

CORNERSTONE PROGRESSIVE RETURN FUND  
Form N-Q  
May 24, 2010

OMB  
APPROVAL

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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

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(Exact name of registrant as specified in charter)

260 Madison Avenue, 8th Floor                      New York, New York                      10016  
(Address of principal executive offices)                      (Zip code)

Frank J. Maresca

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

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(Name and address of agent for service)

Registrant's telephone number, including area code: (646) 881-4985

Date of fiscal year end: December 31, 2010

Date of reporting period: March 31, 2010

## 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.

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Item 1.

## Schedule of Investments.

CORNERSTONE PROGRESSIVE RETURN FUND  
SCHEDULE OF INVESTMENTS - MARCH 31, 2010 (UNAUDITED)

| Description   | No. of Shares | Value       |
|---|---------------|-------------|
| <b>EQUITY SECURITIES - 98.72%</b>                                   |               |             |
| <b>CLOSED-END FUNDS - 90.17%</b>                                    |               |             |
| <b>CONVERTIBLE SECURITIES - 4.46%</b>                               |               |             |
| Advent Claymore Convertible Securities & Income Fund                | 87,900        | \$1,478,478 |
| Calamos Convertible & High Income Fund                              | 53,335        | 654,954     |
| Nicholas-Applegate Equity & Convertible Income Fund                 | 23,700        | 400,767     |
|   |               | 2,534,199   |
| <b>CORE - 22.82%</b>  |               |             |
| Adams Express Company (The) (a)                                     | 141,606       | 1,493,943   |
| Blue Chip Value Fund  | 242,850       | 803,833     |
| Gabelli Equity Trust, Inc.  | 138,900       | 705,612     |
| General American Investors Company, Inc.                            | 14,585        | 361,416     |
| Liberty All-Star Equity Fund  | 322,399       | 1,531,395   |
| Liberty All-Star Growth Fund  | 34,200        | 127,908     |
| Royce Micro-Cap Trust, Inc.   | 146,356       | 1,198,656   |
| Royce Value Trust, Inc.   | 351,402       | 4,160,600   |
| Source Capital, Inc.  | 19,100        | 886,431     |
| Tri-Continental Corporation   | 138,534       | 1,699,812   |
|   |               | 12,969,606  |
| <b>CORPORATE DEBT FUNDS BBB-RATED - 4.05%</b>                       |               |             |
| AllianceBernstein Income Fund                                       | 180,300       | 1,467,642   |
| BlackRock Core Bond Trust   | 18,200        | 222,222     |
| Blackrock Enhanced Government Fund, Inc.                            | 8,300         | 136,452     |
| Blackrock Income Opportunity Trust, Inc.                            | 1,300         | 12,285      |
| Hartford Income Shares Fund, Inc.                                   | 1,400         | 7,952       |
| Montgomery Street Income Securities, Inc.                           | 12,941        | 199,550     |
| Western Asset Inflation Management Fund, Inc.                       | 3,000         | 48,060      |
| Western Asset/Claymore Inflation-Linked Opportunities & Income Fund | 18,000        | 212,400     |
|   |               | 2,306,563   |
| <b>DEVELOPED MARKET - 0.39%</b>                                     |               |             |
| Morgan Stanley Asia Pacific Fund, Inc.                              | 1,398         | 21,306      |
| New Ireland Fund, Inc. (The)  | 16,200        | 119,070     |
| Singapore Fund, Inc. (The)  | 6,000         | 78,300      |
|   |               | 218,676     |
| <b>EMERGING MARKETS - 4.67%</b>                                     |               |             |
| Emerging Markets Telecommunications Fund                            | 13,400        | 228,336     |
| Mexico Equity And Income Fund, Inc.                                 | 9,000         | 83,880      |
| Morgan Stanley Eastern Europe Fund, Inc.                            | 6,000         | 100,560     |

See accompanying notes to schedule of investments.



CORNERSTONE PROGRESSIVE RETURN FUND  
 SCHEDULE OF INVESTMENTS - MARCH 31, 2010 (UNAUDITED) (Continued)

CLOSED-END FUNDS (Continued)

|   |        |            |
|---|--------|------------|
| Morgan Stanley Frontier Emerging Markets Fund | 12,355 | \$ 149,743 |
| Morgan Stanley India Investment Fund, Inc.    | 50,300 | 1,172,996  |
| Templeton Dragon Fund, Inc.                   | 32,900 | 852,110    |
| Turkish Investment Fund, Inc. (The)           | 5,000  | 69,200     |
|   |        | 2,656,825  |

GENERAL BOND - 0.02%

|                                |       |        |
|--------------------------------|-------|--------|
| MFS Intermarket Income Trust I | 1,700 | 13,753 |
|--------------------------------|-------|--------|

GLOBAL - 0.23%

|   |        |         |
|---|--------|---------|
| Lazard World Dividend & Income Fund, Inc. | 11,049 | 132,588 |
|---|--------|---------|

GLOBAL INCOME - 0.62%

|  |        |         |
|--|--------|---------|
| Evergreen International Balanced Income Fund | 25,074 | 351,036 |
|--|--------|---------|

HIGH CURRENT YIELD (LEVERAGED) - 1.86%

|  |         |           |
|--|---------|-----------|
| BlackRock High Income Shares               | 109,871 | 223,038   |
| BlackRock High Yield Trust                 | 17,535  | 112,750   |
| First Trust Strategic High Income Fund     | 71,216  | 232,876   |
| First Trust Strategic High Income Fund II  | 37,700  | 170,404   |
| First Trust Strategic High Income Fund III | 28,300  | 118,294   |
| Franklin Universal Trust                   | 33,700  | 199,841   |
|  |         | 1,057,203 |

INCOME & PREFERRED STOCK - 9.60%

|  |         |           |
|--|---------|-----------|
| BlackRock Preferred & Corporate Income Strategies Fund, Inc.                 | 29,600  | 267,288   |
| BlackRock Preferred Opportunity Trust  | 44,800  | 475,328   |
| Calamos Strategic Total Return Fund  | 279,538 | 2,557,773 |
| John Hancock Preferred Income Fund   | 49,300  | 905,641   |
| John Hancock Preferred Income Fund II  | 27,379  | 496,929   |
| LMP Capital & Income Fund, Inc.  | 3,762   | 40,479    |
| Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund | 12,863  | 163,231   |
| Preferred Income Strategies Fund   | 54,831  | 552,148   |
|  |         | 5,458,817 |

LOAN PARTICIPATION - 0.47%

|  |        |         |
|--|--------|---------|
| BlackRock Defined Opportunity Credit Trust         | 5,300  | 68,317  |
| BlackRock Diversified Income Strategies Fund, Inc. | 18,800 | 197,588 |
|  |        | 265,905 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND  
 SCHEDULE OF INVESTMENTS - MARCH 31, 2010 (UNAUDITED) (Continued)

CLOSED-END FUNDS (Continued)

OPTION ARBITRAGE/OPTIONS STRATEGIES - 8.38%

|  |         |             |
|--|---------|-------------|
| Dow 30 Enhanced Premium & Income Fund, Inc.    | 164,900 | \$1,752,887 |
| Dow 30 Premium & Dividend Income Fund, Inc.    | 14,000  | 206,640     |
| Enhanced S&P 500 Covered Call Fund, Inc.       | 17,100  | 142,101     |
| Nasdaq Premium Income & Growth Fund, Inc.      | 10,117  | 140,323     |
| NFJ Dividend, Interest & Premium Strategy Fund | 154,980 | 2,451,784   |
| Small Cap Premium & Dividend Income Fund, Inc. | 7,400   | 74,592      |
|  |         | 4,768,327   |

PACIFIC EX JAPAN - 8.90%

|   |        |           |
|---|--------|-----------|
| Asia Pacific Fund, Inc. (The)           | 4,000  | 39,800    |
| China Fund, Inc. (The)                  | 4,500  | 125,595   |
| Greater China Fund, Inc. (The)          | 32,000 | 387,200   |
| JF China Region Fund, Inc.              | 9,700  | 129,980   |
| Korea Fund, Inc. (The)                  | 3,000  | 110,100   |
| Malaysia Fund, Inc.                     | 29,300 | 255,203   |
| Morgan Stanley China A Share Fund, Inc. | 91,152 | 2,643,408 |
| Taiwan Fund, Inc.                       | 49,700 | 694,806   |
| Thai Fund, Inc. (The)                   | 69,120 | 674,611   |
|   |        | 5,060,703 |

REAL ESTATE - 3.61%

|   |         |           |
|---|---------|-----------|
| Cohen & Steers Quality Income Realty Fund, Inc.           | 181,000 | 1,290,530 |
| Cohen & Steers REIT & Preferred Income Fund, Inc.         | 43,271  | 517,954   |
| LMP Real Estate Income Fund, Inc.                         | 6,400   | 57,792    |
| Neuberger Berman Real Estate Securities Income Fund, Inc. | 18,900  | 65,016    |
| RMR Asia Pacific Real Estate Fund                         | 6,901   | 118,420   |
|   |         | 2,049,712 |

SECTOR EQUITY - 10.54%

|   |         |           |
|---|---------|-----------|
| Cohen & Steers Infrastructure Fund, Inc.                | 29,900  | 445,211   |
| H&Q Healthcare Investors                                | 161,489 | 2,070,289 |
| H&Q Life Sciences Investors                             | 94,590  | 972,385   |
| John Hancock Bank and Thrift Opportunity Fund           | 95,120  | 1,598,967 |
| Macquarie Global Infrastructure Total Return Fund, Inc. | 44,934  | 716,248   |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND  
 SCHEDULE OF INVESTMENTS - MARCH 31, 2010 (UNAUDITED) (Continued)

CLOSED-END FUNDS (Continued)

|  |         |                        |
|--|---------|------------------------|
| Petroleum & Resources Corporation (a)  | 8,000   | \$190,640<br>5,993,740 |
| U.S. MORTGAGE - 1.96%                  |         |                        |
| BlackRock Income Trust, Inc.           | 100,474 | 659,109                |
| First Trust/FIDAC Mortgage Income Fund | 24,731  | 454,803<br>1,113,912   |
| VALUE - 7.59%                          |         |                        |
| Claymore Dividend & Income Fund        | 30,200  | 423,706                |
| Gabelli Dividend & Income Trust        | 256,950 | 3,538,202              |
| Royce Focus Trust, Inc.                | 53,014  | 354,134<br>4,316,042   |
| TOTAL CLOSED-END FUNDS                 |         | 51,267,607             |
| CONSUMER DISCRETIONARY - 0.52%         |         |                        |
| Comcast Corporation - Class A          | 3,358   | 63,198                 |
| Home Depot, Inc. (The)                 | 2,000   | 64,700                 |
| Time Warner, Inc.                      | 2,000   | 62,540                 |
| Walt Disney Company (The)              | 3,000   | 104,730<br>295,168     |
| CONSUMER STAPLES - 1.21%               |         |                        |
| Coca-Cola Company (The)                | 3,000   | 165,000                |
| CVS Caremark Corporation               | 2,746   | 100,394                |
| H.J. Heinz Company                     | 2,000   | 91,220                 |
| Procter & Gamble Company (The)         | 5,233   | 331,092<br>687,706     |
| ENERGY - 1.00%                         |         |                        |
| Exxon Mobil Corporation                | 8,475   | 567,655                |
| FINANCIALS - 0.94%                     |         |                        |
| American Express Company               | 3,252   | 134,177                |
| AON Corporation                        | 3,000   | 128,130                |
| Goldman Sachs Group, Inc. (The)        | 1,000   | 170,630                |
| Wells Fargo & Company                  | 3,206   | 99,771<br>532,708      |
| HEALTH CARE - 1.57%                    |         |                        |
| Becton, Dickinson and Company          | 3,000   | 236,190                |
| Johnson & Johnson                      | 8,000   | 521,600                |
| Medtronic, Inc.                        | 3,000   | 135,090<br>892,880     |

See accompanying notes to schedule of investments.





CORNERSTONE PROGRESSIVE RETURN FUND  
 SCHEDULE OF INVESTMENTS - MARCH 31, 2010 (UNAUDITED) (Continued)

|   |         |              |
|---|---------|--------------|
| INDUSTRIALS - 1.11%   |         |              |
| 3M Company  | 1,567   | \$130,954    |
| Danaher Corporation   | 2,000   | 159,820      |
| Emerson Electric Company                                      | 2,000   | 100,680      |
| United Technologies Corporation                               | 2,108   | 155,170      |
| Waste Management, Inc.  | 2,500   | 86,075       |
|   |         | 632,699      |
| INFORMATION TECHNOLOGY - 2.03%                                |         |              |
| AOL, Inc. *   | 182     | 4,597        |
| Automatic Data Processing, Inc.                               | 5,000   | 222,350      |
| Cisco Systems, Inc. *   | 18,470  | 480,774      |
| Google, Inc. - Class A *                                      | 532     | 301,649      |
| Intel Corporation   | 6,599   | 146,894      |
|   |         | 1,156,264    |
| MATERIALS - 0.17%   |         |              |
| Freeport-McMoRan Copper & Gold, Inc.                          | 1,119   | 93,481       |
| TOTAL EQUITY SECURITIES (cost - \$50,065,436)                 |         | 56,126,168   |
| RIGHTS - 0.2%   |         |              |
| Greater China Fund, Inc. (The) (Cost - \$0)                   | 32,000  | 10,880       |
| SHORT-TERM INVESTMENT - 1.38%                                 |         |              |
| MONEY MARKET FUND - 1.38%                                     |         |              |
| JPMorgan U.S. Government Money Market Fund (cost - \$786,801) | 786,801 | 786,801      |
| TOTAL INVESTMENTS - 100.12% (cost - \$50,852,237)             |         | 56,923,849   |
| LIABILITIES IN EXCESS OF OTHER ASSETS - (0.12)%               |         | (67,489 )    |
| NET ASSETS - 100.00%  |         | \$56,856,360 |

(a) Affiliated investment. The Fund holds 2.63% and 0.34% (based on net assets) of Adams Express Company and Petroleum & Resources Corporation, respectively. A trustee of the Fund also serves as a director to such companies. During the three months ended March 31, 2010 there were no purchases or sales of either of these securities. Adams Express Company and Petroleum & Resources Corporation, earned \$7,080 and \$400 of income, respectively, during the three months ended March 31, 2010.

\* Non-income producing security.

See accompanying notes to schedule of investments.



CORNERSTONE PROGRESSIVE RETURN FUND, INC.  
 NOTES TO SCHEDULES OF INVESTMENTS  
 March 31, 2010 (UNAUDITED)

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Federal Income Tax Cost: At March 31, 2010 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 \$50,852,237, \$7,301,502, \$(1,229,890) and \$6,071,612 respectively.

As required by the Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification, the Fund has performed an analysis of all assets and liabilities measured at fair value to determine the significance and character of all inputs to their fair value determination.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories.

- Level 1 – quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- Level 3 – model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund’s own assumptions that market participants would use to price the asset or liability based on the best available information.

The following is a summary of the inputs used as of March 31, 2010 in valuing the Fund’s investments carried at value:

| Valuation Inputs                              | INVESTMENTS<br>IN<br>SECURITIES | OTHER<br>FINANCIAL<br>INSTRUMENTS* |
|---|---------------------------------|------------------------------------|
| Level 1 - Quoted Prices                       | \$ 56,137,048                   | \$ -                               |
| Level 2 - Other Significant Observable Inputs | 786,801                         | -                                  |
| Level 3 – Significant Unobservable Inputs     | -                               | -                                  |
| Total   | \$ 56,923,849                   | \$ -                               |

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

During the period the Fund did not have any significant transfers in and out of Level 1 or Level 2.

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 March 31, 2010.

New Accounting Pronouncement: In January 2010, the FASB Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2010-06 “Improving Disclosures about Fair Value Measurements”. ASU 2010-06 amends FASB Accounting Standards Codification Topic, Fair Value Measurements and Disclosures, to require additional disclosures regarding fair value measurements. Certain disclosures required by ASU No. 2010-06 are effective for interim and annual reporting periods beginning after December 15, 2009 and have been reflected herein while other required disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Management is currently evaluating the impact ASU No. 2010-06 will have on its financial statement disclosures.

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The Fund is exposed to financial market risks, including the valuations of its investment portfolio. For the period ended March 31, 2010, 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 annual report previously filed with the Securities and Exchange Commission on the Form N-CSR on March 5, 2010 with a file number 811-22066.

Other information regarding the Fund is available in the Fund's most recent annual report filed with the Securities and Exchange Commission on the Form N-CSR on March 5, 2010, 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>.

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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

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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 May 24, 2010

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 May 24, 2010

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

Date May 24, 2010

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