175 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
 SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2009 (UNAUDITED) (Continued)

CONSUMER DISCRETIONARY (Continued)

| | | |
|-----------------------------|-------|----------|
| Home Depot, Inc. (The) ^ | 2,000 | \$53,280 |
| McDonald's Corporation ^ | 4,000 | 228,280 |
| NIKE, Inc. - Class B | 2,000 | 129,400 |
| Time Warner, Inc. | 2,000 | 57,560 |
| Walt Disney Company (The) ^ | 4,000 | 109,840 |
| | | 927,332 |

CONSUMER STAPLES - 1.67%

| | | |
|--------------------------------|-------|-----------|
| Coca-Cola Company (The) | 3,000 | 161,100 |
| CVS Caremark Corporation ^ | 2,746 | 98,142 |
| H.J. Heinz Company | 2,000 | 79,500 |
| Kraft Foods, Inc. - Class A | 5,000 | 131,350 |
| Kroger Company (The) ^ | 3,000 | 61,920 |
| PepsiCo, Inc. | 3,000 | 175,980 |
| Procter & Gamble Company (The) | 5,233 | 303,095 |
| | | 1,011,087 |

ENERGY - 2.29%

| | | |
|----------------------------|--------|-----------|
| Devon Energy Corporation ^ | 2,000 | 134,660 |
| Exxon Mobil Corporation | 13,475 | 924,520 |
| Schlumberger Ltd. | 4,598 | 274,041 |
| Williams Companies, Inc. | 3,000 | 53,610 |
| | | 1,386,831 |

FINANCIALS - 2.80%

| | | |
|------------------------------------|--------|-----------|
| American Express Company | 3,252 | 110,243 |
| Aon Corporation ^ | 3,000 | 122,070 |
| BB&T Corporation | 6,000 | 163,440 |
| Charles Schwab Corporation (The) ^ | 2,000 | 38,300 |
| Chubb Corporation (The) | 1,000 | 50,410 |
| Goldman Sachs Group, Inc. (The) | 1,000 | 184,350 |
| Hudson City Bancorp, Inc. | 5,000 | 65,750 |
| JPMorgan Chase & Company | 3,998 | 175,192 |
| Loews Corporation ^ | 2,000 | 68,500 |
| Public Storage ^ | 2,500 | 188,100 |
| T. Rowe Price Group, Inc. ^ | 2,000 | 91,400 |
| Travelers Companies, Inc. (The) | 2,000 | 98,460 |
| Wells Fargo & Company | 12,206 | 343,965 |
| | | 1,700,180 |

HEALTH CARE - 2.44%

| | | |
|-------------------------------|-------|---------|
| Abbott Laboratories | 3,229 | 159,739 |
| Amgen, Inc. * | 3,119 | 187,858 |
| Becton, Dickinson and Company | 3,000 | 209,250 |
| Bristol-Myers Squibb Company | 4,418 | 99,493 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
 SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2009 (UNAUDITED) (Continued)

HEALTH CARE (Continued)

| | | |
|----------------------------|-------|-----------|
| Eli Lilly & Company ^ | 3,000 | \$99,090 |
| Johnson & Johnson | 8,000 | 487,120 |
| Medtronic, Inc. | 3,000 | 110,400 |
| UnitedHealth Group, Inc. ^ | 5,179 | 129,682 |
| | | 1,482,632 |

INDUSTRIALS - 2.02%

| | | |
|---------------------------------------|--------|-----------|
| 3M Company | 1,567 | 115,645 |
| Danaher Corporation ^ | 2,000 | 134,640 |
| Emerson Electric Company | 2,000 | 80,160 |
| General Electric Company | 16,918 | 277,793 |
| Lockheed Martin Corporation | 3,000 | 234,240 |
| United Parcel Service, Inc. - Class B | 3,191 | 180,196 |
| United Technologies Corporation | 2,108 | 128,440 |
| Waste Management, Inc. | 2,500 | 74,550 |
| | | 1,225,664 |

INFORMATION TECHNOLOGY - 2.80%

| | | |
|---------------------------------|--------|-----------|
| Apple, Inc. * | 1,068 | 197,975 |
| Automatic Data Processing, Inc. | 5,000 | 196,500 |
| Cisco Systems, Inc. * | 18,470 | 434,784 |
| Google, Inc. - Class A * | 532 | 263,792 |
| Intel Corporation | 16,599 | 324,842 |
| Microsoft Corporation | 10,913 | 282,538 |
| | | 1,700,431 |

MATERIALS - 0.65%

| | | |
|---|-------|---------|
| Freeport-McMoRan Copper & Gold, Inc. ^* | 1,119 | 76,775 |
| Monsanto Company | 2,500 | 193,500 |
| Praxair, Inc. ^ | 1,500 | 122,535 |
| | | 392,810 |

TELECOMMUNICATION SERVICES - 0.61%

| | | |
|------------------------------|-------|---------|
| AT&T, Inc. | 8,636 | 233,258 |
| Verizon Communications, Inc. | 4,500 | 136,215 |
| | | 369,473 |

UTILITIES - 0.81%

| | | |
|----------------------------|-------|---------|
| Dominion Resources, Inc. ^ | 3,000 | 103,500 |
| FPL Group, Inc. ^ | 7,000 | 386,610 |
| | | 490,110 |

TOTAL EQUITY SECURITIES (cost - \$57,147,504) \$60,166,510

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
 SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2009 (UNAUDITED) (Continued)

SHORT-TERM INVESTMENTS - 3.30%

MONEY MARKET SECURITY - 0.95%

| | | |
|--|---------|-----------|
| JPMorgan U.S. Government Money Market Fund | 575,617 | \$575,617 |
|--|---------|-----------|

Principal
 Amount (000's)

REPURCHASE AGREEMENTS - 2.35%

J.P. Morgan Securities, Inc. †‡

(Agreement dated 9/30/2009 to be repurchased at \$397,851, 0.05%, 10/1/2009,
 collateralized by \$413,190 in United States Treasury Bonds)

| | |
|-------|---------|
| \$398 | 397,851 |
|-------|---------|

J.P. Morgan Securities, Inc. †‡

(Agreement dated 9/30/2009 to be repurchased at \$1,028,000, .01%, 10/1/2009,
 collateralized by \$1,060,157 in United States Treasury Bonds)

| | |
|-------|-----------|
| 1,028 | 1,028,000 |
|-------|-----------|

1,425,851

TOTAL SHORT-TERM INVESTMENTS (cost - \$2,001,468)

2,001,468

TOTAL INVESTMENTS - 102.52% (cost - \$59,148,972)

62,167,978

LIABILITIES IN EXCESS OF OTHER ASSETS - (2.52)%

(1,530,749)

NET ASSETS - 100.00%

\$60,637,229

(a) Affiliated investment. The Fund holds 2.10% (based on net assets) of Adams Express Company. A trustee of the Fund also serves as a director to such company. During the quarter ended September 30, 2009 the fund purchased 88,003 shares of this security and sold 2,018 shares.

^ Security or a portion thereof is out on loan.

* Non-income producing security.

† Represents investment purchased with collateral received for securities on loan.

‡ Stated interest rate, before rebate earned by borrower of securities on loan.

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND, INC.
 NOTES TO SCHEDULES OF INVESTMENTS
 September 30, 2009 (UNAUDITED)

Federal Income Tax Cost: At September 30, 2009 the identified cost for federal income tax purposes, as well as the gross unrealized appreciation from investments for those securities having an excess of value over cost, gross unrealized depreciation from investments for those securities having an excess of cost over value and the net unrealized appreciation from investments were \$59,148,972, \$6,880,483, \$(3,861,477) and \$3,019,006 respectively.

Fair Value Measurements is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. Fair Value Measurements established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed 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, prepayment speeds, credit risks, 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 securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of September 30, 2009 in valuing the Fund's investments carried at value:

| Valuation Inputs | INVESTMENTS IN SECURITIES | OTHER FINANCIAL INSTRUMENTS* |
|---|---------------------------------|------------------------------------|
| Level 1 – Quoted Prices | \$ 62,167,978 | \$ - |
| Level 2 – Other Significant Observable Inputs | - | - |
| Level 3 – Significant Unobservable Inputs | - | - |
| Total | \$ 62,167,978 | \$ - |

* Other financial instruments include futures, forwards and swap contracts.

The Fund did not have any assets or liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at September 30, 2009.

Edgar Filing: CORNERSTONE PROGRESSIVE RETURN FUND - Form N-Q

The Fund is exposed to financial market risks, including the valuations of its investment portfolio. For the period ended September 30, 2009, the Fund did not engage in derivative instruments and other hedging activities.

Securities valuation policies and other investment related disclosures are hereby incorporated by reference to the Fund's semi-annual report previously filed with the Securities and Exchange Commission on the Form N-CSR on September 4, 2009 with a file number 811-22066.

Other information regarding the Fund is available in the Fund's most recent semi-annual report filed with the Securities and Exchange Commission on the Form N-CSR on September 4, 2009, file number 811-22066. This information is also available to registered shareholders by calling (800) 937-5449. For general inquiries, please call (513) 326-3597. This information is also available on the website of the Securities and Exchange Commission – <http://www.sec.gov>.

Item 2. Controls and Procedures.

(a) Based on their evaluation of the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) as of a date within 90 days of the filing date of this report, the registrant's principal executive officer and principal financial officer have concluded that such disclosure controls and procedures are reasonably designed and are operating effectively to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which this report is being prepared, and that such information is recorded, processed, summarized, and reported on a timely basis.

(b) 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 occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)): Attached hereto

SIGNATURES

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

(Registrant) Cornerstone Progressive Return Fund

By (Signature and Title)* /s/ Ralph W. Bradshaw
Ralph W. Bradshaw, President and Chairman
(Principal Executive Officer)

Date November 23, 2009

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

By (Signature and Title)* /s/ Ralph W. Bradshaw
Ralph W. Bradshaw, President and Chairman
(Principal Executive Officer)

Date November 23, 2009

By (Signature and Title)* /s/ Frank J. Maresca
Frank J. Maresca, Treasurer
(Principal Financial Officer)

Date November 23, 2009

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