

Edgar Filing: CORNERSTONE TOTAL RETURN FUND INC - Form N-Q

CORNERSTONE TOTAL RETURN FUND INC

Form N-Q

November 29, 2005

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, 2005  
-----

Date of reporting period: July 1, 2005 through September 30, 2005  
-----

ITEM 1: SCHEDULE OF INVESTMENTS

-----  
Cornerstone Total Return Fund, Inc.  
Schedule of Investments - September 30, 2005 (unaudited)  
-----

DESCRIPTION	NO. OF SHARES	VALUE
-----		
EQUITY SECURITIES - 99.98%		
UNITED STATES - 99.26%		
CLOSED-END DOMESTIC FUNDS - 8.07%		
Adams Express Co.	52,300	\$ 686,176
Boulder Total Return Fund, Inc.	18,900	326,970
Dreman/Claymore Dividend & Income Fund	15,000	277,050
First Trust Value Line Dividend Fund (a)	15,000	223,350
General American Investors Company, Inc. (a)	2,500	87,175
Tri-Continental Corp.	109,000	1,990,340
Zweig Fund, Inc. (The) (a)	165,900	882,588
		-----
		4,473,649
		-----

## Edgar Filing: CORNERSTONE TOTAL RETURN FUND INC - Form N-Q

CONSUMER DISCRETIONARY - 9.93%		
Acco Brands Corporation +	587	16,565
Bed Bath & Beyond Inc. + (a)	2,500	100,450
Best Buy Co., Inc. (a)	3,750	163,238
Carnival Corp. (a)	2,800	139,944
Clear Channel Communications, Inc.	2,700	88,803
Coach, Inc. +	2,500	78,400
Comcast Corp., Class A +	8,508	249,965
Comcast Corp., Special Class A +	4,500	129,510
Dana Corporation. (a)	2,500	23,525
Eastman Kodak Co.	2,500	60,825
Ford Motor Company	15,200	149,872
Fortune Brands, Inc.	2,500	203,325
Gap, Inc. (The) (a)	6,900	120,267
General Motors Corp. (a)	2,500	76,525
Goodyear Tire & Rubber Company (The) +	2,500	38,975
Harley-Davidson, Inc. (a)	2,500	121,100
Hilton Hotels Corp.	2,500	55,800
Home Depot, Inc. (The)	12,300	469,122
J.C. Penney Company, Inc.	2,500	118,550
Kohl's Corp. + (a)	2,500	125,450
Lowe's Companies, Inc.	3,700	238,280
Mattel, Inc. (a)	4,500	75,060
McDonald's Corp.	8,100	271,269
McGraw-Hill Companies, Inc. (The) (a)	5,000	240,200
Monsanto Co.	1,773	111,256
Office Depot, Inc. +	2,500	74,250
Omnicom Group Inc.	1,500	125,445
Rockwell Automation, Inc.	2,500	132,250
Staples, Inc.	3,150	67,158
Starbucks Corp. +	2,500	125,250
Target Corporation	4,600	238,878
Time Warner Inc. +	25,500	461,805
TJX Companies, Inc. (The)	4,000	81,920
Tribune Company	2,500	84,725
Univision Communications Inc., Class A + (a)	2,500	66,325
Viacom Inc., non-voting Class B	9,000	297,090
Walt Disney Co. (The)	11,700	282,321
		-----
		5,503,693
		-----
CONSUMER STAPLES - 9.28%		
Albertson's, Inc. (a)	2,500	64,125
Altria Group, Inc.	10,700	788,697
Anheuser-Busch Companies, Inc.	3,700	159,248
Avon Products, Inc.	2,500	67,500
Campbell Soup Company	5,700	169,575
Coca-Cola Co. (The)	13,500	583,065
Coca-Cola Enterprises Inc.	2,500	48,750
General Mills, Inc.	2,500	120,500
Gillette Company (The)	5,100	296,820
H.J. Heinz Co.	2,700	98,658
Kimberly-Clark Corporation (a)	2,500	148,825
Kroger Co. (The) +	3,600	74,124
PepsiCo, Inc.	7,500	425,325
Procter & Gamble Co. (The)	15,000	891,900
Safeway Inc. + (a)	4,900	125,440
Sara Lee Corp.	2,600	49,270
Sysco Corp.	3,500	109,795
Walgreen Co. (a)	5,600	243,320

## Edgar Filing: CORNERSTONE TOTAL RETURN FUND INC - Form N-Q

Wal-Mart Stores, Inc.	15,500	679,210
		-----
		5,144,147
		-----
ENERGY - 8.83%		
Anadarko Petroleum Corp. (a)	2,500	239,375
Baker Hughes Inc.	2,500	149,200
Burlington Resources, Inc.	2,500	203,300
CenterPoint Energy, Inc.	5,700	84,759
ChevronTexaco Corp.	9,068	586,972
ConocoPhillips	3,338	233,360
Devon Energy Corporation	2,500	171,600
El Paso Corporation	3,000	41,700
EOG Resources Inc.	2,500	187,250
Exxon Mobil Corp.	36,000	2,287,440
Halliburton Co.	2,500	171,300
Occidental Petroleum Corp.	2,500	213,575
Schlumberger Ltd.	2,500	210,950
XTO Energy Inc. (a)	2,500	113,300
		-----
		4,894,081
		-----
FINANCIALS - 18.43%		
Aetna Inc.	2,000	172,280
AFLAC Inc.	4,000	181,200
Allstate Corp. (The)	5,200	287,508
American Express Company	6,100	350,384
American International Group, Inc.	12,331	764,029
AmSouth Bancorporation	2,500	63,150
Bank of America Corp.	15,740	662,654
Bank of New York Co., Inc. (The)	5,900	173,519
BB&T Corporation	4,500	175,725
Charles Schwab Corporation (The)	8,200	118,326
Cincinnati Financial Corporation	2,500	104,725
Citigroup Inc.	28,600	1,301,872
Countrywide Financial Corporation	3,500	115,430
Fannie Mae	5,700	255,474
Fifth Third Bancorp	2,500	91,825
Fiserv, Inc. +	2,500	114,675
Freddie Mac	3,300	186,318
Goldman Sachs Group, Inc. (The)	3,000	364,740
Hartford Financial Services Group, Inc. (The)	1,600	123,472
JPMorgan Chase & Co.	12,700	430,911
KeyCorp	2,500	80,625
Lehman Brothers Holding Inc.	2,500	291,200
M&T Bank Corporation	2,500	264,275
Marsh & McLennan Companies, Inc.	4,600	139,794
MBNA Corp. (a)	7,550	186,032
Mellon Financial Corporation	2,300	73,531
Merrill Lynch & Co., Inc.	1,100	67,485
MetLife, Inc.	6,000	298,980
Moody's Corporation	2,000	102,160
Morgan Stanley	6,200	334,428
North Fork Bancorporation, Inc.	2,500	63,750
Northern Trust Corp. (a)	1,100	55,605
PNC Financial Services Group, Inc.	1,400	81,228
Progressive Corporaton (The)	2,500	261,925
Providian Financial Corporation. +	2,500	44,200
Prudential Financial, Inc.	2,500	168,900
SLM Corporation	2,500	134,100

## Edgar Filing: CORNERSTONE TOTAL RETURN FUND INC - Form N-Q

St. Paul Travelers Companies, Inc. (The)	2,292	102,842
State Street Corp.	1,600	78,272
Synovus Financial Corp.	2,500	69,300
U.S. Bancorp (a)	7,200	202,176
Wachovia Corp.	8,100	385,479
Washington Mutual, Inc.	4,250	166,685
Wells Fargo & Co.	9,000	527,130
		-----
		10,218,319
		-----
HEALTHCARE - 11.37%		
Amgen Inc. +	8,300	661,261
Becton, Dickinson & Co.(a)	2,500	131,075
Biomet, Inc.	2,500	86,775
Boston Scientific Corp. +	5,000	116,850
Bristol-Myers Squibb Co.	9,600	230,976
Caremark Rx, Inc. +	2,500	124,825
Eli Lilly & Co.	4,100	219,432
Genzyme Corporation +	1,500	107,460
Health Management Associates, Inc., Class A	2,500	58,675
Johnson & Johnson	18,200	1,151,696
Laboratory Corporation of America Holdings +	2,500	121,775
McKesson Corp.	2,500	118,625
Medco Health Solutions, Inc. +	1,531	83,945
Medtronic, Inc. (a)	7,100	380,702
Merck & Co. Inc.	8,700	236,727
Pfizer Inc. (a)	42,460	1,060,226
Schering-Plough Corp. (a)	8,400	176,820
Stryker Corporation	2,000	98,860
Tenet Healthcare Corp. +	5,000	56,150
United Health Group Inc.	10,000	562,000
Wyeth	7,500	347,025
Zimmer Holdings, Inc. +	2,500	172,225
		-----
		6,304,105
		-----
INDUSTRIALS - 10.34%		
3M Co.	2,500	183,400
Apollo Group, Inc., Class A + (a)	1,000	66,390
Boeing Company (The)	3,900	265,005
Burlington Northern Sante Fe Corporation	2,000	119,600
Caterpillar Inc.	5,000	293,750
Cendant Corp.	4,000	82,560
CSX Corp.	2,500	116,200
Danaher Corp. (a)	2,500	134,575
Dover Corporation	1,000	40,790
D.R. Horton Inc.	2,500	90,550
Emerson Electric Co.	2,000	143,600
FedEx Corp. (a)	2,500	217,825
General Dynamics Corp. (a)	2,500	298,875
General Electric Co.	52,000	1,750,840
Honeywell International Inc.	3,300	123,750
Illinois Tool Works Inc.	2,500	205,825
Lockheed Martin Corp.	2,500	152,600
Norfolk Southern Corporation	2,500	101,400
Paychex, Inc. (a)	2,500	92,700
Raytheon Company	2,500	95,050
Southwest Airlines Co.	6,100	90,585
Transocean Inc. +	2,500	153,275
Tyco International Ltd.	9,100	253,435

## Edgar Filing: CORNERSTONE TOTAL RETURN FUND INC - Form N-Q

United Parcel Service, Inc., Class B	4,000	276,520
United Technologies Corp.	4,400	228,096
Waste Management, Inc.	5,300	151,633
		-----
		5,728,829
		-----
INFORMATION TECHNOLOGY - 14.28%		
Adobe Systems Inc. +	2,500	74,625
Agilent Technologies, Inc. +	5,000	163,750
Apple Computer, Inc. +	5,000	268,050
Applied Materials, Inc.	8,000	135,680
Autodesk, Inc.	2,500	116,100
Cisco Systems, Inc. +	35,000	627,550
Corning Inc. +	7,500	144,975
Dell Inc. +	13,700	468,540
eBay, Inc. +	7,000	288,400
Electronic Data Systems Corp.	7,500	168,300
EMC Corp. + (a)	8,000	103,520
First Data Corporation (a)	4,325	173,000
Freescale Semiconductor Inc., Class B +	1,777	41,901
Hewlett-Packard Co.	13,342	389,586
Intel Corp. (a)	32,000	788,800
International Business Machines Corp.	5,700	457,254
Lucent Technologies Inc. + (a)	15,000	48,750
Maxim Integrated Products, Inc.	2,500	106,625
Micron Technology, Inc. + (a)	5,500	73,150
Microsoft Corp. (a)	48,000	1,235,040
Motorola, Inc.	16,100	355,649
Network Appliance, Inc. +	2,500	59,350
Oracle Corp. +	33,600	416,304
PerkinElmer, Inc.	1,500	30,555
QUALCOMM Inc.	4,300	192,425
Solectron Corp. + (a)	5,700	22,287
Symantec Corp. +	5,000	113,300
Texas Instruments Inc.	13,500	457,650
Waters Corporation +	2,500	104,000
Yahoo! Inc. + (a)	8,500	287,640
		-----
		7,912,756
		-----
MATERIALS - 2.63%		
Air Products & Chemicals, Inc.	2,500	137,850
Alcoa Inc.	4,300	105,006
Dow Chemical Co. (The)	4,700	195,849
E.I. du Pont de Nemours & Co. (a)	5,800	227,186
International Paper Co.	4,800	143,040
Newmont Mining Corporation	2,500	117,925
Nucor Corp.	2,500	147,475
Peabody Energy Corp.	2,500	210,875
Rohm & Haas Co. (a)	2,500	102,825
Weyerhaeuser Co.	1,000	68,750
		-----
		1,456,781
		-----
REAL ESTATE INVESTMENT TRUSTS - 0.33%		
Simon Property Group, Inc.	2,500	185,300
		-----
TELECOMMUNICATION SERVICES - 2.52%		
AT&T Corp.	5,260	104,148
BellSouth Corporation	5,200	136,760



## Edgar Filing: CORNERSTONE TOTAL RETURN FUND INC - Form N-Q

TOTAL INVESTMENTS - 102.03%	-----
(cost - \$56,662,392)	56,562,164
	-----
LIABILITIES IN EXCESS OF OTHER ASSETS - (2.03)%	(1,128,542)
	-----
NET ASSETS - 100.00%	\$ 55,433,622
	=====

-----

- + Non-income producing security.
- # Securities are fair valued in accordance with procedures established by the Board of Directors.
- (a) Security or a portion there-of is out on loan.
- \* Stated interest rate, before rebate earned by borrower of securities on loan.
- \*\* Represents investment purchased with cash collateral received for securities on loan.
- ADR American Depositary Receipts.
- ^ In July, 2005, 68,590 shares of Bonton Discs a.s. were exchanged to Bonton a.s.

At September 30, 2005, the Fund held 0.72% of its net assets in securities valued in good faith by the Board of Directors with an aggregate cost of \$894,865 and a fair value of \$401,093.

Federal Income Tax Cost - At September 30, 2005, 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 \$56,714,021, \$8,479,867, \$(8,631,724) and \$(151,857), 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.

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 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. 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>.

### 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

## Edgar Filing: CORNERSTONE TOTAL RETURN FUND INC - Form N-Q

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: November 29, 2005

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  
-----

Name: Ralph W. Bradshaw  
Title: Principal Executive Officer  
Date: November 29, 2005

/s/ Jodi B. Levine  
-----

Name: Jodi B. Levine  
Title: Principal Financial Officer (Treasurer)  
Date: November 29, 2005