

CORNERSTONE PROGRESSIVE RETURN FUND
Form N-Q
May 24, 2012

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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)

Theresa M. Bridge

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) 326-3597

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Date of fiscal year end: December 31, 2012

Date of reporting period: March 31, 2012

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 - MARCH 31, 2012 (Unaudited)

| Description | No. of Shares | Value |
|---|---------------|-----------|
| EQUITY SECURITIES - 98.27% | | |
| CLOSED-END FUNDS - 92.69% | | |
| CONVERTIBLE SECURITIES - 2.26% | | |
| Advent Claymore Global Convertible Securities and Income Fund II | 126,327 | \$869,130 |
| AGIC Equity & Convertible Income Fund | 56,110 | 996,514 |
| | | 1,865,644 |
| CORE - 2.55% | | |
| Adams Express Company (The) | 1,109 | 12,177 |
| General American Investors Company, Inc. | 12,800 | 371,456 |
| Guggenheim Enhanced Equity Strategy Fund | 1,500 | 25,800 |
| Liberty All-Star Equity Fund | 120,426 | 593,700 |
| Liberty All-Star Growth Fund, Inc. | 6,800 | 29,580 |
| Royce Value Trust, Inc. | 14,400 | 199,872 |
| Source Capital, Inc. | 9,000 | 477,000 |
| Zweig Fund, Inc. (The) | 122,548 | 393,379 |
| | | 2,102,964 |
| CORPORATE DEBT FUNDS INVESTMENT GRADE-RATED - 4.09% | | |
| Cutwater Select Income Fund | 1 | 27 |
| Federated Enhanced Treasury Income Fund | 59,077 | 871,977 |
| Western Asset Inflation Management Fund Inc. | 4,269 | 75,903 |
| Western Asset/Claymore Inflation-Linked Opportunities & Income Fund | 134,498 | 1,720,229 |
| Western Asset/Claymore Inflation-Linked Securities & Income Fund | 55,046 | 701,286 |
| | | 3,369,422 |
| DEVELOPED MARKET - 1.74% | | |
| European Equity Fund, Inc. (The) | 1,500 | 10,170 |
| Japan Equity Fund, Inc. (The) | 7,200 | 40,824 |
| Japan Smaller Capitalization Fund, Inc. | 162,524 | 1,274,188 |
| Morgan Stanley Asia Pacific Fund, Inc. | 1,800 | 26,748 |
| New Germany Fund, Inc. (The) | 2,100 | 31,668 |
| New Ireland Fund, Inc. (The) | 6,600 | 53,592 |
| Swiss Helvetia Fund, Inc. (The) | 100 | 1,121 |
| | | 1,438,311 |
| EMERGING MARKETS - 2.45% | | |
| DWS Global High Income Fund, Inc. | 711 | 5,752 |
| First Israel Fund, Inc. | 4,794 | 66,397 |
| India Fund, Inc. (The) | 53,519 | 1,193,474 |
| Morgan Stanley Frontier Emerging Markets Fund, Inc. | 10,373 | 118,148 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
 SCHEDULE OF INVESTMENTS - MARCH 31, 2012 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|--|---------------|-----------|
| CLOSED-END FUNDS (Continued) | | |
| EMERGING MARKETS (Continued) | | |
| Morgan Stanley India Investment Fund, Inc. | 35,000 | \$579,600 |
| Templeton Russia and East European Fund, Inc. | 3,500 | 57,540 |
| | | 2,020,911 |
| EMERGING MARKETS DEBT - 0.41% | | |
| Morgan Stanley Emerging Markets Debt Fund, Inc. | 6,208 | 67,357 |
| Templeton Emerging Markets Income Fund | 17,200 | 269,696 |
| | | 337,053 |
| FLEXIBLE INCOME - 5.50% | | |
| Putnam Master Intermediate Income Trust | 123,505 | 636,051 |
| Putnam Premier Income Trust | 331,000 | 1,823,810 |
| Zweig Total Return Fund, Inc. (The) | 648,533 | 2,075,306 |
| | | 4,535,167 |
| GENERAL & INSURED LEVERAGED - 0.30% | | |
| BlackRock MuniHoldings Quality Fund II, Inc. | 15,600 | 217,932 |
| Invesco Value Municipal Bond Trust | 2,200 | 32,956 |
| | | 250,888 |
| GENERAL & INSURED UNLEVERAGED - 0.04% | | |
| Nuveen Municipal Value Fund 2 | 2,000 | 33,340 |
| GENERAL BOND - 0.49% | | |
| Nuveen Build America Bond Fund | 14,544 | 293,498 |
| Nuveen Build America Bond Opportunity Fund | 5,295 | 111,036 |
| | | 404,534 |
| GENERAL MUNICIPAL LEVERAGED - 1.62% | | |
| Eaton Vance Municipal Bond Fund | 85,634 | 1,113,242 |
| Eaton Vance Tax-Advantaged Bond and Option Strategies Fund | 10,265 | 173,479 |
| Nuveen Municipal Market Opportunity Fund, Inc. | 3,393 | 47,807 |
| | | 1,334,528 |
| GLOBAL - 6.76% | | |
| Alpine Total Dynamic Dividend Fund | 21,300 | 100,962 |
| Clough Global Allocation Fund | 33,200 | 462,808 |
| Clough Global Equity Fund | 48,769 | 639,362 |
| Clough Global Opportunities Fund | 181,064 | 2,131,123 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
 SCHEDULE OF INVESTMENTS - MARCH 31, 2012 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|---|---------------|-------------|
| CLOSED-END FUNDS (Continued) | | |
| GLOBAL (Continued) | | |
| Eaton Vance Tax-Advantaged Global Dividend Opportunities Fund | 59,200 | \$1,159,136 |
| First Trust Active Dividend Income Fund (The) | 32,295 | 280,967 |
| Gabelli Global Multimedia Trust Inc. | 3,293 | 23,874 |
| GDL Fund (The) | 34,679 | 425,511 |
| Lazard Global Total Return & Income Fund, Inc. | 4,600 | 68,724 |
| Lazard World Dividend & Income Fund, Inc. | 16,147 | 196,993 |
| Nuveen Global Value Opportunities Fund | 5,300 | 86,443 |
| | | 5,575,903 |
| GLOBAL INCOME - 1.49% | | |
| Nuveen Global Government Enhanced Income Fund | 22,058 | 316,091 |
| Nuveen Multi-Currency Short-Term Government Income Fund | 69,286 | 915,961 |
| | | 1,232,052 |
| HIGH CURRENT YIELD (LEVERAGED) - 0.11% | | |
| Helios Strategic Income Fund, Inc. | 14,915 | 88,595 |
| INCOME & PREFERRED STOCK - 0.17% | | |
| Dividend and Income Fund, Inc. | 22,036 | 79,770 |
| Nuveen Tax-Advantaged Floating Rate Fund | 25,003 | 60,507 |
| | | 140,277 |
| LOAN PARTICIPATION - 3.73% | | |
| BlackRock Defined Opportunity Credit Trust | 2,700 | 36,180 |
| BlackRock Diversified Income Strategies Fund, Inc. | 30,547 | 314,023 |
| BlackRock Floating Rate Income Strategies Fund II, Inc. | 2,949 | 41,139 |
| BlackRock Floating Rate Income Trust | 3,949 | 56,352 |
| Eaton Vance Senior Floating-Rate Trust | 84,833 | 1,292,855 |
| Eaton Vance Senior Income Trust | 49,411 | 356,253 |
| Invesco Van Kampen Dynamic Credit Opportunities Fund | 70,986 | 829,117 |
| Invesco Van Kampen Senior Income Trust | 30,796 | 151,208 |
| | | 3,077,127 |
| OPTION ARBITRAGE/OPTIONS STRATEGIES - 51.36% | | |
| AGIC International & Premium Strategy Fund | 8,400 | 92,148 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
 SCHEDULE OF INVESTMENTS - MARCH 31, 2012 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|---|---------------|-------------|
| CLOSED-END FUNDS (Continued) | | |
| OPTION ARBITRAGE/OPTIONS STRATEGIES (Continued) | | |
| BlackRock Enhanced Capital & Income Fund, Inc. | 202,852 | \$2,736,473 |
| BlackRock Enhanced Equity Dividend Trust | 450,387 | 3,377,903 |
| BlackRock Global Opportunities Equity Trust | 59,478 | 912,987 |
| BlackRock International Growth and Income Trust | 331,347 | 2,601,074 |
| Cohen & Steers Global Income Builder, Inc. | 66,097 | 707,238 |
| Dow 30 Enhanced Premium & Income Fund Inc. | 16,000 | 180,000 |
| Eaton Vance Enhanced Equity Income Fund | 208,336 | 2,304,196 |
| Eaton Vance Enhanced Equity Income Fund II | 243,653 | 2,650,945 |
| Eaton Vance Risk-Managed Diversified Equity Income Fund | 361,450 | 3,827,756 |
| Eaton Vance Tax-Managed Buy-Write Income Fund | 137,818 | 1,888,107 |
| Eaton Vance Tax-Managed Buy-Write Opportunities Fund | 208,578 | 2,698,999 |
| Eaton Vance Tax-Managed Diversified Equity Income Fund | 407,200 | 3,880,616 |
| Eaton Vance Tax-Managed Global Buy-Write Opportunities Fund | 367,136 | 4,053,181 |
| Eaton Vance Tax-Managed Global Diversified Equity Income Fund | 467,796 | 4,168,062 |
| First Trust Enhanced Equity Income Fund | 29,580 | 357,326 |
| ING Global Advantage and Premium Opportunity Fund | 47,439 | 572,114 |
| Madison Strategic Sector Premium Fund | 18,900 | 223,209 |
| Madison/Claymore Covered Call & Equity Strategy Fund | 56,456 | 466,891 |
| Nuveen Equity Premium Advantage Fund | 76,057 | 921,811 |
| Nuveen Equity Premium and Growth Fund | 22,193 | 295,833 |
| Nuveen Equity Premium Income Fund | 118,860 | 1,422,754 |
| Nuveen Equity Premium Opportunity Fund | 166,495 | 2,027,909 |
| | | 42,367,532 |
| PACIFIC EX JAPAN - 3.09% | | |
| Asia Tigers Fund, Inc. (The) | 1,207 | 16,343 |
| JF China Region Fund, Inc. | 100 | 1,273 |
| Morgan Stanley China A Share Fund, Inc. | 129,333 | 2,533,633 |
| | | 2,551,249 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
 SCHEDULE OF INVESTMENTS - MARCH 31, 2012 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|--|---------------|------------|
| CLOSED-END FUNDS (Continued) | | |
| REAL ESTATE - 3.06% | | |
| Alpine Global Premier Properties Fund | 32,900 | \$213,850 |
| CBRE Clarion Global Real Estate Income Fund | 105,448 | 847,802 |
| Cohen & Steers Quality Income Realty Fund, Inc. | 20,200 | 198,364 |
| LMP Real Estate Income Fund, Inc. | 32,652 | 335,010 |
| Neuberger Berman Real Estate Securities Income Fund Inc. | 216,652 | 927,271 |
| RMR Asia Pacific Real Estate Fund | 1 | 15 |
| | | 2,522,312 |
| SECTOR EQUITY - 1.40% | | |
| Gabelli Healthcare & WellnessRx Trust (The) | 22,831 | 190,182 |
| ING Risk Managed Natural Resources Fund | 72,416 | 888,544 |
| Nuveen MLP & Strategic Equity Fund, Inc. | 4,496 | 80,029 |
| | | 1,158,755 |
| VALUE - 0.07% | | |
| Royce Focus Trust, Inc. | 8,000 | 55,680 |
| | | |
| TOTAL CLOSED-END FUNDS | | 76,462,244 |
| CONSUMER DISCRETIONARY - 0.45% | | |
| Comcast Corporation - Class A | 3,358 | 100,774 |
| DIRECTV - Class A * | 4,000 | 197,360 |
| Time Warner, Inc. | 2,000 | 75,500 |
| | | 373,634 |
| CONSUMER STAPLES - 0.52% | | |
| Wal-Mart Stores, Inc. | 7,000 | 428,400 |
| ENERGY - 1.02% | | |
| Chevron Corporation | 5,000 | 536,200 |
| ConocoPhillips | 4,000 | 304,040 |
| | | 840,240 |
| FINANCIALS - 0.77% | | |
| AFLAC, Inc. | 2,000 | 91,980 |
| American Express Company | 3,000 | 173,580 |
| JPMorgan Chase & Co. | 8,000 | 367,840 |
| | | 633,400 |
| HEALTH CARE - 0.75% | | |
| Abbott Laboratories | 3,000 | 183,870 |
| Becton, Dickinson and Company | 3,000 | 232,950 |

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
 SCHEDULE OF INVESTMENTS - MARCH 31, 2012 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|---|---------------|--------------|
| HEALTH CARE (Continued) | | |
| Cardinal Health, Inc. | 2,000 | \$86,220 |
| Merck & Company, Inc. | 3,000 | 115,200 |
| | | 618,240 |
| INDUSTRIALS - 0.60% | | |
| Emerson Electric Company | 2,000 | 104,360 |
| Union Pacific Corporation | 2,000 | 214,960 |
| United Technologies Corporation | 2,108 | 174,837 |
| | | 494,157 |
| INFORMATION TECHNOLOGY - 1.29% | | |
| International Business Machines Corporation | 3,000 | 625,950 |
| Oracle Corporation | 15,000 | 437,400 |
| | | 1,063,350 |
| MATERIALS - 0.10% | | |
| Freeport-McMoRan Copper & Gold, Inc. | 2,238 | 85,134 |
| UTILITIES - 0.08% | | |
| Duke Energy Corporation | 3,000 | 63,030 |
| TOTAL EQUITY SECURITIES (cost - \$80,942,410) | | 81,061,829 |
| SHORT-TERM INVESTMENT - 2.64% | | |
| MONEY MARKET FUND - 2.64% | | |
| Fidelity Institutional Money Market Government Portfolio - Class I (cost - \$2,175,724) | 2,175,724 | 2,175,724 |
| TOTAL INVESTMENTS - 100.91% (cost - \$83,118,134) | | 83,237,553 |
| LIABILITIES IN EXCESS OF OTHER ASSETS - (0.91)% | | (746,921) |
| NET ASSETS - 100.00% | | \$82,490,632 |

* Non-income producing security

See accompanying notes to schedule of investments.

CORNERSTONE PROGRESSIVE RETURN FUND
 NOTES TO SCHEDULE OF INVESTMENTS
 March 31, 2012 (UNAUDITED)

Federal Income Tax Cost: At March 31, 2012 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 \$83,141,865, \$2,685,279, \$(2,589,591) and \$95,688, respectively.

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.

The following is a summary of the inputs used as of March 31, 2012 in valuing the Fund’s investments carried at value:

| VALUATION INPUTS | INVESTMENTS IN SECURITIES | OTHER FINANCIAL INSTRUMENTS* |
|---|---------------------------------|------------------------------------|
| Level 1 - Quoted Prices | | |
| Equity Investments | \$ 81,061,829 | \$ - |
| Short-Term Investments | 2,175,724 | - |
| Level 2 - Other Significant Observable Inputs | - | - |
| Level 3 – Significant Unobservable Inputs | - | - |
| Total | \$ 83,237,553 | \$ - |

* 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.

During the three months ended March 31, 2012, 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, 2012.

The disclosures for the Fund's fiscal year beginning January 1, 2012 relate to presenting separately any Level 3 purchases, sales, issuances and settlements on a gross basis instead of one net amount. Management will continue to evaluate the impact of ASU No. 2010-6 for the required disclosures.

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 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 three months ended March 31, 2012, 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 annual report previously filed with the Securities and Exchange Commission on the Form N-CSR on March 2, 2012 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 2, 2012, 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 May 24, 2012

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, 2012

By (Signature and Title)* /s/ Theresa M. Bridge
Theresa M. Bridge, Treasurer
(Principal Financial Officer)

Date May 8, 2012

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