

CORNERSTONE PROGRESSIVE RETURN FUND

Form N-Q

November 18, 2011

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

(Exact name of registrant as specified in charter)

350 Jericho Turnpike, Suite 206 Jericho, New York 11753
(Address of principal executive offices) (Zip code)

Frank J. Maresca

Ultimus Fund Solutions, LLC 350 Jericho Turnpike, Suite 206 Jericho, NY 11753

(Name and address of agent for service)

Registrant's telephone number, including area code: (513) 587-3400

Date of fiscal year end: December 31, 2011

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Date of reporting period: September 30, 2011

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, 2011 (Unaudited)

| Description | No. of Shares | Value |
|---|---------------|-----------|
| EQUITY SECURITIES - 98.30% | | |
| CLOSED-END FUNDS - 93.12% | | |
| CONVERTIBLE SECURITIES - 1.10% | | |
| Advent/Claymore Global Convertible Securities & Income Fund | 71,027 | \$447,470 |
| Calamos Convertible and High Income Fund | 38,800 | 430,680 |
| | | 878,150 |
| CORPORATE DEBT FUNDS INVESTMENT GRADE-RATED - 11.11% | | |
| AllianceBernstein Income Fund | 541,922 | 4,319,118 |
| BlackRock Core Bond Trust | 31,949 | 414,379 |
| BlackRock Enhanced Government Fund, Inc. | 11,847 | 181,496 |
| BlackRock Income Opportunity Trust, Inc. | 45,815 | 449,445 |
| Federated Enhanced Treasury Income Fund | 59,077 | 886,155 |
| MFS Government Markets Income Trust | 66,199 | 440,885 |
| Montgomery Street Income Securities, Inc. | 10,285 | 160,446 |
| Rivus Bond Fund | 1 | 25 |
| Western Asset/Claymore Inflation-Linked Opportunities & Income Fund | 122,194 | 1,543,310 |
| Western Asset/Claymore Inflation-Linked Securities & Income Fund | 35,251 | 446,278 |
| | | 8,841,537 |
| DEVELOPED MARKET - 1.52% | | |
| Japan Smaller Capitalization Fund, Inc. | 162,524 | 1,207,553 |
| EMERGING MARKETS - 1.09% | | |
| First Israel Fund, Inc. | 6,224 | 87,136 |
| First Trust/Aberdeen Emerging Opportunity Fund | 25,481 | 439,802 |
| Morgan Stanley Eastern Europe Fund, Inc. * | 7,300 | 98,769 |
| Morgan Stanley Emerging Markets Fund, Inc. | 12,500 | 156,875 |
| Morgan Stanley Frontier Emerging Markets Fund, Inc. | 7,665 | 84,545 |
| | | 867,127 |
| EMERGING MARKETS DEBT - 0.13% | | |
| Morgan Stanley Emerging Markets Debt Fund, Inc. | 10,710 | 103,566 |
| FLEXIBLE INCOME - 4.93% | | |
| MFS Charter Income Trust | 15,505 | 132,258 |
| Putnam Master Intermediate Income Trust | 71,251 | 359,818 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2011 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|--|---------------|-------------|
| CLOSED-END FUNDS (Continued) | | |
| FLEXIBLE INCOME (Continued) | | |
| Wells Fargo Advantage Multi-Sector Income Fund | 103,484 | \$1,470,508 |
| Zweig Total Return Fund, Inc. (The) | 648,533 | 1,958,570 |
| | | 3,921,154 |
| GENERAL & INSURED UNLEVERAGED - 0.08% | | |
| Nuveen Select Tax-Free Income Portfolio 3 | 4,484 | 61,655 |
| GENERAL BOND - 7.14% | | |
| BlackRock Build America Bond Trust | 199,621 | 4,032,344 |
| Duff & Phelps Utility & Corporate Bond Trust Inc. | 15,963 | 183,894 |
| MFS InterMarket Income Trust I | 18,369 | 148,422 |
| Nuveen Build America Bond Fund | 66,003 | 1,316,760 |
| | | 5,681,420 |
| GENERAL MUNICIPAL LEVERAGED - 5.88% | | |
| BlackRock MuniYield Investment Quality Fund | 9,445 | 130,624 |
| BlackRock MuniYield Quality Fund III, Inc. | 107,974 | 1,427,416 |
| Eaton Vance Municipal Bond Fund | 38,730 | 478,316 |
| Eaton Vance Tax-Advantaged Bond and Option Strategies Fund | 48,070 | 796,039 |
| Invesco Municipal Premium Income Trust | 19,536 | 156,093 |
| Nuveen Insured Municipal Opportunity Fund, Inc. | 90,249 | 1,298,683 |
| Nuveen Municipal Market Opportunity Fund, Inc. | 15,000 | 202,500 |
| Nuveen Premium Income Municipal Fund 4, Inc. | 7,353 | 93,015 |
| Nuveen Quality Income Municipal Fund, Inc. | 7,005 | 98,000 |
| | | 4,680,686 |
| GLOBAL - 1.48% | | |
| Clough Global Allocation Fund | 29,600 | 367,040 |
| Clough Global Equity Fund | 38,519 | 449,517 |
| First Trust Active Dividend Income Fund (The) | 6,400 | 53,632 |
| Gabelli Global Multimedia Trust Inc. | 12,093 | 75,702 |
| GDL Fund (The) | 19,379 | 230,998 |
| | | 1,176,889 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2011 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|---|---------------|-----------|
| CLOSED-END FUNDS (Continued) | | |
| GLOBAL INCOME - 0.44% | | |
| Nuveen Global Government Enhanced Income Fund | 22,058 | \$321,385 |
| Western Asset Variable Rate Strategic Fund Inc. | 1,627 | 25,105 |
| | | 346,490 |
| HIGH CURRENT YIELD (LEVERAGED) - 0.61% | | |
| BlackRock Senior High Income Fund, Inc. | 32,559 | 118,840 |
| First Trust Strategic High Income Fund | 40,757 | 140,612 |
| First Trust Strategic High Income Fund II | 26,741 | 123,276 |
| Helios Strategic Income Fund, Inc. | 18,745 | 99,723 |
| | | 482,451 |
| HIGH YIELD MUNICIPAL DEBT - 1.98% | | |
| BlackRock Muni Assets Fund, Inc. | 85,655 | 1,024,434 |
| Invesco Municipal Income Opportunities Trust II | 9,463 | 66,714 |
| Nuveen Municipal High Income Opportunity Fund | 18,700 | 216,359 |
| Nuveen Municipal High Income Opportunity Fund 2 | 24,955 | 272,509 |
| | | 1,580,016 |
| INCOME & PREFERRED STOCK - 1.81% | | |
| BlackRock Preferred Opportunity Trust | 27,459 | 271,295 |
| Calamos Strategic Total Return Fund | 69,238 | 551,134 |
| Nuveen Tax-Advantaged Floating Rate Fund | 25,003 | 50,756 |
| Preferred Income Strategies Fund | 60,839 | 568,236 |
| | | 1,441,421 |
| INSURED MUNICIPAL LEVERAGED - 0.49% | | |
| Invesco Van Kampen Trust For Insured Municipals | 2,937 | 38,269 |
| Nuveen Insured Tax-Free Advantage Municipal Fund | 24,770 | 352,725 |
| | | 390,994 |
| LOAN PARTICIPATION - 3.51% | | |
| BlackRock Diversified Income Strategies Fund, Inc. | 13,700 | 125,903 |
| BlackRock Floating Rate Income Strategies Fund, Inc. | 17,911 | 228,007 |
| BlackRock Floating Rate Income Strategies Fund II, Inc. | 3,200 | 37,216 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2011 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|---|---------------|------------|
| CLOSED-END FUNDS (Continued) | | |
| LOAN PARTICIPATION (Continued) | | |
| BlackRock Floating Rate Income Trust | 25,300 | \$320,551 |
| Eaton Vance Floating-Rate Income Trust | 9,517 | 134,095 |
| Eaton Vance Senior Floating-Rate Trust | 45,345 | 644,352 |
| Eaton Vance Senior Income Trust | 41,950 | 264,705 |
| Invesco Van Kampen Dynamic Credit Opportunities Fund | 41,626 | 443,317 |
| Invesco Van Kampen Senior Income Trust | 25,000 | 105,500 |
| Nuveen Floating Rate Income Opportunity Fund | 46,970 | 490,367 |
| | | 2,794,013 |
| OPTION ARBITRAGE/OPTIONS STRATEGIES - 42.11% | | |
| AGIC International & Premium Strategy Fund | 7,200 | 72,792 |
| BlackRock Enhanced Capital & Income Fund, Inc. | 202,852 | 2,395,682 |
| BlackRock Enhanced Equity Dividend Trust | 324,916 | 2,267,914 |
| Cohen & Steers Global Income Builder, Inc. | 70,569 | 612,539 |
| Eaton Vance Enhanced Equity Income Fund | 208,336 | 2,037,526 |
| Eaton Vance Enhanced Equity Income Fund II | 243,653 | 2,402,419 |
| Eaton Vance Risk-Managed Diversified Equity Income Fund | 361,450 | 3,957,878 |
| Eaton Vance Tax-Managed Buy-Write Income Fund | 147,258 | 1,711,138 |
| Eaton Vance Tax-Managed Buy-Write Opportunities Fund | 264,757 | 2,891,146 |
| Eaton Vance Tax-Managed Diversified Equity Income Fund | 407,200 | 3,473,416 |
| Eaton Vance Tax-Managed Global Buy-Write Opportunities Fund | 367,136 | 3,583,247 |
| Eaton Vance Tax-Managed Global Diversified Equity Income Fund | 448,796 | 3,590,368 |
| Madison/Claymore Covered Call & Equity Strategy Fund | 2,785 | 19,801 |
| Nuveen Equity Premium Advantage Fund | 76,057 | 835,106 |
| Nuveen Equity Premium and Growth Fund | 40,216 | 462,082 |
| Nuveen Equity Premium Income Fund | 118,860 | 1,269,425 |
| Nuveen Equity Premium Opportunity Fund | 177,820 | 1,932,903 |
| | | 33,515,382 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2011 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|---|---------------|------------|
| CLOSED-END FUNDS (Continued) | | |
| PACIFIC EX JAPAN - 5.66% | | |
| Aberdeen Indonesia Fund, Inc. | 2,400 | \$27,912 |
| China Fund, Inc. (The) | 46,205 | 1,062,715 |
| Morgan Stanley China A Share Fund, Inc. | 134,733 | 2,854,992 |
| Thai Fund, Inc. (The) | 47,002 | 556,034 |
| | | 4,501,653 |
| REAL ESTATE - 0.03% | | |
| LMP Real Estate Income Fund, Inc. | 2,900 | 25,201 |
| RMR Asia Pacific Real Estate Fund | 1 | 12 |
| | | 25,213 |
| SECTOR EQUITY - 2.02% | | |
| BlackRock EcoSolutions Investment Trust | 70,379 | 565,847 |
| Evergreen Utilities and High Income Fund | 40,508 | 417,232 |
| Gabelli Healthcare & WellnessRx Trust (The) * | 22,831 | 152,739 |
| Petroleum & Resources Corporation (a) | 21,049 | 476,128 |
| | | 1,611,946 |
| TOTAL CLOSED-END FUNDS | | 74,109,316 |
| CONSUMER DISCRETIONARY - 0.44% | | |
| Comcast Corporation - Class A | 3,358 | 70,182 |
| DIRECTV Group, Inc. (The) - Class A * | 4,000 | 169,000 |
| Ford Motor Company * | 5,000 | 48,350 |
| Time Warner, Inc. | 2,000 | 59,940 |
| | | 347,472 |
| CONSUMER STAPLES - 0.58% | | |
| H.J. Heinz Company | 2,000 | 100,960 |
| Wal-Mart Stores, Inc. | 7,000 | 363,300 |
| | | 464,260 |
| ENERGY - 0.90% | | |
| Chevron Corporation | 5,000 | 462,600 |
| ConocoPhillips | 4,000 | 253,280 |
| | | 715,880 |
| FINANCIALS - 0.56% | | |
| AFLAC, Inc. | 2,000 | 69,900 |
| American Express Company | 3,000 | 134,700 |
| JPMorgan Chase & Co. | 8,000 | 240,960 |
| | | 445,560 |
| HEALTH CARE - 0.70% | | |
| Abbott Laboratories | 3,000 | 153,420 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2011 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|---|---------------|--------------|
| HEALTH CARE (Continued) | | |
| Becton, Dickinson and Company | 3,000 | \$219,960 |
| Cardinal Health, Inc. | 2,000 | 83,760 |
| Merck & Company, Inc. | 3,000 | 98,130 |
| | | 555,270 |
| INDUSTRIALS - 0.64% | | |
| 3M Company | 1,567 | 112,495 |
| Emerson Electric Company | 2,000 | 82,620 |
| Union Pacific Corporation | 2,000 | 163,340 |
| United Technologies Corporation | 2,108 | 148,319 |
| | | 506,774 |
| INFORMATION TECHNOLOGY - 1.20% | | |
| International Business Machines Corporation | 3,000 | 525,090 |
| Oracle Corporation | 15,000 | 431,100 |
| | | 956,190 |
| MATERIALS - 0.09% | | |
| Freeport-McMoRan Copper & Gold, Inc. | 2,238 | 68,147 |
| UTILITIES - 0.07% | | |
| Duke Energy Corporation | 3,000 | 59,970 |
| TOTAL EQUITY SECURITIES (cost - \$87,213,061) | | 78,228,839 |
| SHORT-TERM INVESTMENT - 1.08% | | |
| MONEY MARKET FUND - 1.08% | | |
| Fidelity Institutional Money Market Government Portfolio - Class I (cost - \$855,586) | 855,586 | 855,586 |
| TOTAL INVESTMENTS - 99.38% (cost - \$88,068,647) | | 79,084,425 |
| OTHER ASSETS IN EXCESS OF LIABILITIES - 0.62% | | 497,287 |
| NET ASSETS - 100.00% | | \$79,581,712 |

* Non-income producing security.

(a) Affiliated investment. The Fund holds 0.60% (based on net assets) of Petroleum & Resources Corporation. A trustee of the Fund also serves as a director to such company. During the nine months ended September 30, 2011, there were additional purchases of 25,349 shares of Petroleum & Resources Corporation with a cost of \$721,318 and sales of 6,775 shares with a cost of \$180,334 and sale proceeds of \$170,926.

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
NOTES TO SCHEDULES OF INVESTMENTS
September 30, 2011 (UNAUDITED)

Federal Income Tax Cost: At September 30, 2011 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 \$88,068,647, \$875,067, \$(9,859,289) and \$(8,984,222), 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 September 30, 2011 in valuing the Fund's investments carried at value:

| Valuation Inputs | INVESTMENTS IN SECURITIES | OTHER FINANCIAL INSTRUMENTS* |
|---|---------------------------------|------------------------------------|
| Level 1 - Quoted Prices | | |
| Equity Investments | \$ 78,228,839 | \$ - |
| Short-Term Investments | 855,586 | - |
| Level 2 - Other Significant Observable Inputs | - | - |
| Level 3 – Significant Unobservable Inputs | - | - |
| Total | \$ 79,084,425 | \$ - |

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

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

During the nine months ended September 30, 2011, 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 September 30, 2011.

In May 2011, FASB issued ASU No. 2011-04 "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs". ASU No. 2011-04 establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRSs"). ASU No. 2011-04 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. Management is currently evaluating ASU No. 2011-04 and does not believe that it will have a material impact on the Fund's financial statements and disclosures.

The Fund is exposed to financial market risks, including the valuations of its investment portfolio. For the nine months ended September 30, 2011, the Fund did not engage in derivative instruments and other hedging activities.

The Fund has evaluated the need for addition 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 semi-annual report previously filed with the Securities and Exchange Commission on the Form N-CSR on September 2, 2011 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 2, 2011, 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 18, 2011

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 18, 2011

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

Date November 18, 2011

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