

CORNERSTONE STRATEGIC VALUE FUND INC  
Form N-Q  
November 26, 2012

OMB  
APPROVAL

OMB  
Number:  
3235-0578

Expires:  
April 30,  
2013

Estimated  
average  
burden hours  
per response:  
5.6

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 811-05150

Cornerstone Strategic Value Fund, Inc.

---

(Exact name of registrant as specified in charter)

225 Pictoria Drive, Suite 450      Cincinnati,      45246  
Ohio

(Address of principal executive offices)      (Zip  
code)

Theresa M. Bridge

Ultimus Fund Solutions, LLC      225 Pictoria Drive, Suite 450      Cincinnati, OH 45246

---

(Name and address of agent for service)

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

Edgar Filing: CORNERSTONE STRATEGIC VALUE FUND INC - Form N-Q

Date of fiscal year end: December 31, 2012

Date of reporting period: September 30, 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 STRATEGIC VALUE FUND, INC.  
SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2012 (Unaudited)

| Description  | No. of Shares | Value     |
|--|---------------|-----------|
| EQUITY SECURITIES - 99.36%   |               |           |
| CLOSED-END FUNDS - 49.48%  |               |           |
| CONVERTIBLE SECURITIES - 0.92%   |               |           |
| Advent Claymore Global Convertible Securities and Income Fund II           | 112,916       | \$759,925 |
| AGIC Equity & Convertible Income Fund                                      | 3,178         | 55,551    |
|  |               | 815,476   |
| CORE - 2.34%   |               |           |
| Adams Express Company (The)  | 11,100        | 125,874   |
| Advent/Claymore Enhanced Growth & Income Fund                              | 3,916         | 37,750    |
| General American Investors Company, Inc.                                   | 32,041        | 931,752   |
| Liberty All-Star Growth Fund, Inc.   | 26,884        | 113,719   |
| Tri-Continental Corporation  | 26,675        | 432,669   |
| Zweig Fund, Inc. (The)   | 33,767        | 427,490   |
|  |               | 2,069,254 |
| CORPORATE DEBT FUNDS INVESTMENT GRADE-RATED - 3.26%                        |               |           |
| Federated Enhanced Treasury Income Fund                                    | 47,044        | 672,729   |
| Western Asset/Claymore Inflation-Linked Opportunities & Income Fund        | 100,155       | 1,347,085 |
| Western Asset/Claymore Inflation-Linked Securities & Income Fund           | 65,367        | 867,420   |
|  |               | 2,887,234 |
| DEVELOPED MARKET - 1.35%   |               |           |
| Japan Smaller Capitalization Fund, Inc.                                    | 88,375        | 635,416   |
| New Germany Fund, Inc. (The)   | 2,235         | 32,430    |
| Singapore Fund, Inc. (The)   | 22,517        | 311,185   |
| Swiss Helvetia Fund, Inc. (The)  | 19,647        | 211,795   |
|  |               | 1,190,826 |
| EMERGING MARKETS - 1.22%   |               |           |
| Aberdeen Emerging Markets Telecommunications and Infrastructure Fund, Inc. | 2,700         | 55,836    |
| India Fund, Inc. (The)   | 19,600        | 455,504   |
| Morgan Stanley India Investment Fund, Inc. *                               | 22,599        | 394,805   |
| Templeton Dragon Fund, Inc.  | 4,300         | 110,209   |
| Templeton Emerging Markets Fund  | 3,300         | 60,786    |
|  |               | 1,077,140 |
| FLEXIBLE INCOME - 0.67%  |               |           |
| Putnam Premier Income Trust  | 103,693       | 594,161   |

See accompanying notes to schedule of investments.

## CORNERSTONE STRATEGIC VALUE FUND, INC.

## SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2012 (Unaudited) (Continued)

| Description   | No. of Shares | Value     |
|---|---------------|-----------|
| <b>GENERAL &amp; INSURED LEVERAGED - 0.06%</b>                |               |           |
| Invesco Value Municipal Bond Trust                            | 3,300         | \$52,635  |
| <b>GENERAL BOND - 0.17%</b>                                   |               |           |
| Nuveen Build America Bond Opportunity Fund                    | 6,795         | 149,830   |
| <b>GLOBAL - 6.13%</b>   |               |           |
| AGIC Global Equity & Convertible Income Fund                  | 25,361        | 340,345   |
| Alpine Total Dynamic Dividend Fund                            | 143,228       | 634,500   |
| Clough Global Allocation Fund                                 | 32,004        | 433,014   |
| Clough Global Equity Fund                                     | 49,799        | 643,403   |
| Clough Global Opportunities Fund                              | 189,110       | 2,212,587 |
| Eaton Vance Tax-Advantaged Global Dividend Opportunities Fund | 27,243        | 538,867   |
| First Trust Active Dividend Income Fund                       | 38,918        | 329,635   |
| Lazard World Dividend & Income Fund, Inc.                     | 24,034        | 292,253   |
|   |               | 5,424,604 |
| <b>GLOBAL INCOME - 1.43%</b>                                  |               |           |
| Global Income & Currency Fund Inc.                            | 9,115         | 124,237   |
| Nuveen Multi-Currency Short-Term Government Income Fund       | 86,066        | 1,136,071 |
|   |               | 1,260,308 |
| <b>INCOME &amp; PREFERRED STOCK - 1.32%</b>                   |               |           |
| Zweig Total Return Fund, Inc. (The)                           | 92,536        | 1,171,506 |
| <b>OPTION ARBITRAGE/OPTIONS STRATEGIES - 27.68%</b>           |               |           |
| BlackRock Enhanced Capital & Income Fund, Inc.                | 7,093         | 92,706    |
| BlackRock Enhanced Equity Dividend Trust                      | 286,419       | 2,165,328 |
| BlackRock Global Opportunities Equity Trust                   | 154,382       | 2,104,227 |
| BlackRock International Growth and Income Trust               | 174,713       | 1,273,658 |
| Dow 30 Premium & Dividend Income Fund, Inc.                   | 10,300        | 143,891   |
| Eaton Vance Enhanced Equity Income Fund                       | 108,700       | 1,204,396 |
| Eaton Vance Enhanced Equity Income Fund II                    | 164,200       | 1,819,336 |
| Eaton Vance Risk-Managed Diversified Equity Income Fund       | 280,148       | 2,949,958 |
| Eaton Vance Tax-Managed Buy-Write Opportunities Fund          | 95,600        | 1,243,756 |

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2012 (Unaudited) (Continued)

| Description   | No. of Shares | Value       |
|---|---------------|-------------|
| OPTION ARBITRAGE/OPTIONS STRATEGIES (Continued)               |               |             |
| Eaton Vance Tax-Managed Diversified Equity Income Fund        | 371,208       | \$3,530,188 |
| Eaton Vance Tax-Managed Global Buy-Write Opportunities Fund   | 296,975       | 3,296,422   |
| Eaton Vance Tax-Managed Global Diversified Equity Income Fund | 455,011       | 4,008,647   |
| First Trust Enhanced Equity Income Fund                       | 16,800        | 205,128     |
| Madison Strategic Sector Premium Fund                         | 11,612        | 138,880     |
| Nuveen Equity Premium Advantage Fund                          | 24,237        | 306,840     |
|   |               | 24,483,361  |
| PACIFIC EX JAPAN - 0.96%                                      |               |             |
| Morgan Stanley China A Share Fund, Inc.                       | 45,347        | 847,082     |
| REAL ESTATE - 0.12%   |               |             |
| Neuberger Berman Real Estate Securities Income Fund Inc.      | 21,816        | 102,972     |
| SECTOR EQUITY - 1.85%   |               |             |
| BlackRock EcoSolutions Investment Trust                       | 24,379        | 212,341     |
| Gabelli Healthcare & WellnessRx Trust (The)                   | 9,221         | 84,003      |
| ING Risk Managed Natural Resources Fund                       | 65,307        | 793,480     |
| Petroleum & Resources Corporation                             | 20,809        | 546,028     |
|   |               | 1,635,852   |
| TOTAL CLOSED-END FUNDS  |               | 43,762,241  |
| CONSUMER DISCRETIONARY - 5.31%                                |               |             |
| CBS Corporation - Class B                                     | 5,000         | 181,650     |
| Comcast Corporation - Class A                                 | 20,655        | 738,829     |
| DIRECTV *   | 7,000         | 367,220     |
| Family Dollar Stores, Inc.                                    | 2,000         | 132,600     |
| Home Depot, Inc. (The)  | 6,600         | 398,442     |
| McDonald's Corporation  | 3,400         | 311,950     |
| Starbucks Corporation   | 2,800         | 142,100     |
| Target Corporation  | 8,800         | 558,536     |
| Time Warner Cable, Inc.                                       | 1,966         | 186,888     |
| Time Warner, Inc.   | 4,900         | 222,117     |
| TJX Companies, Inc. (The)                                     | 14,000        | 627,060     |
| Viacom Inc. - Class B   | 5,450         | 292,066     |
| Walt Disney Company (The)                                     | 10,200        | 533,256     |
|   |               | 4,692,714   |

See accompanying notes to schedule of investments.

## CORNERSTONE STRATEGIC VALUE FUND, INC.

## SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2012 (Unaudited) (Continued)

| Description                       | No. of Shares | Value     |
|-----------------------------------|---------------|-----------|
| <b>CONSUMER STAPLES - 5.44%</b>   |               |           |
| Altria Group, Inc.                | 20,800        | \$694,512 |
| Coca-Cola Company (The)           | 27,000        | 1,024,110 |
| Costco Wholesale Corporation      | 2,500         | 250,312   |
| CVS Caremark Corporation          | 10,430        | 505,021   |
| Philip Morris International, Inc. | 7,400         | 665,556   |
| Wal-Mart Stores, Inc.             | 22,700        | 1,675,260 |
|                                   |               | 4,814,771 |
| <b>ENERGY - 6.04%</b>             |               |           |
| Chevron Corporation               | 15,732        | 1,833,722 |
| ConocoPhillips                    | 4,974         | 284,414   |
| Exxon Mobil Corporation           | 26,936        | 2,463,297 |
| Halliburton Company               | 7,000         | 235,830   |
| Marathon Oil Corporation          | 5,000         | 147,850   |
| Phillips 66                       | 7,487         | 347,172   |
| WPX Energy, Inc. *                | 1,666         | 27,639    |
|                                   |               | 5,339,924 |
| <b>FINANCIALS - 6.45%</b>         |               |           |
| AFLAC, Inc.                       | 5,500         | 263,340   |
| American Express Company          | 6,400         | 363,904   |
| Aon plc                           | 3,500         | 183,015   |
| BB&T Corporation                  | 5,000         | 165,800   |
| Capital One Financial Corporation | 4,500         | 256,545   |
| Discover Financial Services       | 6,000         | 238,380   |
| Fifth Third Bancorp               | 9,000         | 139,590   |
| Franklin Resources, Inc.          | 1,500         | 187,605   |
| JPMorgan Chase & Co.              | 30,132        | 1,219,744 |
| Marsh & McLennan Companies, Inc.  | 10,000        | 339,300   |
| MetLife, Inc.                     | 7,000         | 241,220   |
| U.S. Bancorp                      | 16,401        | 562,554   |
| Wells Fargo & Company             | 44,800        | 1,546,944 |
|                                   |               | 5,707,941 |
| <b>HEALTH CARE - 6.74%</b>        |               |           |
| Abbott Laboratories               | 13,200        | 904,992   |
| Aetna, Inc.                       | 2,500         | 99,000    |
| Amgen Inc.                        | 7,800         | 657,696   |
| Biogen Idec, Inc. *               | 4,000         | 596,920   |
| Bristol-Myers Squibb Company      | 19,000        | 641,250   |
| Cardinal Health, Inc.             | 7,950         | 309,811   |
| Covidien plc                      | 4,099         | 243,563   |
| Express Scripts Holding Company * | 3,240         | 203,051   |
| Gilead Sciences, Inc. *           | 5,500         | 364,815   |
| McKesson Corporation              | 1,800         | 154,854   |
| Merck & Company, Inc.             | 22,267        | 1,004,242 |

See accompanying notes to schedule of investments.

---

## CORNERSTONE STRATEGIC VALUE FUND, INC.

## SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2012 (Unaudited) (Continued)

| Description                                 | No. of Shares | Value      |
|---|---------------|------------|
| HEALTH CARE (Continued)                     |               |            |
| Thermo Fisher Scientific Inc.               | 3,000         | \$ 176,490 |
| UnitedHealth Group, Inc.                    | 11,000        | 609,510    |
|   |               | 5,966,194  |
| INDUSTRIALS - 4.80%                         |               |            |
| Caterpillar Inc.                            | 5,300         | 456,012    |
| CSX Corporation                             | 10,500        | 217,875    |
| Deere & Company                             | 6,500         | 536,185    |
| General Dynamics Corporation                | 3,200         | 211,584    |
| General Electric Company                    | 35,000        | 794,850    |
| Honeywell International Inc.                | 5,000         | 298,750    |
| Illinois Tool Works, Inc.                   | 2,500         | 148,675    |
| Lockheed Martin Corporation                 | 3,000         | 280,140    |
| Norfolk Southern Corporation                | 3,000         | 190,890    |
| Northrop Grumman Corporation                | 3,000         | 199,290    |
| Raytheon Company                            | 3,500         | 200,060    |
| Union Pacific Corporation                   | 4,000         | 474,800    |
| United Technologies Corporation             | 3,000         | 234,870    |
|   |               | 4,243,981  |
| INFORMATION TECHNOLOGY - 9.63%              |               |            |
| Apple Inc.                                  | 6,900         | 4,604,094  |
| International Business Machines Corporation | 8,100         | 1,680,345  |
| Microsoft Corporation                       | 41,800        | 1,244,804  |
| Oracle Corporation                          | 31,272        | 984,755    |
|   |               | 8,513,998  |
| MATERIALS - 1.50%                           |               |            |
| Air Products & Chemicals, Inc.              | 2,000         | 165,400    |
| Dow Chemical Company (The)                  | 5,000         | 144,800    |
| E.I. du Pont de Nemours and Company         | 9,500         | 477,565    |
| International Paper Company                 | 2,000         | 72,640     |
| Praxair, Inc.                               | 4,500         | 467,460    |
|   |               | 1,327,865  |
| TELECOMMUNICATION SERVICES - 2.10%          |               |            |
| AT&T, Inc.                                  | 30,039        | 1,132,470  |
| Verizon Communications, Inc.                | 16,000        | 729,120    |
|   |               | 1,861,590  |
| UTILITIES - 1.87%                           |               |            |
| American Electric Power Company, Inc.       | 2,000         | 87,880     |
| Duke Energy Corporation                     | 7,879         | 510,559    |
| Exelon Corporation                          | 3,000         | 106,740    |
| FirstEnergy Corporation                     | 3,000         | 132,300    |
| NextEra Energy, Inc.                        | 4,000         | 281,320    |
| Public Service Enterprises Group, Inc.      | 4,500         | 144,810    |
| Southern Company (The)                      | 6,000         | 276,540    |



See accompanying notes to schedule of investments.

---

CORNERSTONE STRATEGIC VALUE FUND, INC.

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2012 (Unaudited) (Concluded)

| Description   | No. of Shares | Value                   |
|---|---------------|-------------------------|
| UTILITIES (Continued)   |               |                         |
| Xcel Energy, Inc.   | 4,000         | \$ 110,840<br>1,650,989 |
| TOTAL EQUITY SECURITIES (cost - \$72,616,871)   |               | 87,882,208              |
| SHORT-TERM INVESTMENTS - 0.85%  |               |                         |
| MONEY MARKET FUNDS - 0.85%  |               |                         |
| Fidelity Institutional Money Market Government Portfolio - Class I, 0.01%^ (cost - \$750,985) | 750,985       | 750,985                 |
| TOTAL INVESTMENTS - 100.21% (cost - \$73,367,856)   |               | 88,633,193              |
| LIABILITIES IN EXCESS OF OTHER ASSETS - (0.21)%   |               | (190,108 )              |
| NET ASSETS - 100.00%  |               | \$88,443,085            |

\* Non-income producing security.

^ Variable rate security. The rate shown is the 7-day effective yield as of September 30, 2012.

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.  
 NOTES TO SCHEDULE OF INVESTMENTS  
 September 30, 2012 (UNAUDITED)

Federal Income Tax Cost: The following information is computed on a tax basis for each item as of September 30, 2012:

|                               |              |
|-------------------------------|--------------|
| Cost of portfolio investments | \$73,367,856 |
| Gross unrealized appreciation | \$16,252,694 |
| Gross unrealized depreciation | (987,357 )   |
| Net unrealized appreciation   | \$15,265,337 |

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 September 30, 2012 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                       |                                 |                                    |
| Equity Investments                            | \$ 87,882,208                   | \$ -                               |
| Short-Term Investments                        | 750,985                         | -                                  |
| Level 2 - Other Significant Observable Inputs | -                               | -                                  |
| Level 3 – Significant Unobservable Inputs     | -                               | -                                  |
| Total   | \$ 88,633,193                   | \$ -                               |

\* 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 September 30, 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 September 30, 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.

The Fund is exposed to financial market risks, including the valuations of its investment portfolio. During the nine months ended September 30, 2012, 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 semi-annual report previously filed with the Securities and Exchange Commission on the Form N-CSR on September 4, 2012 with a file number 811-05150.

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 4, 2012, file number 811-05150. 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 Strategic Value Fund, Inc.

By (Signature and Title)\*                    /s/ Ralph W. Bradshaw  
Ralph W. Bradshaw, President and  
Chairman  
(Principal Executive Officer)

Date                    November 26, 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                    November 26, 2012

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

Date                    November 26, 2012

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