

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

CORNERSTONE TOTAL RETURN FUND INC  
 Form N-Q  
 May 20, 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)

Vincent L. Pereira

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: January 1, 2005 through March 31, 2005

ITEM 1: SCHEDULE OF INVESTMENTS

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CORNERSTONE TOTAL RETURN FUND, INC.  
 SCHEDULE OF INVESTMENTS - MARCH 31, 2005 (UNAUDITED)

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DESCRIPTION	NO. OF SHARES	MARKET VALUE
EQUITY SECURITIES - 99.63%		
UNITED STATES - 98.26%		
CLOSED-END DOMESTIC FUNDS - 7.26%		
Adams Express Co.	38,800	\$ 499,356
Boulder Total Return Fund, Inc.	21,100	368,195
Dreman/Claymore Dividend & Income Fund	12,500	234,250
General American Investors Co., Inc.	2,500	77,175
Salomon Brothers Fund, Inc. (The)	13,300	168,245
Tri-Continental Corp.	109,000	1,940,200
Zweig Fund, Inc.	165,900	909,132
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		4,196,553
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### CONSUMER DISCRETIONARY - 11.92%

Bed Bath & Beyond Inc. +	2,500	91,350
Best Buy Co., Inc.	2,500	135,025
Carnival Corp.	5,300	274,593
Clear Channel Communications, Inc.	2,700	93,069
Comcast Corp., Class A +	8,508	287,400
Comcast Corp., Special Class A +	4,500	150,300
Costco Wholesale Corp.	2,600	114,868
Dana Corp.	2,500	31,975
Delphi Corp.	5,100	22,848
Eastman Kodak Co.	2,500	81,375
Ford Motor Co.	15,200	172,216
Fortune Brands, Inc.	2,500	201,575
Gap, Inc. (The)	6,900	150,696
General Motors Corp.	2,500	73,475
Harley-Davidson, Inc	2,500	144,400
Harrah's Entertainment, Inc.	2,500	161,450
Hilton Hotels Corp.	2,500	55,875
Home Depot, Inc. (The)	14,800	565,952
J.C. Penney Co., Inc.	2,500	129,800
Kohl's Corp. +	2,500	129,075
Limited Brands, Inc.	2,000	48,600
Lowe's Companies, Inc.	3,700	211,233
Mattel, Inc.	4,500	96,075
McDonald's Corp.	8,100	252,234
McGraw-Hill Companies, Inc. (The)	2,500	218,125
Monsanto Co.	1,773	114,359
Office Depot, Inc. +	2,500	55,450
Omnicom Group Inc.	1,500	132,780
Reebok International Ltd.	2,500	110,750
Rockwell Automation, Inc.	2,500	141,600
Staples, Inc.	2,100	66,003
Starbucks Corp. +	2,500	129,150
Target Corp.	4,600	230,092
Time Warner Inc. +	25,500	447,525
TJX Companies, Inc. (The)	4,000	98,520
Tribune Co.	2,500	99,675
Univision Communications Inc., Class A +	2,500	69,225
Viacom Inc., non-voting Class B	9,000	313,470
Wal-Mart Stores, Inc.	13,000	651,430
Walt Disney Co. (The)	11,700	336,141
		-----
		6,889,754
		-----

### CONSUMER STAPLES - 8.15%

Albertson's, Inc.	2,500	51,625
Altria Group, Inc.	10,700	699,673
Anheuser-Busch Companies, Inc.	3,700	175,343
Archer-Daniels-Midland Co.	5,650	138,877
Avon Products, Inc.	2,500	107,350
Campbell Soup Co.	3,200	92,864
Coca-Cola Co. (The)	13,500	562,545
Coca-Cola Enterprises Inc.	2,500	51,300
ConAgra Foods, Inc.	2,500	67,550
General Mills, Inc.	2,500	122,875
Gillette Co. (The)	5,100	257,448
H.J. Heinz Co.	2,700	99,468
Kimberly-Clark Corp.	2,500	164,325

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Kroger Co. (The) +	6,600	105,798
PepsiCo, Inc.	10,000	530,300
Procter & Gamble Co. (The)	15,000	795,000
Safeway Inc.+	4,900	90,797
Sara Lee Corp.	2,600	57,616
Sysco Corp.	3,500	125,300
Walgreen Co.	5,600	248,752
Wm. Wrigley Jr. Co.	2,500	163,925
		-----
		4,708,731
		-----
 ENERGY - 7.86%		
Anadarko Petroleum Corp.	2,500	190,250
Baker Hughes Inc.	2,500	111,225
Burlington Resources, Inc.	2,500	125,175
CenterPoint Energy, Inc.	5,700	68,571
ChevronTexaco Corp.	10,104	589,164
ConocoPhillips	3,669	395,665
Devon Energy Corp.	2,500	119,375
Exxon Mobil Corp.	36,000	2,145,600
Halliburton Co.	2,500	108,125
Occidental Petroleum Corp.	2,500	177,925
Schlumberger Ltd.	5,100	359,448
Unocal Corp.	2,500	154,225
		-----
		4,544,748
		-----
 FINANCIALS - 17.72%		
AFLAC Inc.	4,000	149,040
Allstate Corp. (The)	5,200	281,112
American Express Co.	6,100	313,357
American International Group, Inc.	15,331	849,491
AmSouth Bancorporation	2,500	64,875
Bank of America Corp.	18,240	804,384
Bank of New York Co., Inc. (The)	5,900	171,395
BB&T Corp.	2,000	78,160
Capital One Financial Corp.	1,000	74,770
Charles Schwab Corp. (The)	8,200	86,182
Citigroup Inc.	32,600	1,465,044
Countrywide Financial Corp.	3,500	113,610
Fannie Mae	5,700	310,365
Fifth Third Bancorp	2,500	107,450
Fiserv, Inc. +	2,500	99,500
Freddie Mac	3,300	208,560
Goldman Sachs Group, Inc. (The)	3,000	329,970
Hartford Financial Services Group, Inc. (The)	1,600	109,696
JPMorgan Chase & Co.	12,700	439,420
KeyCorp	2,500	81,125
Lehman Brothers Holdings Inc.	2,500	235,400
M&T Bank Corp.	2,500	255,150
Marsh & McLennan Companies, Inc.	4,600	139,932
MBNA Corp.	7,550	185,352
Mellon Financial Corp.	2,300	65,642
Merrill Lynch & Co., Inc.	1,100	62,260
MetLife Inc.	6,000	234,600
Moody's Corp.	1,000	80,860
 Morgan Stanley	 6,200	 354,950
National City Corp.	5,000	167,500

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Northern Trust Corp.	1,100	47,784
PNC Financial Services Group, Inc.	1,400	72,072
Progressive Corp. (The)	2,500	229,400
Providian Financial Corp.+	2,500	42,900
Prudential Financial, Inc.	2,500	143,500
SLM Corp.	2,500	124,600
State Street Corp.	1,600	69,952
St. Paul Travelers Companies, Inc. (The)	2,292	84,185
SunTrust Banks, Inc.	1,500	108,105
U.S. Bancorp	9,700	279,554
Wachovia Corp.	8,100	412,371
Washington Mutual, Inc.	4,250	167,875
Wells Fargo & Co.	9,000	538,200
		-----
		10,239,650
		-----
 HEALTHCARE - 11.34%		
Aetna Inc.	2,000	149,900
Amgen Inc.+	8,300	483,143
Becton, Dickinson & Co.	2,500	146,050
Biogen Idec Inc. +	2,500	86,275
Biomet, Inc.	2,500	90,750
Boston Scientific Corp. +	5,000	146,450
Bristol-Myers Squibb Co.	9,600	244,416
Caremark Rx, Inc.+	2,500	99,450
CIGNA Corp.	800	71,440
Eli Lilly & Co.	4,100	213,610
Forest Laboratories, Inc. +	2,500	92,375
Genzyme Corp. +	1,500	85,860
Health Management Associates, Inc., Class A	2,500	65,450
Johnson & Johnson	18,200	1,222,312
King Pharmaceuticals, Inc. +	2,500	20,775
Laboratory Corp. of America Holdings +	2,500	120,500
McKesson Corp.	2,500	94,375
Medco Health Solutions, Inc. +	1,531	75,892
Medtronic, Inc.	7,100	361,745
Merck & Co. Inc.	8,700	281,619
Pfizer Inc.	42,460	1,115,424
Schering-Plough Corp.	8,400	152,460
Stryker Corp.	2,000	89,220
Tenet Healthcare Corp. +	5,000	57,650
UnitedHealth Group Inc.	5,000	476,900
Wyeth	7,500	316,350
Zimmer Holdings, Inc. +	2,500	194,525
		-----
		6,554,916
		-----
 INDUSTRIALS - 11.39%		
3M Co.	5,000	428,450
Apollo Group, Inc., Class A +	1,000	74,060
Boeing Co. (The)	3,900	227,994
Burlington Northern Santa Fe Corp.	2,000	107,860
Caterpillar Inc.	2,500	228,600
Cendant Corp.	7,100	145,834
CSX Corp.	2,500	104,125
Danaher Corp.	2,500	133,525
Deere & Co.	2,500	167,825
Dover Corp.	1,000	37,790
Emerson Electric Co.	2,000	129,860
FedEx Corp.	2,500	234,875

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General Dynamics Corp.	2,500	267,625
General Electric Co.	58,000	2,091,480
Honeywell International Inc.	3,300	122,793
Illinois Tool Works Inc.	2,500	223,825
Lockheed Martin Corp.	2,500	152,650
Masco Corp.	4,600	159,482
Norfolk Southern Corp.	2,500	92,625
Paychex, Inc.	2,500	82,050
Raytheon Co.	2,500	96,750
Southwest Airlines Co.	6,100	86,864
Transocean Inc. +	2,500	128,650
Tyco International Ltd.	11,600	392,080
United Parcel Service, Inc., Class B	4,000	290,960
United Technologies Corp.	2,200	223,652
Waste Management, Inc.	5,300	152,905
		-----
		6,585,189
		-----
INFORMATION TECHNOLOGY - 14.48%		
Agere Systems Inc, Class A +	75	107
Agilent Technologies, Inc. +	5,000	111,000
Analog Devices, Inc.	2,500	90,350
Apple Computer, Inc. +	5,000	208,350
Applied Materials, Inc. +	13,400	217,750
Autodesk, Inc.	2,500	74,400
Cisco Systems, Inc. +	35,000	626,150
Computer Associates International, Inc.	2,700	73,170
Corning Inc. +	7,500	83,475
Dell Inc.+	13,700	526,354
eBay Inc. +	7,000	260,820
Electronic Data Systems Corp.	7,500	155,025
EMC Corp. +	8,000	98,560
First Data Corp.	4,325	170,016
Freescale Semiconductor Inc., Class B+	1,777	30,653
Hewlett-Packard Co.	15,842	347,574
Intel Corp.	38,500	894,355
International Business Machines Corp.	8,200	749,316
Maxim Integrated Products, Inc.	2,500	102,175
Micron Technology, Inc. +	5,500	56,870
Microsoft Corp.	56,800	1,372,856
Motorola, Inc.	16,100	241,017
Network Appliance, Inc. +	2,500	69,150
Oracle Corp. +	33,600	419,328
PerkinElmer, Inc.	1,500	30,945
QUALCOMM Inc.	9,300	340,845
Siebel Systems, Inc. +	5,000	45,650
Solelectron Corp. +	5,700	19,779
Sun Microsystems, Inc. +	8,600	34,744
Symantec Corp. +	5,000	106,650
Texas Instruments Inc.	13,500	344,115
Waters Corp. +	2,500	89,475
Xerox Corp. +	6,000	90,900
Yahoo! Inc. +	8,500	288,150
		-----
		8,370,074
		-----
MATERIALS - 2.69%		
Air Products & Chemicals, Inc.	2,500	158,225

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Alcoa Inc.	4,300	130,677
Dow Chemical Co. (The)	4,700	234,295
E.I. du Pont de Nemours & Co.	5,800	297,192
International Paper Co.	4,800	176,592
Newmont Mining Corp.	2,500	105,625
Nucor Corp.	2,500	143,900
Praxair, Inc.	2,500	119,650
Rohm & Haas Co.	2,500	120,000
Weyerhaeuser Co.	1,000	68,500
		-----
		1,554,656
		-----
REAL ESTATE INVESTMENT TRUSTS - 0.26%		
Simon Property Group Inc.	2,500	151,450
		-----
TELECOMMUNICATION SERVICES - 2.83%		
AT&T Corp.	5,260	98,625
BellSouth Corp.	10,200	268,158
Lucent Technologies Inc. +	15,000	41,250
SBC Communications Inc.	25,600	606,464
Sprint Corp.	4,100	93,275
Verizon Communications Inc.	14,900	528,950
		-----
		1,636,722
		-----
UTILITIES - 2.36%		
American Electric Power Co., Inc.	5,500	187,330
Dominion Resources, Inc.	2,000	148,860
Duke Energy Corp.	6,600	184,866
FirstEnergy Corp.	2,500	104,875
Scottish Power plc, ADR	4,000	124,800
Sempra Energy	2,500	99,600
Southern Co. (The)	2,500	79,575
TXU Corp.	3,700	294,631
Williams Companies, Inc. (The)	2,500	47,025
Xcel Energy, Inc.	5,500	94,490
		-----
		1,366,052
		-----
TOTAL UNITED STATES		
(cost \$58,743,190)		56,798,495
		-----
CZECH REPUBLIC - 1.37%		
CONSUMER DISCRETIONARY - 1.37%		
Bonton AS +#	68,590	19,944
Bonton Book AS +#	68,590	130,066
Bonton Discs AS +#	68,590	199
Bonton Film Entertainment AS +#	68,590	433,552
Bonton Music AS +#	68,590	130,066
Bonton Pictures AS +#	68,590	78,039
		-----
TOTAL CZECH REPUBLIC		
(cost \$894,867)		791,866
		-----

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TOTAL EQUITY SECURITIES		57,590,361
(cost \$59,638,057)		-----
	PRINCIPAL AMOUNT (000'S)	
	-----	
SHORT-TERM INVESTMENTS - 4.94.%		
REPURCHASE AGREEMENTS - 4.94%		
Bear, Stearns & Co. Inc.		
(Agreement dated 03/31/05 to be repurchased		
at \$326,094), 2.63%, 04/01/05,		
collateralized by \$335,590 in U.S.		
Treasury Bonds	\$ 343	\$ 326,070
		-----
Bear, Stearns & Co. Inc.		
(Agreement dated 03/31/05 to be repurchased		
at \$1,660,433), 2.88%*, 04/01/05,		
collateralized by \$1,709,207 in U.S.		
Treasury Bonds**	1,660	1,660,300
		-----
Bear, Stearns & Co. Inc.		
(Agreement dated 03/31/05 to be repurchased		
at \$872,958), 1.44%*, 04/01/05,		
collateralized by \$899,842 in U.S.		
Treasury Bonds**	873	872,923
		-----
TOTAL SHORT-TERM INVESTMENTS		2,859,293
(cost - \$2,859,293)		-----
 TOTAL INVESTMENTS - 104.57%		
(cost - \$62,497,350)		60,449,654
		-----
LIABILITIES IN EXCESS OF OTHER ASSETS - (4.57)%		(2,643,794)
		-----
NET ASSETS - 100.00%		\$ 57,805,860
		=====

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+ Non-income producing security.

# Securities are fair valued in accordance with procedures established by the Board of Directors.

\* 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.

At March 31, 2005, the Fund held 1.37% of its net assets in securities valued in good faith by the Board of Directors with an aggregate cost of \$894,867 and a fair value of \$791,866.

Federal Income Tax Cost - At March 31, 2005, the identified cost for federal income tax purposes, as well as the gross unrealized appreciation from

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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 \$62,548,979, \$7,027,943, \$(9,127,268) and \$(2,099,325), 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.

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 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

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Name: Ralph W. Bradshaw  
Title: Principal Executive Officer  
Date: May 20, 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

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Name: Ralph W. Bradshaw  
Title: Principal Executive Officer  
Date: May 20, 2005

/s/ Vincent L. Pereira

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Name: Vincent L. Pereira  
Title: Principal Financial Officer  
Date: May 20, 2005