

CORNERSTONE STRATEGIC VALUE FUND INC

Form N-Q

November 25, 2013

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)

200A Executive Drive Edgewood, New York

11717

(Address of principal executive offices)

(Zip code)

Frank J. Maresca

AST Fund Solutions, LLC 200A Executive Drive

Edgewood, NY 11717

(Name and address of agent for service)

Registrant's telephone number, including area code: (866) 668-6558

Date of fiscal year end: December 31

Date of reporting period: September 30, 2013

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Item 1. Schedule of Investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2013 (Unaudited)

| Description | No. of Shares | Value |
|---|------------------|-----------|
| EQUITY SECURITIES - 98.30% | | |
| CLOSED-END FUNDS - 39.19% | | |
| CONVERTIBLE SECURITIES - 0.33% | | |
| AllianzGI Equity & Convertible Income Fund | 18,226 | \$338,457 |
| CORE - 3.36% | | |
| Adams Express Company (The) | 45,300 | 561,267 |
| Advent/Claymore Enhanced Growth & Income Fund | 27,514 | 269,087 |
| General American Investors Company, Inc. | 33,741 | 1,151,918 |
| Guggenheim Equal Weight Enhanced Equity Income Fund | 15,973 | 277,770 |
| Royce Micro-Cap Trust, Inc. | 7,262 | 85,038 |
| Tri-Continental Corporation | 33,275 | 609,598 |
| Zweig Fund, Inc. (The) | 33,767 | 455,855 |
| | | 3,410,533 |
| CORPORATE DEBT INVESTMENT GRADE-LEVERAGED - 1.74% | | |
| Western Asset/Claymore Inflation-Linked Opportunities & Income Fund | 100,155 | 1,161,798 |
| Western Asset/Claymore Inflation-Linked Securities & Income Fund | 51,478 | 599,204 |
| | | 1,761,002 |
| CORPORATE DEBT INVESTMENT GRADE-RATED - 1.02% | | |
| Cutwater Select Income Fund | 4,259 | 75,768 |
| Federated Enhanced Treasury Income Fund | 47,044 | 604,986 |
| Invesco Van Kampen Bond Fund | 2,400 | 42,096 |
| Morgan Stanley Income Securities Inc. | 6,959 | 115,728 |
| Transamerica Income Shares, Inc. | 9,523 | 194,364 |
| | | 1,032,942 |
| DEVELOPED MARKET - 0.64% | | |
| Aberdeen Israel Fund, Inc. | 3,600 | 55,368 |
| New Germany Fund, Inc. (The) | 2,545 | 52,402 |
| Singapore Fund, Inc. (The) | 22,517 | 293,397 |
| Swiss Helvetia Fund, Inc. (The) | 17,749 | 252,391 |
| | | 653,558 |
| EMERGING MARKETS - 3.52% | | |
| Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. | 2,400 | 46,704 |
| Central Europe and Russia Fund, Inc. (The) | 5,029 | 163,040 |
| India Fund, Inc. (The) | 27,192 | 520,727 |
| Morgan Stanley India Investment Fund, Inc. * | 90,820 | 1,368,657 |
| Templeton Dragon Fund, Inc | 43,000 | 1,119,290 |
| Templeton Russia and East European Fund, Inc. | 825 | 12,094 |
| Turkish Investment Fund, Inc. (The) | 22,948 | 345,138 |
| | | 3,575,650 |
| EMERGING MARKETS DEBT - 0.37% | | |
| Morgan Stanley Emerging Markets Domestic Debt Fund, Inc. | 26,549 | 374,341 |

FLEXIBLE INCOME - 1.01%

| | | |
|---|---------|-----------|
| Putnam Master Intermediate Income Trust | 55,158 | 269,171 |
| Putnam Premier Income Trust | 143,035 | 752,364 |
| | | 1,021,535 |

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2013 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|---|------------------|-----------|
| GENERAL & INSURED LEVERAGED - 1.29% | | |
| Invesco Value Municipal Income Trust | 0 | \$5 |
| Nuveen Dividend Advantage Municipal Fund 2 | 23,200 | 300,904 |
| Nuveen Dividend Advantage Municipal Fund 3 | 55,923 | 710,222 |
| Nuveen Dividend Advantage Municipal Income Fund | 17,255 | 218,966 |
| Nuveen Quality Income Municipal Fund, Inc. | 6,102 | 76,946 |
| | | 1,307,043 |
| GENERAL BOND - 0.50% | | |
| Nuveen Build America Bond Opportunity Fund | 27,201 | 504,307 |
| GLOBAL - 4.86% | | |
| Alpine Global Dynamic Dividend Fund | 67,832 | 322,880 |
| Alpine Total Dynamic Dividend Fund | 592,900 | 2,383,458 |
| Clough Global Allocation Fund | 32,004 | 487,101 |
| Clough Global Equity Fund | 20,848 | 313,762 |
| Clough Global Opportunities Fund | 13,473 | 173,398 |
| Delaware Enhanced Global Dividend and Income Fund | 68,251 | 812,187 |
| First Trust Active Dividend Income Fund | 38,918 | 325,354 |
| GDL Fund (The) | 3,800 | 42,864 |
| Nuveen Global Value Opportunities Fund | 5,700 | 74,043 |
| | | 4,935,047 |
| GLOBAL INCOME - 1.00% | | |
| Nuveen Multi-Currency Short-Term Government Income Fund | 97,079 | 1,017,388 |
| HIGH CURRENT YIELD (LEVERAGED) - 2.56% | | |
| DWS High Income Opportunities Fund, Inc. | 76,315 | 1,079,857 |
| First Trust Strategic High Income Fund II | 55,245 | 878,948 |
| Neuberger Berman High Yield Strategies Fund Inc. | 48,481 | 633,162 |
| | | 2,591,967 |
| HIGH YIELD - 0.54% | | |
| First Trust High Income Long/Short Fund | 31,411 | 550,949 |
| INCOME & PREFERRED STOCK - 1.15% | | |
| John Hancock Premium Dividend Fund | 4,000 | 47,880 |
| Nuveen Quality Preferred Income Fund 3 | 10,400 | 82,056 |
| Zweig Total Return Fund, Inc. (The) | 78,736 | 1,031,442 |
| | | 1,161,378 |
| OPTION ARBITRAGE/OPTIONS STRATEGIES - 9.95% | | |
| AllianzGI International & Premium Strategy Fund | 64,083 | 676,716 |
| BlackRock Enhanced Capital & Income Fund, Inc. | 38,744 | 501,347 |
| BlackRock Enhanced Equity Dividend Trust | 286,419 | 2,153,871 |
| BlackRock Global Opportunities Equity Trust | 330,406 | 4,622,380 |
| BlackRock International Growth and Income Trust | 263,713 | 2,030,590 |
| Madison Strategic Sector Premium Fund | 9,260 | 107,046 |

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2013 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|--|------------------|------------|
| PACIFIC EX JAPAN - 0.44% | | |
| China Fund, Inc. (The) | 5,200 | \$ 112,892 |
| Greater China Fund, Inc. (The) | 2,400 | 27,336 |
| Taiwan Fund, Inc. * | 8,200 | 146,862 |
| Thai Fund, Inc. (The) | 7,850 | 155,979 |
| | | 443,069 |
| REAL ESTATE - 0.12% | | |
| Neuberger Berman Real Estate Securities Income Fund Inc. | 26,593 | 119,934 |
| SECTOR EQUITY - 4.79% | | |
| BlackRock EcoSolutions Investment Trust | 24,379 | 190,156 |
| BlackRock Energy and Resources Trust | 40,081 | 1,034,491 |
| BlackRock Real Asset Equity Trust | 101,967 | 915,664 |
| BlackRock Utility and Infrastructure Trust | 12,000 | 209,400 |
| ING Risk Managed Natural Resources Fund | 36,366 | 364,387 |
| Petroleum & Resources Corporation | 24,609 | 665,920 |
| Reaves Utility Income Fund | 59,014 | 1,479,481 |
| | | 4,859,499 |
| TOTAL CLOSED-END FUNDS | | 39,750,549 |
| CONSUMER DISCRETIONARY - 7.76% | | |
| CBS Corporation - Class B | 5,000 | 275,800 |
| Comcast Corporation - Class A | 20,655 | 932,573 |
| CST Brands, Inc. | 333 | 9,923 |
| DIRECTV * | 5,000 | 298,750 |
| Ford Motor Company | 25,000 | 421,750 |
| Gap, Inc. (The) | 4,000 | 161,120 |
| Home Depot, Inc. (The) | 14,600 | 1,107,410 |
| Johnson Controls, Inc. | 5,000 | 207,500 |
| Macy's, Inc. | 4,000 | 173,080 |
| McDonald's Corporation | 5,000 | 481,050 |
| News Corporation - Class B * | 1,250 | 20,537 |
| NIKE, Inc. - Class B | 8,000 | 581,120 |
| Omnicom Group Inc. | 2,500 | 158,600 |
| Starbucks Corporation | 4,000 | 307,880 |
| Time Warner Cable Inc. | 2,000 | 223,200 |
| Time Warner Inc. | 7,900 | 519,899 |
| TJX Companies, Inc. (The) | 14,000 | 789,460 |
| Twenty-First Century Fox, Inc. | 5,000 | 167,000 |
| Viacom Inc. - Class B | 2,950 | 246,561 |
| Walt Disney Company (The) | 12,200 | 786,778 |
| | | 7,869,991 |

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2013 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|-------------------------------------|------------------|-----------|
| CONSUMER STAPLES - 5.50% | | |
| Altria Group, Inc. | 20,800 | \$714,480 |
| Coca-Cola Company (The) | 19,000 | 719,720 |
| Costco Wholesale Corporation | 2,500 | 287,800 |
| CVS Caremark Corporation | 10,430 | 591,903 |
| General Mills, Inc. | 5,000 | 239,600 |
| Kellogg Company | 3,000 | 176,190 |
| Kimberly-Clark Corporation | 3,000 | 282,660 |
| Kroger Co. (The) | 4,000 | 161,360 |
| Walgreen Co. | 8,000 | 430,400 |
| Wal-Mart Stores, Inc. | 26,700 | 1,974,732 |
| | | 5,578,845 |
| ENERGY - 7.09% | | |
| Chevron Corporation | 11,732 | 1,425,438 |
| ConocoPhillips | 13,974 | 971,333 |
| EOG Resources, Inc. | 3,500 | 592,480 |
| Exxon Mobil Corporation | 29,936 | 2,575,693 |
| Marathon Oil Corporation | 5,000 | 174,400 |
| Phillips 66 | 7,487 | 432,898 |
| Schlumberger Limited | 10,000 | 883,600 |
| Valero Energy Corporation | 3,000 | 102,450 |
| WPX Energy, Inc. * | 1,666 | 32,087 |
| | | 7,190,379 |
| FINANCIALS - 10.00% | | |
| AFLAC, Inc. | 5,500 | 340,945 |
| Allstate Corporation (The) | 5,000 | 252,750 |
| Ameriprise Financial, Inc. | 2,500 | 227,700 |
| Aon plc | 5,500 | 409,420 |
| BB&T Corporation | 6,000 | 202,500 |
| Berkshire Hathaway Inc. - Class B * | 11,000 | 1,248,610 |
| BlackRock, Inc. - Class A | 1,500 | 405,930 |
| Capital One Financial Corporation | 4,500 | 309,330 |
| Citigroup, Inc. | 11,000 | 533,610 |
| Discover Financial Services | 6,000 | 303,240 |
| Fifth Third Bancorp | 9,000 | 162,360 |
| Franklin Resources, Inc. | 7,500 | 379,125 |
| JPMorgan Chase & Co. | 34,132 | 1,764,283 |
| Marsh & McLennan Companies, Inc. | 5,000 | 217,750 |
| MetLife, Inc. | 7,000 | 328,650 |
| Prudential Financial, Inc. | 4,000 | 311,920 |
| State Street Corporation | 3,500 | 230,125 |
| SunTrust Banks, Inc. | 6,000 | 194,520 |
| T. Rowe Price Group, Inc. | 2,000 | 143,860 |
| Wells Fargo & Company | 47,800 | 1,975,096 |

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| | | |
|---------------------------------------|--------|------------|
| Weyerhaeuser Company | 7,000 | 200,410 |
| | | 10,142,134 |
| HEALTH CARE - 7.50% | | |
| Abbott Laboratories | 13,200 | 438,108 |
| AbbVie Inc. | 13,200 | 590,436 |
| Aetna Inc. | 3,000 | 192,060 |
| Allergan, Inc. | 3,000 | 271,350 |
| Amgen Inc. | 7,800 | 873,132 |
| Becton, Dickinson and Company | 2,000 | 200,040 |
| Boston Scientific Corporation * | 12,000 | 140,880 |
| Cardinal Health, Inc. | 2,950 | 153,843 |
| Cigna Corporation | 2,500 | 192,150 |
| Eli Lilly & Company | 10,000 | 503,300 |
| Johnson & Johnson | 20,000 | 1,733,800 |
| Mallinckrodt public limited company * | 262 | 11,552 |
| McKesson Corporation | 1,800 | 230,940 |
| Medtronic, Inc. | 7,000 | 372,750 |
| Merck & Company, Inc. | 22,267 | 1,060,132 |
| St. Jude Medical, Inc. | 3,000 | 160,920 |
| Thermo Fisher Scientific Inc. | 3,000 | 276,450 |
| Wellpoint, Inc. | 2,500 | 209,025 |
| | | 7,610,868 |

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.

SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2013 (Unaudited) (Continued)

| Description | No. of Shares | Value |
|---|------------------|------------|
| INDUSTRIALS - 5.89% | | |
| Boeing Company (The) | 5,000 | \$587,500 |
| Deere & Company | 6,500 | 529,035 |
| Dover Corporation | 2,000 | 179,660 |
| Emerson Electric Company | 7,000 | 452,900 |
| General Dynamics Corporation | 3,000 | 262,560 |
| General Electric Company | 75,000 | 1,791,750 |
| Honeywell International Inc. | 5,000 | 415,200 |
| Lockheed Martin Corporation | 4,000 | 510,200 |
| Precision Castparts Corporation | 2,000 | 454,480 |
| Union Pacific Corporation | 4,000 | 621,360 |
| Waste Management, Inc. | 4,000 | 164,960 |
| | | 5,969,605 |
| INFORMATION TECHNOLOGY - 10.90% | | |
| Apple Inc. | 6,900 | 3,289,575 |
| Cisco Systems, Inc. | 10,000 | 234,200 |
| eBay Inc. * | 10,000 | 557,900 |
| Google Inc. - Class A * | 1,000 | 875,910 |
| Hewlett-Packard Company | 12,000 | 251,760 |
| International Business Machines Corporation | 6,100 | 1,129,598 |
| MasterCard Incorporated - Class A | 1,200 | 807,336 |
| Microsoft Corporation | 41,800 | 1,392,358 |
| Oracle Corporation | 34,272 | 1,136,802 |
| Visa Inc. - Class A | 6,000 | 1,146,600 |
| Yahoo! Inc. * | 7,000 | 232,120 |
| | | 11,054,159 |
| MATERIALS - 1.48% | | |
| Air Products & Chemicals, Inc. | 2,000 | 213,140 |
| Dow Chemical Company (The) | 10,000 | 384,000 |
| Ecolab Inc. | 2,500 | 246,900 |
| International Paper Company | 4,000 | 179,200 |
| Newmont Mining Corporation | 5,000 | 140,500 |
| PPG Industries, Inc. | 2,000 | 334,120 |
| | | 1,497,860 |
| TELECOMMUNICATION SERVICES - 1.57% | | |
| AT&T, Inc. | 25,039 | 846,819 |
| Verizon Communications, Inc. | 16,000 | 746,560 |
| | | 1,593,379 |

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.
 SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2013 (Unaudited) (Concluded)

| Description | No. of Shares | Value |
|---|------------------|---------------|
| UTILITIES - 1.42% | | |
| AES Corporation (The) | 8,000 | \$106,320 |
| Consolidated Edison, Inc. | 3,000 | 165,420 |
| Entergy Corporation | 2,000 | 126,380 |
| Exelon Corporation | 5,000 | 148,200 |
| NextEra Energy, Inc. | 4,000 | 320,640 |
| Public Service Enterprises Group, Inc. | 6,500 | 214,045 |
| Southern Company (The) | 6,000 | 247,080 |
| Xcel Energy Inc. | 4,000 | 110,440 |
| | | 1,438,525 |
| TOTAL EQUITY SECURITIES (cost - \$85,449,271) | | 99,696,294 |
| SHORT-TERM INVESTMENTS - 1.82% | | |
| MONEY MARKET FUNDS - 1.82% | | |
| Fidelity Institutional Money Market Government Portfolio - Class I, 0.01%^ (cost - \$1,847,452) | 1,847,452 | 1,847,452 |
| TOTAL INVESTMENTS - 100.12% (cost - \$87,296,723) | | 101,543,746 |
| LIABILITIES IN EXCESS OF OTHER ASSETS - (0.12)% | | (120,718) |
| NET ASSETS - 100.00% | | \$101,423,028 |

* Non-income producing security.

^ The rate shown is the 7-day effective yield as of September 30, 2013.

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2013 (UNAUDITED)

Federal Income Tax Cost: The following information is computed on a tax basis for each item as of September 30, 2013:

| | |
|-------------------------------|--------------|
| Cost of portfolio investments | \$87,296,723 |
| Gross unrealized appreciation | \$16,679,412 |
| Gross unrealized depreciation | (2,432,389) |
| Net unrealized appreciation | \$14,247,023 |

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, 2013 in valuing the Fund's investments carried at value:

| VALUATION INPUTS | INVESTMENTS IN SECURITIES | OTHER FINANCIAL INSTRUMENTS* |
|---|---------------------------------|------------------------------------|
| Level 1 – Quoted Prices | | |
| Equity Investments | \$ 99,696,294 | \$ - |
| Short-Term Investments | 1,847,452 | - |
| Level 2 – Other Significant Observable Inputs | - | - |
| Level 3 – Significant Unobservable Inputs | - | - |
| Total | \$ 101,543,746 | \$ - |

* 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, 2013, 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, 2013.

The disclosures for the Fund's fiscal year beginning January 1, 2013 relate to presenting separately any Level 3 purchases, sales, issuances and settlements on a gross basis instead of one net amount. Management has evaluated 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, 2013, 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 6, 2013 with a file number 811-05150.

Other information regarding the Fund is available in the Fund's most recent semi-annual report. This information is also available on the Fund's website at www.cornerstonestrategicvaluefund.com; or on the website of the Securities and Exchange Commission at 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 25, 2013

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 25, 2013

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

Date November 25, 2013

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