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CORNERSTONE TOTAL RETURN FUND INC

Form N-Q

May 25, 2007

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)

383 Madison Avenue, New York, NY 10179

(Address of principal executive offices) (Zip code)

Jodi Levine

Cornerstone Total Return Fund, Inc., 383 Madison Avenue, New York, NY 10179

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 272-3550

Date of fiscal year end: December 31, 2007

Date of reporting period: March 31, 2007

ITEM 1: SCHEDULE OF INVESTMENTS

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CORNERSTONE TOTAL RETURN FUND, INC.

SCHEDULE OF INVESTMENTS -- MARCH 31, 2007 (UNAUDITED)

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DESCRIPTION	NO. OF SHARES	VALUE

EQUITY SECURITIES - 99.77%		
UNITED STATES - 99.44%		
CLOSED-END FUNDS - 8.04%		
Adams Express Company	70,400	\$ 987,008
Boulder Total Return Fund, Inc.	13,900	301,769
Central Europe and Russia Fund, Inc. (The) ^	2,500	125,875
Cohen & Steers Select Utility Fund, Inc. ^	6,000	157,140

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Dreman/Claymore Dividend & Income Fund ^	49,500	1,072,665
H&Q Healthcare Investors	5,100	87,363
H&Q Life Sciences Investors ^	6,000	83,400
Japan Equity Fund ^	13,000	110,760
Liberty All-Star Growth Fund, Inc.	140,800	771,584
Neuberger Berman Real Estate Income Fund Inc.	8,500	228,650
Petroleum & Resources Corporation	3,000	103,890

		4,030,104

CONSUMER DISCRETIONARY - 9.72%		
Bed Bath & Beyond Inc. *	2,500	100,425
Best Buy Co., Inc.	3,750	182,700
Coach, Inc. *	2,500	125,125
Comcast Corporation, Class A *	9,012	233,861
Comcast Corporation, Special Class A *	6,750	171,922
DIRECTV Group, Inc. (The) *	4,000	92,280
Ford Motor Company	14,000	110,460
Fortune Brands, Inc.	2,500	197,050
Goodyear Tire & Rubber Company (The) *	2,500	77,975
Harley-Davidson, Inc.	2,500	146,875
Hilton Hotels Corporation	2,500	89,900
Home Depot, Inc. (The)	9,000	330,660
J.C. Penney Company, Inc. ^	2,500	205,400
Kohl's Corporation *	2,500	191,525
Lowe's Companies, Inc. ^	4,900	154,301
Marriott International, Inc., Class A ^	5,000	244,800
Mattel, Inc.	4,500	124,065
McDonald's Corporation	8,100	364,905
McGraw-Hill Companies, Inc. (The)	2,500	157,200
Nordstrom, Inc.	2,500	132,350
Office Depot, Inc. *	2,500	87,850
Omnicom Group Inc.	1,500	153,570
Staples, Inc.	3,150	81,396
Starbucks Corporation *	2,500	78,400
Target Corporation	4,600	272,596
Time Warner Inc.	17,000	335,240
TJX Companies, Inc. (The)	2,500	67,400
Viacom Inc., Class B *	2,000	82,220
Walt Disney Company (The)	8,000	275,440

		4,867,891

CONSUMER STAPLES - 9.10%		
Altria Group, Inc.	7,700	676,137
Archer-Daniels-Midland Company	3,000	110,100

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DESCRIPTION	NO. OF SHARES	VALUE
Campbell Soup Company ^	3,200	124,640
Coca-Cola Company (The)	11,000	528,000
Colgate-Palmolive Company	2,500	166,975
ConAgra Foods, Inc.	2,500	62,275
CVS Corporation	4,175	142,534

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General Mills, Inc.	2,500	145,550
H.J. Heinz Company	2,700	127,224
Kroger Co. (The) ^	3,600	101,700
PepsiCo, Inc.	5,000	317,800
Procter & Gamble Company (The)	11,472	724,572
Safeway Inc. ^	4,900	179,536
Walgreen Co.	5,600	256,984
Wal-Mart Stores, Inc.	19,000	892,050

		4,556,077

ENERGY - 9.30%		
Chevron Corporation ^	10,068	744,629
Devon Energy Corporation	2,500	173,050
El Paso Corporation.	3,000	43,410
Exxon Mobil Corporation	32,000	2,414,402
Halliburton Company	5,000	158,700
Marathon Oil Corp.	2,500	247,075
Norsk Hydro ADR	2,500	82,050
Occidental Petroleum Corporation	2,500	123,275
Peabody Energy Corporation ^	2,500	100,600
Schlumberger Limited	5,000	345,500
Spectra Energy Corporation	3,300	86,691
XTO Energy, Inc.	2,500	137,025

		4,656,407

FINANCIALS - 19.14%		
AFLAC Incorporated	1,500	70,590
Allstate Corporation (The)	2,500	150,150
American Express Company	3,500	197,400
American International Group, Inc.	12,331	828,890
Ameriprise Financial, Inc.	1,220	69,711
Aon Corporation	2,500	94,900
Bank of America Corporation	17,021	868,411
BB&T Corporation	4,500	184,590
CB Richard Ellis Group, Inc.- Class A *	2,500	85,450
Charles Schwab Corporation (The)	8,200	149,978
Chubb Corporation (The)	5,000	258,350
Citigroup Inc.	25,600	1,314,304
Fannie Mae	3,200	174,656
Fifth Third Bancorp	2,500	96,725
Franklin Resources, Inc.	2,500	302,075
Freddie Mac	3,300	196,317
Goldman Sachs Group, Inc. (The)	3,000	619,890
Hartford Financial Services Group, Inc. (The)	1,600	152,928
JPMorgan Chase & Co.	12,700	614,426
KeyCorp	2,500	93,675
Lehman Brothers Holdings Inc.	2,500	175,175
Marsh & McLennan Companies, Inc. ^	2,500	73,225
Mellon Financial Corporation ^	2,300	99,222
Merrill Lynch & Co., Inc.	1,100	89,837
Metlife, Inc.	3,000	189,450

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DESCRIPTION	NO. OF SHARES	VALUE
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Moody's Corporation	2,000	124,120
Morgan Stanley	3,700	291,412
National City Corporation	2,500	93,125
Prudential Financial, Inc.	2,500	225,650
Regions Financial Corporation	1,993	70,492
SLM Corporation	2,500	102,250
State Street Corporation ^	1,600	103,600
Synovus Corporation	2,500	80,850
Travelers Companies, Inc. (The)	5,092	263,613
UnumProvident Corporation	2,500	57,575
Wachovia Corporation	5,600	308,280
Wells Fargo & Company	18,000	619,740
Western Union Company	4,325	94,934

		9,585,966

HEALTHCARE - 10.64%		
Aetna Inc.	4,000	175,160
Amgen Inc. *	8,300	463,804
Biomet, Inc.	2,500	106,225
Eli Lilly and Company	4,100	220,211
Forest Laboratories, Inc. *	2,500	128,600
Gilead Sciences, Inc. *	2,500	191,250
Johnson & Johnson ^	15,500	934,030
Laboratory Corporation of America Holdings *	2,500	181,575
McKesson Corporation	2,500	146,350
Medco Health Solutions, Inc. *	1,531	111,043
Medtronic, Inc. ^	4,500	220,770
Merck & Co. Inc.	8,700	384,279
Pfizer Inc. ^	24,960	630,490
Schering-Plough Corporation ^	8,400	214,284
St. Jude Medical, Inc. *	2,500	94,025
Stryker Corporation	2,000	132,640
UnitedHealth Group Incorporated ^	10,000	529,700
Wyeth	5,000	250,150
Zimmer Holdings, Inc. *	2,500	213,525

		5,328,111

INDUSTRIALS - 9.73%		
3M Co.	2,500	191,075
Boeing Company (The)	1,400	124,474
Caterpillar Inc.	2,500	167,575
CSX Corporation	5,000	200,250
Danaher Corporation ^	2,500	178,625
Dover Corporation	1,000	48,810
FedEx Corp.	2,500	268,575
General Dynamics Corporation ^	2,500	191,000
General Electric Company	49,000	1,732,640
Honeywell International Inc.	3,300	151,998
Illinois Tool Works Inc.	2,500	129,000
Lockheed Martin Corporation	2,500	242,550
Norfolk Southern Corporation	2,500	126,500
Raytheon Company	2,500	131,150
Rockwell Automation, Inc. ^	2,500	149,675
Southwest Airlines Co.	3,000	44,100
United Parcel Service, Inc., Class B	4,000	280,400
United Technologies Corporation	4,400	286,000

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DESCRIPTION	NO. OF SHARES	VALUE
Waste Management, Inc.	2,500	86,025
Waters Corporation *	2,500	145,000

		4,875,422

INFORMATION TECHNOLOGY - 13.74%		
Agilent Technologies Inc. *	2,500	84,225
Altera Corporation	2,500	49,975
Apple Computer, Inc. *	5,000	464,550
Applied Materials, Inc.	8,000	146,560
Broadcom Corporation - Class A *	2,500	80,175
Cisco Systems, Inc. *	22,000	561,660
Corning Incorporated *	3,500	79,590
Dell Inc. *	5,700	132,297
eBay Inc. ^ *	4,000	132,600
EMC Corporation *	8,000	110,800
First Data Corporation	4,325	116,342
Fiserv, Inc. ^ *	2,500	132,650
Google Inc. *	1,000	458,160
Hewlett-Packard Company	10,000	401,400
Intel Corporation	17,000	325,210
International Business Machines Corporation	5,700	537,282
Intuit Inc. ^ *	2,500	68,400
Microsoft Corporation	37,500	1,045,125
Motorola, Inc.	8,600	151,962
Network Appliance, Inc. *	2,500	91,300
NVIDIA Corporation *	2,500	71,950
Oracle Corporation ^ *	33,600	609,168
Paychex, Inc.	2,500	94,675
QUALCOMM Inc.	6,800	290,088
Texas Instruments Incorporated	11,000	331,100
Xerox Corporation *	3,000	50,670
Yahoo! Inc. *	8,500	265,965

		6,883,879

MATERIALS - 2.60%		
Air Products & Chemicals, Inc.	2,500	184,900
Alcoa Inc.	3,000	101,700
Dow Chemical Company (The)	3,500	160,510
E. I. du Pont de Nemours and Company	5,800	286,694
International Paper Company	2,300	83,720
Monsanto Company ^	3,546	194,888
Nucor Corporation ^	2,500	162,825
Rohm and Hass Company ^	2,500	129,300

		1,304,537

REAL ESTATE INVESTMENT TRUST - 0.56%		
Simon Property Group, Inc.	2,500	278,125

		278,125

TELECOMMUNICATION SERVICES - 3.82%		

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AT&T Inc.	31,589	1,245,554
Nokia ADR	2,500	57,300
Qwest Communications International Inc. *	10,000	89,900
Sprint Nextel Corporation	7,437	141,006
Verizon Communications Inc.	10,000	379,200

		1,912,960

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DESCRIPTION	NO. OF SHARES	VALUE

UTILITIES - 3.05%		
AES Corporation (The) ^ *	3,000	64,560
Alleghany Energy Inc. *	2,500	122,850
American Electric Power Company, Inc.	5,500	268,125
Duke Energy Corporation	6,600	133,914
FirstEnergy Corp.	2,500	165,600
Southern Company (The)	2,500	91,625
TXU Corp.	7,400	474,340
Williams Companies, Inc. (The)	2,500	71,150
Xcel Energy, Inc.	5,500	135,795

		1,527,959

TOTAL UNITED STATES		
(cost - \$42,143,650)		49,807,438

CZECH REPUBLIC - 0.33%		
CONSUMER DISCRETIONARY - 0.33%		
Bonton a.s. * #	137,180	3,828
Bonton Book a.s. * #	68,590	32,578
Bonton Film Entertainment a.s. * #	68,590	81,446
Bonton Music a.s. * #	68,590	45,039
Bonton Pictures a.s. * #	68,590	2,443

TOTAL CZECH REPUBLIC		
(cost - \$894,864)		165,334

TOTAL EQUITY SECURITIES		
(cost - \$43,038,514)		49,972,772

		PRINCIPAL
		AMOUNT 000's

SHORT-TERM INVESTMENTS - 4.02%		
REPURCHASE AGREEMENTS - 4.02%		
Bear, Stearns & Co. Inc. + ++		
(Agreements dated 3/30/2007 to be repurchased at \$1,335,817, 2.7187%, 4/2/2007, collateralized by \$1,371,191 in United States Treasury Notes)	\$ 1,336	\$1,335,514
Bear, Stearns & Co. Inc. + ++		
(Agreements dated 3/30/2007 to be repurchased at \$525,317, 5.4375%, 4/2/2007, collateralized by \$537,452 in United States Treasury Notes)	525	525,079

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Bear, Stearns & Co. Inc. (Agreements dated 3/30/2007 to be repurchased at \$152,148, 5.1000%, 4/2/2007, collateralized by \$158,479 in United States Treasury Notes)	152	152,083 ----- 2,012,676 -----
TOTAL SHORT-TERM INVESTMENTS (cost - \$2,012,676)		2,012,676 -----
TOTAL INVESTMENTS - 103.79% (cost - \$45,051,190)		51,985,448 -----
LIABILITIES IN EXCESS OF OTHER ASSETS - (3.79)%		(1,900,024) -----
NET ASSETS - 100.00%		\$50,085,424 =====

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ADR American Depositary Receipt

- * Non-income producing security.
- + Stated interest rate, before rebate earned by borrower of securities on loan.
- ++ Represents investment purchased with collateral received for securities on loan.
- ^ Security or a portion thereof is out on loan.
- # Securities are fair valued in accordance with procedures established by the Board of Directors.

At March 31, 2007, the Fund held 0.33% of its net assets in securities valued in good faith by the Board of Directors with an aggregate cost of \$894,864 and a fair value of \$165,334.

Federal Income Tax Cost: At March 31, 2007, 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 \$45,102,819, \$10,319,840, (\$3,437,211), \$6,882,629, respectively.

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 9, 2007 with a file number 811-02363.

Securities and assets for which market quotations are not readily available are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of financial and non-financial information about the company; comparisons to the valuation and changes in valuation of similar securities, including reference to special reports prepared by analysts and or reports published in

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the financial press, the financial conditions and prospects of the issuer available, including considering any recent management or capital structure changes or other recent events that may impact the price of the security; and evaluation of any other information that could be indicative of the value of the security.

Other information regarding the Fund is available in the Fund's most recent annual report filed with the Securities and Exchange Commission on Form N-CSR on March 9, 2007, file number 811-02363. This information is also available to registered shareholders by calling (800) 937-5449. For general inquiries, please call (212) 272-3550. 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) As of a date within 90 days from the filing date of this report, the principal executive officer and principal financial officer concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")), were effective based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the Act and Rules 13a-15(b) or 15d-15(b) under the Securities and Exchange Act of 1934.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) 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

1. The certifications of the registrant as required by Rule 30a-2(a) under the Act are exhibits to this report.

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.

Cornerstone Total Return Fund, Inc.

/s/ Ralph W. Bradshaw

Name: Ralph W. Bradshaw
Title: Principal Executive Officer
Date: May 25, 2007

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.

/s/ Ralph W. Bradshaw

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Name: Ralph W. Bradshaw
Title: Principal Executive Officer
Date: May 25, 2007

/s/ Jodi B. Levine

Name: Jodi B. Levine
Title: Principal Financial Officer
Date: May 25, 2007