

CORNERSTONE STRATEGIC VALUE FUND INC
Form N-Q
May 22, 2009

OMB APPROVAL

OMB Number: 3235-0578

Expires: April 30, 2010

Estimated average burden
hours per response: 10.5

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)

305 Madison Avenue, Suite 740 New York, New York 10165

(Address of principal executive offices) (Zip code)

Frank J. Maresca

Ultimus Fund Solutions, LLC 305 Madison Avenue, Suite 740 New York, NY 10165

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 652-6155

Date of fiscal year end: December 31, 2009

Date of reporting period: March 31, 2009

Form N-Q is to be used by management investment companies other than small business investment companies registered on Form N-5 (ss.ss. 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

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

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. ss. 3507.

ITEM 1. SCHEDULE OF INVESTMENTS.

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - MARCH 31, 2009 (UNAUDITED)

DESCRIPTION	NO. OF SHARES	VALUE

EQUITY SECURITIES - 99.54%		
CLOSED-END FUNDS - 8.75%		
Adams Express Company (The) (a)	49,500	\$ 370,755
Advent/Claymore Enhanced Growth & Income Fund	61,070	469,018
BlackRock Dividend Achievers Trust	15,600	98,904
Dreman/Claymore Dividend & Income Fund ^	69,100	100,195
General American Investors Company, Inc.	3,000	46,050
Liberty All-Star Equity Fund	475,030	1,391,838
Liberty All-Star Growth Fund	266,201	641,544
Tri-Continental Corporation	19,800	166,716
Zweig Fund, Inc. ^	425,550	1,059,619

		4,344,639

CONSUMER DISCRETIONARY - 7.00%		
Amazon.com, Inc. *	3,000	220,320
Best Buy Company, Inc.	2,500	94,900
Comcast Corporation - Class A	11,555	157,610
DIRECTV Group, Inc. (The) ^ *	4,000	91,160
Gap, Inc. (The)	9,200	119,508
Home Depot, Inc. (The)	2,000	47,120
Lowe's Companies, Inc.	5,900	107,675
McDonald's Corporation	14,400	785,808
News Corporation - Class A	10,000	66,200
NIKE, Inc. - Class B	6,100	286,029
Omnicom Group, Inc. ^	6,200	145,080
Staples, Inc.	10,800	195,588
Starbucks Corporation ^ *	2,800	31,108
Target Corporation	6,800	233,852
Time Warner Cable, Inc. ^	1,966	48,763
TJX Companies, Inc. (The) ^	3,000	76,920
Toyota Motor Corporation - ADR ^	2,500	158,250
Viacom, Inc. - Class B *	5,450	94,721
Walt Disney Company (The) ^	28,200	512,112

		3,472,724

CONSUMER STAPLES - 12.61%		
Altria Group, Inc.	13,300	213,066
Archer-Daniels-Midland Company	3,960	110,009
Coca-Cola Company (The)	17,500	769,125
Colgate-Palmolive Company	8,900	524,922
ConAgra Foods, Inc.	3,400	57,358
CVS Caremark Corporation	10,430	286,720

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

CORNERSTONE STRATEGIC VALUE FUND, INC.

SCHEDULE OF INVESTMENTS - MARCH 31, 2009 (UNAUDITED) (CONTINUED)

CONSUMER STAPLES (CONTINUED)

General Mills, Inc.	2,500	\$	124,700
H.J. Heinz Company ^	4,000		132,240
Kimberly-Clark Corporation ^	2,500		115,275
Kraft Foods, Inc. - Class A	10,932		243,674
Kroger Company (The)	8,800		186,736
PepsiCo, Inc.	7,100		365,508
Philip Morris International, Inc. ^	7,300		259,734
Procter & Gamble Company (The)	26,297		1,238,326
Sysco Corporation ^	9,800		223,440
Walgreen Company	4,800		124,608
Wal-Mart Stores, Inc.	24,600		1,281,660

			6,257,101

ENERGY - 12.07%

Baker Hughes, Inc. ^	10,600		302,630
Chevron Corporation	17,032		1,145,232
ConocoPhillips	10,474		410,162
Exxon Mobil Corporation	37,000		2,519,700
Halliburton Company	13,200		204,204
Marathon Oil Corporation	11,500		302,335
Occidental Petroleum Corporation	8,000		445,200
Schlumberger Ltd. ^	8,000		324,960
Transocean Ltd. ^ *	2,500		147,100
XTO Energy, Inc. ^	6,250		191,375

			5,992,898

FINANCIALS - 9.42%

AFLAC, Inc. ^	3,500		67,760
Allstate Corporation (The)	6,800		130,220
American Express Company	3,400		46,342
Bank of America Corporation	16,138		110,061
Bank of New York Mellon Corporation (The)	5,754		162,550
Capital One Financial Corporation	2,500		30,600
Charles Schwab Corporation (The) ^	22,000		341,000
Goldman Sachs Group, Inc. (The) ^	1,800		190,836
Hudson City Bancorp, Inc.	13,000		151,970
JPMorgan Chase & Company	47,632		1,266,059
Marsh & McLennan Companies, Inc. ^	10,000		202,500
MetLife, Inc. ^	5,700		129,789
Morgan Stanley	7,000		159,390
PNC Financial Services Group, Inc. *	7,600		222,604
T. Rowe Price Group, Inc. ^	7,000		202,020
Travelers Companies, Inc. (The)	12,476		507,025

CORNERSTONE STRATEGIC VALUE FUND, INC.

SCHEDULE OF INVESTMENTS - MARCH 31, 2009 (UNAUDITED) (CONTINUED)

FINANCIALS (CONTINUED)

U.S. Bancorp	9,901	\$	144,653
Wells Fargo & Company	42,900		610,896

			4,676,275

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

HEALTH CARE - 14.67%		
Abbott Laboratories ^	11,200	534,240
Aetna, Inc.	11,000	267,630
Amgen, Inc. ^ *	9,900	490,248
Baxter International, Inc. ^	5,000	256,100
Becton, Dickinson and Company	5,400	363,096
Biogen Idec, Inc. *	4,000	209,680
Bristol-Myers Squibb Company	23,500	515,120
Cardinal Health, Inc. ^	7,950	250,266
Covidien Ltd.	2,599	86,391
Eli Lilly & Company	4,700	157,027
Gilead Sciences, Inc. *	7,000	324,240
Johnson & Johnson	22,900	1,204,540
McKesson Corporation	2,800	98,112
Medtronic, Inc.	10,000	294,700
Merck & Company, Inc. ^	12,500	334,375
Pfizer, Inc.	23,560	320,887
Schering-Plough Corporation ^	18,500	435,675
Stryker Corporation	3,500	119,140
UnitedHealth Group, Inc.	19,500	408,135
WellPoint, Inc. ^ *	3,500	132,895
Wyeth	11,200	482,048
		7,284,545

INDUSTRIALS - 8.66%		
3M Company	4,400	218,768
Boeing Company (The) ^	2,200	78,276
Burlington Northern Santa Fe Corporation	5,400	324,810
Caterpillar, Inc. ^	6,800	190,128
CSX Corporation	6,500	168,025
Deere & Company ^	8,000	262,960
Emerson Electric Company	8,400	240,072
FedEx Corporation	2,000	88,980
General Dynamics Corporation ^	3,200	133,088
General Electric Company ^	56,900	575,259
Honeywell International, Inc. ^	5,000	139,300
Illinois Tool Works, Inc.	4,800	148,080
Lockheed Martin Corporation	4,000	276,120
Norfolk Southern Corporation	5,500	185,625

CORNERSTONE STRATEGIC VALUE FUND, INC.
 SCHEDULE OF INVESTMENTS - MARCH 31, 2009 (UNAUDITED) (CONTINUED)

INDUSTRIALS (CONTINUED)		
Northrop Grumman Corporation	2,500	\$ 109,100
Raytheon Company	6,000	233,640
Union Pacific Corporation ^	4,000	164,440
United Parcel Service, Inc. - Class B	4,100	201,802
United Technologies Corporation	7,500	322,350
Waste Management, Inc. ^	9,300	238,080
		4,298,903

INFORMATION TECHNOLOGY - 15.82%		
Adobe Systems, Inc. *	4,200	89,838
Apple, Inc. *	8,500	893,520
Applied Materials, Inc. ^	17,800	191,350

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

Automatic Data Processing, Inc.	4,400	154,704
Cisco Systems, Inc. *	32,900	551,733
Corning, Inc. ^	16,500	218,955
Dell, Inc. *	4,700	44,556
eBay, Inc. *	2,500	31,400
EMC Corporation ^ *	39,148	446,287
Google, Inc. - Class A *	2,000	696,120
Hewlett-Packard Company	16,900	541,814
Intel Corporation	60,500	910,525
International Business Machines Corporation	10,600	1,027,034
Microsoft Corporation	56,200	1,032,394
Nortel Networks Corporation *	660	149
Oracle Corporation *	26,272	474,735
QUALCOMM, Inc.	10,000	389,100
Texas Instruments, Inc.	6,400	105,664
Yahoo!, Inc. *	4,000	51,240

		7,851,118

MATERIALS - 2.76%		
Alcoa, Inc. ^	11,400	83,676
Dow Chemical Company (The) ^	5,400	45,522
E.I. Du Pont de Nemours & Company	9,500	212,135
Freeport-McMoRan Copper & Gold, Inc. ^	5,000	190,550
Monsanto Company	5,660	470,346
Praxair, Inc.	5,500	370,095

		1,372,324

REAL ESTATE INVESTMENT TRUST - 0.14%		
Simon Property Group, Inc. ^	2,047	70,908

TELECOMMUNICATION SERVICES - 3.72%		
AT&T, Inc.	43,539	1,097,183

CORNERSTONE STRATEGIC VALUE FUND, INC.		
SCHEDULE OF INVESTMENTS - MARCH 31, 2009 (UNAUDITED) (CONTINUED)		
TELECOMMUNICATION SERVICES (CONTINUED)		
Verizon Communications, Inc. ^	24,800	\$ 748,960

		1,846,143

UTILITIES - 3.92%		
American Electric Power Company, Inc.	5,000	126,300
Dominion Resources, Inc. ^	11,200	347,088
Duke Energy Corporation	15,800	226,256
Edison International ^	3,500	100,835
Exelon Corporation	3,000	136,170
FirstEnergy Corporation	5,000	193,000
FPL Group, Inc. ^	4,000	202,920
PG&E Corporation	5,000	191,100
Public Service Enterprise Group, Inc.	4,500	132,615
Southern Company (The)	9,400	287,828

		1,944,112

TOTAL EQUITY SECURITIES (cost \$61,033,182)		\$ 49,411,690

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

SHORT-TERM INVESTMENTS - 11.54%		
MONEY MARKET SECURITY - 1.04%		
JPMorgan U.S. Government Money Market Fund	517,628	517,628

	PRINCIPAL AMOUNT (000'S)	

REPURCHASE AGREEMENTS - 10.50%		
J.P. Morgan Securities, Inc.+ ++		
(Agreement dated 3/31/2009 to be repurchased at \$176,697, 0.1562%, 4/1/2009, collateralized by \$182,506 in United States Treasury Notes)	\$ 177	176,696
J.P. Morgan Securities, Inc.+ ++		
(Agreement dated 3/31/2009 to be repurchased at \$5,034,902, 0.3125%, 4/1/2009, collateralized by \$5,183,174 in United States Treasury Notes)	5,035	5,034,858
		\$ 5,211,554

TOTAL SHORT-TERM INVESTMENTS (cost - \$5,729,182)		5,729,182

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - MARCH 31, 2009 (UNAUDITED) (CONTINUED)

TOTAL INVESTMENTS - 111.08% (cost \$66,762,364)	55,140,872

LIABILITIES IN EXCESS OF OTHER ASSETS - (11.08)%	(5,500,309)

NET ASSETS - 100.00%	\$ 49,640,563
	=====

ADR - American Depositary Receipt

- (a) Affiliated investment. The fund holds 0.75% (based on net assets) of Adams Express Company. A director of the Fund also serves as a director to such company. During the three months ended March 31, 2009 there were no purchases or sales of this security.
- ^ Security or a portion thereof is out on loan.
- * 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.

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO SCHEDULES OF INVESTMENTS
MARCH 31, 2009 (UNAUDITED)

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

Federal Income Tax Cost: At March 31, 2009 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 depreciation from investments were \$66,762,364, \$4,442,472, \$(16,063,964) and \$(11,621,492), respectively.

The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. FAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- o Level 1 - quoted prices in active markets for identical investments
- o Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risks, etc.)
- o Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of March 31, 2009 in valuing the Fund's investments carried at value:

Valuation Inputs	INVESTMENTS IN SECURITIES	OTHER FINANCIAL INSTRUMENTS*
-----	-----	-----
Level 1 - Quoted Prices	\$ 55,140,872	\$ --
Level 2 - Other Significant Observable Inputs	--	--
Level 3 - Significant Unobservable Inputs	--	--
Total	=====	=====
	\$ 55,140,872	\$ --
	=====	=====

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

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, 2009.

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

As of January 1, 2009, the Fund adopted SFAS No. 161, DISCLOSURES ABOUT DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. This standard amends and expands the disclosure requirements of SFAS No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, to illustrate how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for under SFAS No. 133; and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years beginning after November 15, 2008 and interim periods within those fiscal years.

The Fund is exposed to financial market risks, including the valuations of its investment portfolio. For the period ended March 31, 2009, the Fund did not engage in derivative instruments and other hedging activities.

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 6, 2009 with a file number 811-05150.

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 6, 2009, 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 - <https://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

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

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 May 21, 2009

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 21, 2009

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

Frank J. Maresca, Treasurer
(Principal Financial Officer)

Date May 21, 2009

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