

CORNERSTONE PROGRESSIVE RETURN FUND
Form N-CSR
March 02, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-22066

Cornerstone Progressive Return Fund

(Exact name of registrant as specified in charter)

350 Jericho Turnpike, Suite 206 Jericho, New York
(Address of principal executive offices)

11753
(Zip code)

Frank J. Maresca

Ultimus Fund Solutions, LLC 350 Jericho Turnpike, Suite 206 Jericho, New York 11753

(Name and address of agent for service)

Registrant's telephone number, including area code: (513) 326-3597

Date of fiscal year end: December 31, 2011

Date of reporting period: December 31, 2011

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR 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. ss. 3507.

ITEM 1.

REPORTS TO STOCKHOLDERS.

Cornerstone Progressive
Return Fund

Annual Report
December 31, 2011

CONTENTS

Portfolio Summary	1
Summary Schedule of Investments	2
Statement of Assets and Liabilities	5
Statement of Operations	6
Statement of Changes in Net Assets	7
Financial Highlights	8
Notes to Financial Statements	9
Report of Independent Registered Public Accounting Firm	14
Tax Information	15
Additional Information Regarding the Fund's Trustees and Corporate Officers	16
Description of Dividend Reinvestment Plan	19
Proxy Voting and Portfolio Holdings Information	21
Privacy Policy Notice	22
Summary of General Information	25
Shareholder Information	25

Cornerstone Progressive Return Fund
 Portfolio Summary – as of December 31, 2011 (unaudited)

SECTOR ALLOCATION

Sector	Percent of Net Assets
Closed-End Funds	92.8
Information Technology	1.2
Energy	1.1
Health Care	0.8
Financials	0.6
Industrials	0.6
Consumer Staples	0.5
Consumer Discretionary	0.4
Materials	0.1
Utilities	0.1
Other	1.8

TOP TEN HOLDINGS, BY ISSUER

Holding	Sector	Percent of Net Assets
1. Eaton Vance Tax-Managed Global Diversified Equity Income Fund	Closed-End Funds	4.9
2. Eaton Vance Risk-Managed Diversified Equity Income Fund	Closed-End Funds	4.8
3. Eaton Vance Tax-Managed Global Buy-Write Opportunities Fund	Closed-End Funds	4.8
4. Eaton Vance Tax-Managed Diversified Equity Income Fund	Closed-End Funds	4.6
5. Eaton Vance Tax-Managed Buy-Write Opportunities Fund	Closed-End Funds	4.0
6. BlackRock Enhanced Capital & Income Fund, Inc.	Closed-End Funds	3.2

Edgar Filing: CORNERSTONE PROGRESSIVE RETURN FUND - Form N-CSR

7.	Eaton Vance Enhanced Equity Income Fund II	Closed-End Funds	3.2
8.	Morgan Stanley China A Share Fund, Inc.	Closed-End Funds	3.1
9.	BlackRock Enhanced Equity Dividend Trust	Closed-End Funds	3.0
10.	Eaton Vance Enhanced Equity Income Fund	Closed-End Funds	2.7

1

Edgar Filing: CORNERSTONE PROGRESSIVE RETURN FUND - Form N-CSR

Cornerstone Progressive Return Fund
Summary Schedule of Investments – December 31, 2011

Description	No. of Shares	Value
EQUITY SECURITIES – 98.16%		
CLOSED-END FUNDS – 92.81%		
CONVERTIBLE SECURITIES – 3.33%		
Advent Claymore Convertible Securities and Income Fund	37,564	\$553,318
Advent/Claymore Global Convertible Securities & Income Fund	126,327	795,860
AGIC Equity & Convertible Income Fund	56,110	875,316
Other Convertible Securities (a)		383,792
		2,608,286
CORE - 1.33%		
BlackRock Equity Dividend Trust	49,444	447,963
Source Capital, Inc.	10,000	469,800
Other Core (a)		128,371
		1,046,134
CORPORATE DEBT FUNDS INVESTMENT GRADE-RATED – 3.67%		
Federated Enhanced Treasury Income Fund	59,077	847,755
Western Asset/Claymore Inflation-Linked Opportunities & Income Fund	122,194	1,540,866
Western Asset/Claymore Inflation-Linked Securities & Income Fund	38,779	490,167
Other Corporate Debt Funds Investment Grade-Rated (a)		25
		2,878,813
DEVELOPED MARKET - 1.49%		
Japan Smaller Capitalization Fund, Inc.	162,524	1,166,922
EMERGING MARKETS – 0.97%		
First Trust/Aberdeen Emerging Opportunity Fund	25,481	\$454,071
Other Emerging Markets (a)		307,373
		761,444
EMERGING MARKETS DEBT – 0.08%		
Total Emerging Markets Debt (a)		64,625
FLEXIBLE INCOME – 4.89%		
Putnam Master Intermediate Income Trust	100,567	510,880
Putnam Premier Income Trust	207,801	1,078,487
Zweig Total Return Fund, Inc. (The)	648,533	1,965,055
Other Flexible Income (a)		279,638
		3,834,060
GENERAL MUNICIPAL LEVERAGED – 1.01%		
Eaton Vance Tax-Advantaged Bond and Option Strategies Fund	48,070	795,559
GLOBAL – 4.45%		
Clough Global Equity Fund	44,069	530,150
Clough Global Opportunities Fund	45,014	475,798
Eaton Vance Tax-Advantaged Global Dividend Opportunities Fund	59,200	1,006,400

Edgar Filing: CORNERSTONE PROGRESSIVE RETURN FUND - Form N-CSR

Other Global (a)	1,474,036
	3,486,384
GLOBAL INCOME – 0.43%	
Other Global Income (a)	336,502

See accompanying notes to financial statements.

Edgar Filing: CORNERSTONE PROGRESSIVE RETURN FUND - Form N-CSR

Cornerstone Progressive Return Fund
Summary Schedule of Investments – December 31, 2011 (continued)

Description	No. of Shares	Value
HIGH CURRENT YIELD (LEVERAGED) – 0.44%		
Other High Current Yield (Leveraged) (a)		\$348,382
INCOME & PREFERRED STOCK – 1.12%		
Calamos Strategic Total Return Fund	89,438	746,807
Other Income & Preferred Stock (a)		135,174
		881,981
LOAN PARTICIPATION – 11.48%		
Apollo Senior Floating Rate Fund, Inc.	32,771	524,664
BlackRock Floating Rate Income Strategies Fund, Inc.	47,461	634,079
BlackRock Floating Rate Income Trust	65,790	886,191
Eaton Vance Floating-Rate Income Trust	108,368	1,542,077
Eaton Vance Senior Floating-Rate Trust	124,894	1,795,976
Eaton Vance Senior Income Trust	98,935	646,046
Invesco Van Kampen Dynamic Credit Opportunities Fund	110,514	1,168,133
Invesco Van Kampen Senior Income Trust	254,017	1,087,193
Other Loan Participation (a)		722,705
		9,007,064
OPTION ARBITRAGE/OPTIONS STRATEGIES – 50.08%		
BlackRock Enhanced Capital & Income Fund, Inc.	202,852	2,495,080
BlackRock Enhanced Equity Dividend Trust	332,916	2,353,716
Description	No. of Shares	Value
OPTION ARBITRAGE/OPTIONS STRATEGIES – (continued)		
BlackRock Global Opportunities Equity Trust	105,197	\$1,389,652
BlackRock International Growth and Income Trust	270,543	1,937,088
Cohen & Steers Global Income Builder, Inc.	84,369	784,632
Eaton Vance Enhanced Equity Income Fund	208,336	2,120,860
Eaton Vance Enhanced Equity Income Fund II	243,653	2,487,697
Eaton Vance Risk-Managed Diversified Equity Income Fund	361,450	3,777,153
Eaton Vance Tax-Managed Buy-Write Income Fund	147,258	1,890,793
Eaton Vance Tax-Managed Buy-Write Opportunities Fund	264,757	3,102,952
Eaton Vance Tax-Managed Diversified Equity Income Fund	407,200	3,611,864
Eaton Vance Tax-Managed Global Buy-Write Opportunities Fund	367,136	3,774,158
Eaton Vance Tax-Managed Global Diversified Equity Income Fund	467,796	3,859,317
Nuveen Equity Premium Advantage Fund	76,057	871,613
Nuveen Equity Premium and Growth Fund	40,216	485,407
Nuveen Equity Premium Income Fund	118,860	1,328,855
Nuveen Equity Premium Opportunity Fund	166,495	1,901,373
Other Option Arbitrage/Options Strategies (a)		1,110,834
		39,283,044

See accompanying notes to financial statements.

Edgar Filing: CORNERSTONE PROGRESSIVE RETURN FUND - Form N-CSR

Cornerstone Progressive Return Fund
Summary Schedule of Investments – December 31, 2011 (concluded)

Description	No. of Shares	Value
PACIFIC EX JAPAN – 3.06%		
Morgan Stanley China A Share Fund, Inc.	123,933	\$2,398,104
REAL ESTATE – 1.96%		
CBRE Clarion Global Real Estate Income Fund	114,937	786,169
Other Real Estate (a)		746,788
		1,532,957
SECTOR EQUITY – 2.99%		
BlackRock EcoSolutions Investment Trust	70,379	550,364
ING Risk Managed Natural Resources Fund	72,416	825,542
Nuveen MLP & Strategic Equity Fund, Inc.	36,506	623,522
Other Sector Equity (a)		348,218
		2,347,646
VALUE – 0.03%		
Total Value (a)		21,032
TOTAL CLOSED-END FUNDS		72,798,939
CONSUMER DISCRETIONARY – 0.41%		
Other Consumer Discretionary (a)		322,938
CONSUMER STAPLES – 0.53%		
Total Consumer Staples (a)		418,320
ENERGY – 1.05%		
Chevron Corporation	5,000	532,000
Other Energy (a)		291,480
		823,480
FINANCIALS – 0.63%		
Other Financials (a)		494,030
HEALTH CARE – 0.75%		
Other Health Care (a)		587,170
INDUSTRIALS – 0.59%		
Other Industrials (a)		\$459,134
INFORMATION TECHNOLOGY – 1.20%		
International Business Machines Corporation	3,000	551,640
Other Information Technology (a)		384,750
		936,390
MATERIALS – 0.11%		

Total Materials (a)	82,336
---------------------	--------

UTILITIES – 0.08%

Total Utilities (a)