

CORNERSTONE TOTAL RETURN FUND INC
Form N-Q
May 26, 2016

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 811-02363

Cornerstone Total Return Fund, Inc.

(Exact name of registrant as specified in charter)

48 Wall Street New York, NY 10005
(Address of principal executive offices) (Zip code)

Frank J. Maresca

AST Fund Solutions, LLC 48 Wall Street New York, NY 10005

(Name and address of agent for service)

Registrant's telephone number, including area code: (866) 668-6558

Date of fiscal year end: December 31

Date of reporting period: March 31, 2016

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Item 1. Schedule of Investments.

CORNERSTONE TOTAL RETURN FUND, INC.
SCHEDULE OF INVESTMENTS - MARCH 31, 2016 (Unaudited)

| Description | No. of Shares | Value |
|--|------------------|------------|
| EQUITY SECURITIES - 99.06% | | |
| CLOSED-END FUNDS - 24.75% | | |
| CONVERTIBLE SECURITIES - 1.45% | | |
| AllianzGI Convertible & Income Fund | 57,301 | \$ 317,448 |
| AllianzGI Convertible & Income Fund II | 260,000 | 1,268,800 |
| Ellsworth Growth and Income Fund Ltd. | 1,330 | 10,108 |
| | | 1,596,356 |
| CORE - 2.63% | | |
| General American Investors Company, Inc. | 42,500 | 1,327,275 |
| Guggenheim Equal Weight Enhanced Equity Income Fund | 10,800 | 174,420 |
| Liberty All-Star Equity Fund | 136,300 | 677,411 |
| Royce Micro-Cap Trust, Inc. | 97,800 | 684,600 |
| Sprott Focus Trust, Inc. | 3,500 | 21,315 |
| | | 2,885,021 |
| DEVELOPED MARKET - 0.31% | | |
| Aberdeen Australia Equity Fund, Inc. | 61,289 | 340,767 |
| EMERGING MARKETS - 0.04% | | |
| Aberdeen Chile Fund, Inc. | 753 | 4,525 |
| Turkish Investment Fund, Inc. (The) | 4,455 | 40,852 |
| | | 45,377 |
| GENERAL BOND - 0.09% | | |
| Deutsche Multi-Market Income Trust | 12,493 | 99,069 |
| GLOBAL - 6.06% | | |
| Alpine Global Dynamic Dividend Fund | 48,211 | 411,240 |
| Alpine Global Total Dynamic Dividend Fund | 262,952 | 1,972,140 |
| Clough Global Allocation Fund | 800 | 9,280 |
| Clough Global Equity Fund | 23,043 | 250,708 |
| Clough Global Opportunities Fund | 3,800 | 36,404 |
| Gabelli Global Small and Mid Cap Value Trust (The) * | 25,580 | 270,125 |
| Gabelli Global Utility & Income Trust (The) | 17,839 | 319,318 |
| GDL Fund (The) | 49,446 | 493,966 |
| Lazard Global Total Return and Income Fund, Inc. | 24,435 | 303,727 |
| Lazard World Dividend & Income Fund, Inc. | 65,509 | 591,546 |
| Royce Global Value Trust, Inc. | 2,685 | 19,788 |
| Voya Infrastructure, Industrials and Materials Fund | 125,259 | 1,561,980 |
| Wells Fargo Advantage Global Dividend Opportunity Fund | 71,600 | 427,452 |
| | | 6,667,674 |
| INCOME & PREFERRED STOCK - 0.71% | | |
| LMP Capital and Income Fund Inc. | 62,830 | 777,207 |

NATURAL RESOURCES - 1.98%

| | | |
|--|---------|-----------|
| BlackRock Resources & Commodities Strategy Trust | 266,250 | 1,919,663 |
| Tortoise Energy Independence Fund, Inc. | 11,620 | 132,817 |
| Voya Natural Resources Equity Income Fund | 21,600 | 121,824 |
| | | 2,174,304 |

See accompanying notes to schedule of investments.

CORNERSTONE TOTAL RETURN FUND, INC.
SCHEDULE OF INVESTMENTS - MARCH 31, 2016 (Unaudited)

| Description | No. of Shares | Value |
|---|---------------|-------------------|
| OPTION ARBITRAGE/OPTIONS STRATEGIES - 2.25% | | |
| AllianzGI NFJ Dividend, Interest & Premium Strategy Fund | 189,900 | \$2,328,174 |
| Voya Asia Pacific High Dividend Equity Income Fund | 2,612 | 24,135 |
| Voya International High Dividend Equity Income Fund | 18,671 | 120,241 |
| | | 2,472,550 |
| PACIFIC EX JAPAN - 0.04% | | |
| Aberdeen Greater China Fund, Inc. | 1,408 | 11,686 |
| The Thai Fund, Inc. | 4,123 | 30,923 |
| | | 42,609 |
| REAL ESTATE - 5.47% | | |
| Alpine Global Premier Properties Fund | 220,193 | 1,230,879 |
| CBRE Clarion Global Real Estate Income Fund | 146,008 | 1,140,322 |
| Cohen & Steers Preferred Securities and Income Fund, Inc. | 112,200 | 2,122,824 |
| Cohen & Steers Quality Income Realty Fund, Inc. | 8,000 | 99,280 |
| Neuberger Berman Real Estate Securities Income Fund Inc. | 191,405 | 974,251 |
| Nuveen Diversified Dividend and Income Fund | 5,957 | 65,170 |
| Nuveen Real Estate Income Fund | 6,200 | 67,208 |
| RMR Real Estate Income Fund | 16,381 | 317,136 |
| | | 6,017,070 |
| SECTOR EQUITY - 0.85% | | |
| Gabelli Healthcare & Wellness ^{Rx} Trust (The) | 18,781 | 184,805 |
| GAMCO Natural Resources, Gold & Income Trust | 63,130 | 415,395 |
| Nuveen Real Asset Income and Growth Fund | 22,013 | 338,340 |
| | | 938,540 |
| UTILITY - 2.87% | | |
| Cohen & Steers Infrastructure Fund, Inc. | 53,416 | 1,058,171 |
| Duff & Phelps Global Utility Income Fund Inc. | 87,400 | 1,390,534 |
| Macquarie Global Infrastructure Total Return Fund Inc. | 35,295 | 709,077 |
| | | 3,157,782 |
| TOTAL CLOSED-END FUNDS | | 27,214,326 |
| CONSUMER DISCRETIONARY - 10.05% | | |
| Amazon.com, Inc. * | 2,000 | 1,187,280 |
| Comcast Corporation - Class A | 27,262 | 1,665,163 |
| Dollar General Corporation | 3,000 | 256,800 |
| D.R. Horton, Inc. | 2,500 | 75,575 |
| Home Depot, Inc. (The) | 13,500 | 1,801,305 |
| L Brands, Inc. | 2,000 | 175,620 |
| Lowe's Companies, Inc. | 9,000 | 681,750 |
| Marriott International, Inc. - Class A | 3,000 | 213,540 |
| Nike, Inc. - Class B | 8,000 | 491,760 |
| O'Reilly Automotive, Inc. * | 1,000 | 273,660 |
| Priceline Group Inc. (The) * | 500 | 644,480 |

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| | | |
|--------------------------------|--------|------------|
| Ross Stores, Inc. | 4,000 | 231,600 |
| Royal Caribbean Cruises Ltd. | 2,000 | 164,300 |
| Starbucks Corporation | 14,000 | 835,800 |
| TJX Companies, Inc. (The) | 7,000 | 548,450 |
| Twenty-First Century Fox, Inc. | 2,500 | 70,500 |
| Walt Disney Company (The) | 17,500 | 1,737,925 |
| | | 11,055,508 |

See accompanying notes to schedule of investments.

CORNERSTONE TOTAL RETURN FUND, INC.
SCHEDULE OF INVESTMENTS - MARCH 31, 2016 (Unaudited)

| Description | No. of Shares | Value |
|--|---------------|-------------|
| CONSUMER STAPLES - 8.37% | | |
| Altria Group, Inc. | 21,000 | \$1,315,860 |
| Colgate-Palmolive Company | 3,000 | 211,950 |
| ConAgra Foods, Inc. | 2,000 | 89,240 |
| Constellation Brands, Inc. | 2,500 | 377,725 |
| Costco Wholesale Corporation | 5,000 | 787,900 |
| CVS Caremark Corporation | 13,200 | 1,369,236 |
| General Mills, Inc. | 3,000 | 190,050 |
| Kimberly-Clark Corporation | 2,000 | 269,020 |
| Kroger Co. (The) | 10,000 | 382,500 |
| Mondelēz International, Inc. - Class A | 9,800 | 393,176 |
| Monster Beverage Corporation * | 2,000 | 266,760 |
| PepsiCo, Inc. | 3,000 | 307,440 |
| Reynolds American Inc. | 14,000 | 704,340 |
| Sysco Corporation | 2,000 | 93,460 |
| Walgreens Boots Alliance, Inc. | 12,000 | 1,010,880 |
| Wal-Mart Stores, Inc. | 21,000 | 1,438,290 |
| | | 9,207,827 |
| ENERGY - 4.10% | | |
| Chevron Corporation | 9,000 | 858,600 |
| Exxon Mobil Corporation | 26,000 | 2,173,340 |
| Occidental Petroleum Corporation | 3,900 | 266,877 |
| Phillips 66 | 6,000 | 519,540 |
| Schlumberger Limited | 4,500 | 331,875 |
| Valero Energy Corporation | 5,500 | 352,770 |
| | | 4,503,002 |
| EXCHANGE-TRADED FUNDS - 0.56% | | |
| SPDR S&P 500 ETF Trust | 3,000 | 616,680 |
| FINANCIALS - 11.73% | | |
| Aflac Incorporated | 3,000 | 189,420 |
| Allstate Corporation (The) | 4,000 | 269,480 |
| American Express Company | 10,000 | 614,000 |
| American International Group, Inc. | 6,000 | 324,300 |
| American Tower Corporation | 4,000 | 409,480 |
| Aon plc | 3,500 | 365,575 |
| Berkshire Hathaway Inc. - Class B * | 14,000 | 1,986,320 |
| BlackRock, Inc. - Class A | 2,000 | 681,140 |
| Capital One Financial Corporation | 5,500 | 381,205 |
| Charles Schwab Corporation (The) | 13,000 | 364,260 |
| Chubb Limited | 5,203 | 619,937 |
| Discover Financial Services | 4,000 | 203,680 |
| Intercontinental Exchange, Inc. | 1,000 | 235,140 |
| JPMorgan Chase & Co. | 22,200 | 1,314,684 |

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| | | |
|--|-------|---------|
| Marsh & McLennan Companies, Inc. | 5,000 | 303,950 |
| McGraw Hill Financial, Inc. | 3,000 | 296,940 |
| Moody's Corporation | 2,000 | 193,120 |
| PNC Financial Services Group, Inc. (The) | 5,000 | 422,850 |

See accompanying notes to schedule of investments.

CORNERSTONE TOTAL RETURN FUND, INC.
SCHEDULE OF INVESTMENTS - MARCH 31, 2016 (Unaudited)

| Description | No. of Shares | Value |
|-----------------------------------|------------------|------------|
| State Street Corporation | 4,000 | \$ 234,080 |
| SunTrust Banks, Inc. | 5,000 | 180,400 |
| Travelers Companies, Inc. (The) | 3,000 | 350,130 |
| T. Rowe Price Group, Inc. | 2,500 | 183,650 |
| U.S. Bancorp | 17,000 | 690,030 |
| Wells Fargo & Company | 43,000 | 2,079,480 |
| | | 12,893,251 |
| HEALTH CARE - 10.73% | | |
| Abbott Laboratories | 10,000 | 418,300 |
| AbbVie Inc. | 11,000 | 628,320 |
| Aetna Inc. | 3,000 | 337,050 |
| Allergan plc * | 3,104 | 831,965 |
| AmerisourceBergen Corporation | 2,000 | 173,100 |
| Amgen Inc. | 7,000 | 1,049,510 |
| Anthem, Inc. | 2,000 | 277,980 |
| Baxter International Inc. | 4,000 | 164,320 |
| Becton, Dickinson and Co. | 2,000 | 303,640 |
| Biogen Inc. * | 1,500 | 390,480 |
| Cardinal Health, Inc. | 4,000 | 327,800 |
| Celgene Corporation * | 7,000 | 700,630 |
| Cerner Corporation * | 4,000 | 211,840 |
| Cigna Corporation | 2,000 | 274,480 |
| Gilead Sciences, Inc. | 2,000 | 183,720 |
| Johnson & Johnson | 8,500 | 919,700 |
| McKesson Corporation | 3,000 | 471,750 |
| Merck & Company, Inc. | 27,000 | 1,428,570 |
| Mylan N.V. * | 4,000 | 185,400 |
| Regeneron Pharmaceuticals, Inc. * | 1,000 | 360,440 |
| Stryker Corporation | 4,000 | 429,160 |
| Thermo Fisher Scientific Inc. | 4,000 | 566,360 |
| UnitedHealth Group Incorporated | 9,000 | 1,160,100 |
| | | 11,794,615 |
| INDUSTRIALS - 7.03% | | |
| 3M Company | 6,000 | 999,780 |
| Danaher Corporation | 7,000 | 664,020 |
| Delta Air Lines, Inc. | 8,000 | 389,440 |
| FedEx Corporation | 3,000 | 488,160 |
| General Dynamics Corporation | 3,000 | 394,110 |
| General Electric Company | 20,000 | 635,800 |
| Honeywell International Inc. | 8,000 | 896,400 |
| Illinois Tool Works Inc. | 4,000 | 409,760 |
| Lockheed Martin Corporation | 3,500 | 775,250 |
| Northrop Grumman Corporation | 2,000 | 395,800 |

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| | | |
|-----------------------------|-------|-----------|
| Raytheon Company | 3,000 | 367,890 |
| Southwest Airlines Co. | 7,000 | 313,600 |
| United Parcel Service, Inc. | 6,100 | 643,367 |
| Waste Management, Inc. | 6,000 | 354,000 |
| | | 7,727,377 |

See accompanying notes to schedule of investments.

CORNERSTONE TOTAL RETURN FUND, INC.
SCHEDULE OF INVESTMENTS - MARCH 31, 2016 (Unaudited)

| Description | No. of Shares | Value |
|--|---------------|------------|
| INFORMATION TECHNOLOGY - 15.73% | | |
| Accenture plc - Class A | 2,000 | \$230,800 |
| Adobe Systems Incorporated | 4,000 | 375,200 |
| Alphabet Inc. - Class A * | 1,000 | 762,900 |
| Alphabet Inc. - Class C * | 7,002 | 5,216,140 |
| Apple Inc. | 26,000 | 2,833,740 |
| Automatic Data Processing, Inc. | 4,500 | 403,695 |
| Broadcom Limited | 1,000 | 154,500 |
| Cisco Systems, Inc. | 20,000 | 569,400 |
| Cognizant Technology Solutions Corporation * | 6,000 | 376,200 |
| eBay Inc. * | 4,000 | 95,440 |
| Facebook, Inc. * | 8,000 | 912,800 |
| Fiserv, Inc. * | 3,000 | 307,740 |
| Intel Corporation | 30,000 | 970,500 |
| MasterCard Incorporated | 4,000 | 378,000 |
| Microsoft Corporation | 24,000 | 1,325,520 |
| Oracle Corporation | 28,700 | 1,174,117 |
| PayPal Holdings, Inc. * | 4,000 | 154,400 |
| salesforce.com, inc. * | 5,000 | 369,150 |
| Visa Inc. - Class A | 9,000 | 688,320 |
| | | 17,298,562 |
| MATERIALS - 2.38% | | |
| Air Products & Chemicals, Inc. | 2,000 | 288,100 |
| Dow Chemical Company (The) | 11,000 | 559,460 |
| Ecolab Inc. | 3,000 | 334,560 |
| E. I. du Pont de Nemours and Company | 4,000 | 253,280 |
| International Paper Company | 3,300 | 135,432 |
| LyondellBasell Industries N.V. | 5,000 | 427,900 |
| PPG Industries, Inc. | 3,000 | 334,470 |
| Sherwin-Williams Company (The) | 1,000 | 284,670 |
| | | 2,617,872 |
| TELECOMMUNICATION SERVICES - 1.75% | | |
| AT&T, Inc. | 16,103 | 630,755 |
| Verizon Communications, Inc. | 24,000 | 1,297,920 |
| | | 1,928,675 |
| UTILITIES - 1.88% | | |
| American Electric Power Company, Inc. | 5,000 | 332,000 |
| Dominion Resources, Inc. | 3,000 | 225,360 |
| Duke Energy Corporation | 3,600 | 290,448 |
| Edison International | 2,000 | 143,780 |
| NextEra Energy, Inc. | 4,000 | 473,360 |
| PPL Corporation | 5,000 | 190,350 |
| Public Service Enterprises Group, Inc. | 4,000 | 188,560 |
| Xcel Energy Inc. | 5,500 | 230,010 |

| | |
|---|-------------|
| | 2,073,868 |
| TOTAL EQUITY SECURITIES (cost - \$95,723,454) | 108,931,563 |

See accompanying notes to schedule of investments.

CORNERSTONE TOTAL RETURN FUND, INC.
 SCHEDULE OF INVESTMENTS - MARCH 31, 2016 (Unaudited)

| Description | No. of Shares | Value |
|---|------------------|---------------|
| SHORT-TERM INVESTMENT - 0.87% | | |
| MONEY MARKET FUND - 0.87% | | |
| Fidelity Institutional Money Market Government Portfolio - Class I, 0.23%^ (cost - \$953,561) | 953,561 | \$953,561 |
| TOTAL INVESTMENTS - 99.93% (cost - \$96,677,015) | | 109,885,124 |
| OTHER ASSETS IN EXCESS OF LIABILITIES - 0.07% | | 76,338 |
| NET ASSETS - 100.00% | | \$109,961,462 |

*Non-income producing security.

^The rate shown is the 7-day effective yield as of March 31, 2016.

See accompanying notes to schedule of investments.

CORNERSTONE TOTAL RETURN FUND, INC.
NOTES TO SCHEDULE OF INVESTMENTS
MARCH 31, 2016 (UNAUDITED)

Federal Income Tax Cost: The following information is computed on a tax basis for each item as of March 31, 2016:

| | |
|-------------------------------|--------------|
| Cost of portfolio investments | \$96,713,589 |
| Gross unrealized appreciation | \$16,623,385 |
| Gross unrealized depreciation | (3,451,850) |
| Net unrealized appreciation | \$13,171,535 |

The difference between the federal income tax cost of portfolio investments and the Schedule of Investments cost for the Fund is due to certain timing differences in the recognition of capital gains or losses under income tax regulations and generally accepted accounting principles. These "book/tax" differences are temporary in nature and are due to the tax deferral of losses on wash sales.

As required by the Fair Value Measurement and Disclosures Topic of the Financial Accounting Standards Board ("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.

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The following is a summary of the inputs used as of March 31, 2016 in valuing the Fund's investments carried at value:

| VALUATION INPUTS | INVESTMENTS IN SECURITIES | OTHER FINANCIAL INSTRUMENTS* |
|---|---------------------------------|------------------------------------|
| Level 1 – Quoted Prices | | |
| Equity Investments | \$ 108,931,563 | \$ - |
| Short-Term Investments | - | - |
| Level 2 – Other Significant Observable Inputs | - | - |
| Level 3 – Significant Unobservable Inputs | - | - |
| Total | \$ 108,931,563 | \$ - |

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

The breakdown of the Fund's investments into major categories is disclosed in its Schedule of Investments.

As of March 31, 2016, the Fund did not have any transfers in and out of any Level.

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, 2016.

In May 2015, the FASB issued ASU No. 2015-07 “Disclosure for Investments in Certain Entities that Calculate Net Asset Value (“NAV”) per Share (or Its Equivalent).” The amendments in ASU No. 2015-07 remove the requirement to categorize within the fair value hierarchy investments measured using the NAV practical expedient. The ASU also removes certain disclosure requirements for investments that qualify, but do not utilize, the NAV practical expedient. The amendments in the ASU are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Fund's investment in Fidelity Institutional Money Market Government Portfolio - Class I has been removed from Level 1 disclosure under the guidance provided by the amendment to such ASU.

The Fund is exposed to financial market risks, including the valuations of its investment portfolio. During the three months ended March 31, 2016, the Fund did not engage in derivative instruments and other hedging activities.

The Fund has evaluated the need for additional disclosures and/or adjustments resulting through the date its financial statements were issued. Based on this evaluation, no additional disclosures or adjustments were required to such Schedule of Investments.

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 Form N-CSR on March 2, 2016 with a file number 811-02363.

Other information regarding the Fund is available in the Fund's most recent annual report. This information is also available on the Fund's website at www.cornerstonetotalreturnfund.com; or on the website of the Securities and Exchange Commission at 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 Total Return Fund, Inc.

By (Signature and
Title)* /s/ Ralph W. Bradshaw

Ralph W. Bradshaw, President and Chairman
(Principal Executive Officer)

Date May 26, 2016

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 26, 2016

By (Signature and
Title)* /s/ Frank J. Maresca

Frank J. Maresca, Treasurer
(Principal Financial Officer)

Date May 26, 2016

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