

CORNERSTONE STRATEGIC VALUE FUND INC
Form N-CSR
March 02, 2016

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 811-05150

Cornerstone Strategic Value Fund, Inc.

(Exact name of registrant as specified in charter)

48 Wall Street, 22nd Floor, New York, New York 10005

(Address of principal executive offices) (Zip code)

Frank J. Maresca

AST Fund Solutions, LLC, 48 Wall Street, 22nd Floor, New York, New York 10005

(Name and address of agent for service)

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

Date of fiscal year end: December 31, 2015

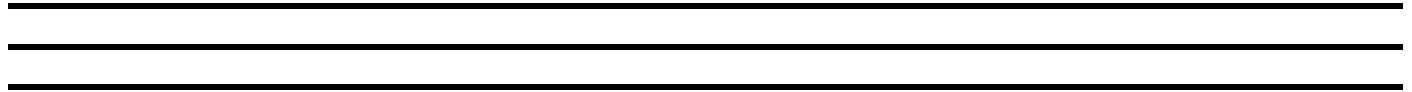
Date of reporting period: December 31, 2015

ITEM 1. REPORTS TO STOCKHOLDERS.



Cornerstone Strategic
Value Fund, Inc.

Annual Report
December 31, 2015



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Cornerstone Strategic Value Fund, Inc.
 Portfolio Summary – as of December 31, 2015 (unaudited)

SECTOR ALLOCATION

Sector	Percent of Net Assets
Closed-End Funds	48.7
Information Technology	10.5
Financials	7.8
Health Care	7.1
Consumer Discretionary	6.1
Industrials	4.7
Consumer Staples	4.6
Exchange-Traded Funds	3.5
Energy	2.2
Materials	1.4
Telecommunication Services	1.4
Utilities	0.5
Other	1.5

TOP TEN HOLDINGS, BY ISSUER

Holding	Sector	Percent of Net Assets
1. Alphabet Inc.	Information Technology	4.2
2. Cohen & Steers Preferred Securities and Income Fund, Inc.	Closed-End Funds	3.7
3. BlackRock Resources & Commodities Strategy Trust	Closed-End Funds	3.1
4. CBRE Clarion Global Real Estate Income Fund	Closed-End Funds	2.7
5. Alpine Global Total Dynamic Dividend Fund	Closed-End Funds	2.6
6. Apple Inc.	Information Technology	2.6
7. AllianzGI NFJ Dividend, Interest & Premium Strategy Fund	Closed-End Funds	2.5
8. JPMorgan Chase & Co.	Financials	2.2
9. Wells Fargo & Company	Financials	2.1

10. Amazon.com, Inc.

Consumer Discretionary 2.1

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Cornerstone Strategic Value Fund, Inc.
Schedule of Investments – December 31, 2015

Description	No. of	
	Shares	Value
EQUITY SECURITIES — 98.47%		
CLOSED-END FUNDS — 48.65%		
CONVERTIBLE SECURITIES — 2.47%		
Advent Claymore Convertible Securities and Income Fund	159,429	\$2,155,480
Advent Claymore Convertible Securities and Income Fund II	85,586	475,002
AllianzGI Convertible & Income Fund	323,782	1,793,752
AllianzGI Convertible & Income Fund II	707,326	3,571,996
		7,996,230
CORE — 4.06%		
Adams Express Company (The)	37,885	486,064
Advent/Claymore Enhanced Growth & Income Fund	3,788	31,327
Gabelli Equity Trust Inc. (The)	239,396	1,271,193
General American Investors Company, Inc.	84,421	2,696,407
Guggenheim Enhanced Equity Strategy Fund	12,244	193,088
Liberty All-Star Equity Fund	840,511	4,496,734
Royce Micro-Cap Trust, Inc.	186,559	1,354,418
Royce Value Trust	181,263	2,133,465
Sprott Focus Trust, Inc.	76,346	442,807
Zweig Fund, Inc. (The)	1,700	22,338
		13,127,841
CORPORATE DEBT INVESTMENT GRADE-RATED — 0.00%		
Cutwater Select Income Fund	1	25
DEVELOPED MARKET — 1.29%		
Aberdeen Australia Equity Fund, Inc.	398,970	2,174,386
Aberdeen Israel Fund, Inc.	468	8,078
Aberdeen Singapore Fund, Inc.	44,362	379,739
New Ireland Fund, Inc. (The)	21,976	306,126
Swiss Helvetia Fund, Inc. (The)	122,860	1,297,402
		4,165,731
EMERGING MARKETS — 1.36%		
Aberdeen Chile Fund, Inc.	149,715	835,410
Aberdeen Indonesia Fund, Inc.	5,861	32,353
First Trust/Aberdeen Emerging Opportunity Fund	15,657	204,480
JPMorgan China Region Fund, Inc.	9,342	143,119
Mexico Fund, Inc. (The)	26,038	432,752
Turkish Investment Fund, Inc. (The)	21,231	165,177
Voya Emerging Markets High Dividend Equity Fund	348,441	2,578,463
		4,391,754
EMERGING MARKETS DEBT — 1.06%		
India Fund, Inc. (The)	109,700	2,494,578
Western Assets Emerging Markets Income Fund, Inc.	95,905	933,156
		3,427,734

ENERGY MLP — 0.88%

Fiduciary/Claymore MLP Opportunity Fund

219,200 2,845,216

See accompanying notes to financial statements.

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Cornerstone Strategic Value Fund, Inc.
 Schedule of Investments – December 31, 2015 (continued)

Description	No. of Shares	Value
GENERAL & INSURED LEVERAGED — 0.13%		
Invesco Value Municipal Income Trust	1	\$14
Nuveen Dividend Advantage Municipal Fund 3	28,453	408,585
		408,599
GENERAL BOND — 0.62%		
Deutsche Multi-Market Income Trust	189,794	1,450,026
Deutsche Strategic Income Trust	53,445	561,707
		2,011,733
GLOBAL — 9.57%		
Alpine Global Dynamic Dividend Fund	227,745	2,015,543
Alpine Global Total Dynamic Dividend Fund	1,091,449	8,382,328
Calamos Global Dynamic Income Fund	319,167	2,285,236
Clough Global Opportunities Fund	93,300	974,052
Calamos Global Total Return Fund	49,454	564,765
Clough Global Allocation Fund	8,813	118,711
Clough Global Equity Fund	67,361	844,033
Delaware Enhanced Global Dividend and Income Fund	352,791	3,298,596
GDL Fund (The)	241,652	2,418,936
John Hancock Hedged Equity & Income Fund	31,317	452,844
Lazard Global Total Return and Income Fund, Inc.	44,142	577,377
Lazard World Dividend & Income Fund, Inc.	66,508	605,888
Nuveen Global Value Opportunities Fund	138,783	1,515,510
Royce Global Value Trust, Inc.	54,807	408,312
Virtus Total Return Fund	134,482	512,376
Voya Infrastructure, Industrials and Materials Fund	165,005	2,022,961
Wells Fargo Advantage Global Dividend Opportunity Fund	671,793	3,977,015
		30,974,483
HIGH CURRENT YIELD (LEVERAGED) — 0.33%		
BlackRock Debt Strategies Fund, Inc.	175,634	591,887
Franklin Universal Trust	4,286	24,559
Invesco High Income Trust II	3,385	43,497
Neuberger Berman High Yield Strategies Fund Inc.	10,075	101,657
Western Asset Global High Income Fund Inc.	12,119	105,678
Western Asset Global Partners Income Fund Inc.	25,493	197,061
		1,064,339
INCOME & PREFERRED STOCK — 1.25%		
Calamos Strategic Total Return Fund	178,249	1,764,665
LMP Capital and Income Fund Inc.	183,445	2,269,215
		4,033,880
LOAN PARTICIPATION — 0.35%		
Nuveen Credit Strategies Income Fund	145,227	1,138,580

See accompanying notes to financial statements.

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Cornerstone Strategic Value Fund, Inc.
 Schedule of Investments – December 31, 2015 (continued)

Description	No. of	
	Shares	Value
NATURAL RESOURCES — 3.83%		
Adams Natural Resources Fund, Inc.	15,800	\$280,292
BlackRock Energy and Resources Trust	22,900	286,937
BlackRock Resources & Commodities Strategy Trust	1,389,918	9,882,317
First Trust Energy Infrastructure Fund	23,400	341,406
Tortoise Energy Independence Fund, Inc.	80,364	906,506
Voya Natural Resources Equity Income Fund	127,230	694,676
		12,392,134
OPTION ARBITRAGE/OPTIONS STRATEGIES — 3.29%		
AllianzGI NFJ Dividend, Interest & Premium Strategy Fund	657,556	8,147,119
Eaton Vance Tax-Managed Global Diversified Equity Income Fund	47,400	419,490
Voya Asia Pacific High Dividend Equity Income Fund	14,827	133,888
Voya Global Equity Dividend and Premium Opportunity Fund	243,912	1,707,384
Voya International High Dividend Equity Fund	38,337	243,823
		10,651,704
PACIFIC EX JAPAN — 0.14%		
Aberdeen Greater China Fund, Inc.	53,382	456,950
REAL ESTATE — 11.84%		
Alpine Global Premier Properties Fund	1,099,963	6,346,786
CBRE Clarion Global Real Estate Income Fund	1,149,740	8,784,014
Cohen & Steers Preferred Securities and Income Fund, Inc.	657,261	12,119,893
Cohen & Steers Quality Income Realty Fund, Inc.	305,515	3,733,393
LMP Real Estate Income Fund Inc.	123,733	1,613,478
Neuberger Berman Real Estate Securities Income Fund Inc.	537,557	2,693,161
Nuveen Real Estate Income Fund	52,053	552,803
RMR Real Estate Income Fund	127,145	2,450,083
		38,293,611
SECTOR EQUITY — 1.42%		
GAMCO Global Gold, Natural Resources & Income Trust	508,121	2,413,575
GAMCO Natural Resources, Gold & Income Trust by Gabelli	380,903	2,182,574
		4,596,149
UTILITY — 4.76%		
Brookfield Global Listed Infrastructure Income Fund Inc.	22,154	260,309
Cohen & Steers Infrastructure Fund, Inc.	345,372	6,589,698
Duff & Phelps Global Utility Income Fund Inc.	292,763	4,312,399

See accompanying notes to financial statements.

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Cornerstone Strategic Value Fund, Inc.
 Schedule of Investments – December 31, 2015 (continued)

Description	No. of	
	Shares	Value
UTILITY (continued)		
Gabelli Global Utility & Income Trust (The)	60,473	\$1,009,899
Macquarie Global Infrastructure Total Return Fund Inc.	88,920	1,693,926
Reaves Utility Income Fund	52,400	1,360,828
Tekla Healthcare Opportunities Fund	10,326	179,569
		15,406,628
TOTAL CLOSED-END FUNDS		157,383,321
CONSUMER DISCRETIONARY — 6.14%		
Amazon.com, Inc. *	10,000	6,758,900
Comcast Corporation - Class A	41,013	2,314,363
Home Depot, Inc. (The)	19,600	2,592,100
Lowe's Companies, Inc.	8,000	608,320
Starbucks Corporation	15,000	900,450
Time Warner Cable Inc.	4,000	742,360
Twenty-First Century Fox, Inc.	5,000	136,150
Walt Disney Company (The)	55,200	5,800,416
		19,853,059
CONSUMER STAPLES — 4.64%		
Archer-Daniels-Midland Company	16,000	586,880
Constellation Brands, Inc.	3,000	427,320
Costco Wholesale Corporation	9,000	1,453,500
CVS Caremark Corporation	18,430	1,801,901
Kimberly-Clark Corporation	5,000	636,500
Kraft Heinz Company (The)	4,000	291,040
Kroger Co. (The)	30,000	1,254,900
Mondelēz International, Inc. - Class A	26,000	1,165,840
Monster Beverage Corporation *	4,000	595,840
Reynolds American Inc.	22,000	1,015,300
Walgreens Boots Alliance, Inc.	15,000	1,277,325
Wal-Mart Stores, Inc.	73,700	4,517,810
		15,024,156
ENERGY — 2.16%		
ConocoPhillips	21,974	1,025,966
EOG Resources, Inc.	15,000	1,061,850
Exxon Mobil Corporation	39,936	3,113,011
Phillips 66	7,987	653,337
Schlumberger Limited	8,000	558,000
Valero Energy Corporation	8,000	565,680
		6,977,844
EXCHANGE-TRADED FUNDS — 3.48%		
iShares Core S&P 500 ETF	30,000	6,146,100
SPDR S&P 500 ETF Trust	25,000	5,097,250

11,243,350

FINANCIALS — 7.76%

ACE Limited	6,000	701,100
Allstate Corporation (The)	4,000	248,360
American Express Company	13,000	904,150
American International Group, Inc.	8,000	495,760
American Tower Corporation	4,000	387,800
Aon plc	8,500	783,785
Berkshire Hathaway Inc. - Class B *	21,000	2,772,840
BlackRock, Inc. - Class A	3,500	1,191,820
Capital One Financial Corporation	4,500	324,810

See accompanying notes to financial statements.

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Cornerstone Strategic Value Fund, Inc.
 Schedule of Investments – December 31, 2015 (continued)

Description	No. of	
	Shares	Value
CONSUMER STAPLES (continued)		
Discover Financial Services	6,500	\$348,530
Intercontinental Exchange, Inc.	2,500	640,650
JPMorgan Chase & Co.	106,132	7,007,896
Marsh & McLennan Companies, Inc.	8,500	471,325
McGraw Hill Financial, Inc.	2,000	197,160
Moody's Corporation	3,000	301,020
PNC Financial Services Group, Inc. (The)	8,000	762,480
Travelers Companies, Inc. (The)	6,000	677,160
Wells Fargo & Company	126,800	6,892,848
		25,109,494
HEALTH CARE — 7.10%		
Abbott Laboratories	26,200	1,176,642
AbbVie Inc.	16,200	959,688
Aetna Inc.	11,000	1,189,320
Allergan plc *	6,577	2,055,313
Amgen Inc.	17,800	2,889,474
Anthem, Inc.	9,000	1,254,960
Boston Scientific Corporation *	2,000	36,880
Cardinal Health, Inc.	6,000	535,620
Celgene Corporation *	10,000	1,197,600
Cigna Corporation	5,000	731,650
Eli Lilly and Company	11,000	926,860
Express Scripts Holding Company *	8,000	699,280
Gilead Sciences, Inc.	14,000	1,416,660
Johnson & Johnson	13,000	1,335,360
McKesson Corporation	3,000	591,690
Merck & Company, Inc.	35,267	1,862,803
Regeneron Pharmaceuticals, Inc. *	1,000	542,870
Stryker Corporation	8,000	743,520
Thermo Fisher Scientific Inc.	10,000	1,418,500
UnitedHealth Group Incorporated	12,000	1,411,680
		22,976,370
INDUSTRIALS — 4.70%		
Boeing Company (The)	9,000	1,301,310
Danaher Corporation	13,000	1,207,440
Delta Air Lines, Inc.	18,000	912,420
FedEx Corporation	6,000	893,940
General Dynamics Corporation	6,000	824,160
General Electric Company	80,000	2,492,000
Honeywell International Inc.	16,000	1,657,120
Illinois Tool Works Inc.	8,000	741,440
Lockheed Martin Corporation	4,000	868,600

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Northrop Grumman Corporations	5,000	944,050
Precision Castparts Corporation	2,000	464,020
Raytheon Company	5,000	622,650
Southwest Airlines Co.	12,000	516,720
3M Company	5,000	753,200
Union Pacific Corporation	13,000	1,016,600
		15,215,670

INFORMATION TECHNOLOGY — 10.50%

Alphabet Inc. - Class A *	2,000	1,556,020
Alphabet Inc. - Class C *	16,005	12,145,875
Apple Inc.	79,000	8,315,540
Automatic Data Processing, Inc.	7,000	593,040
Cisco Systems, Inc.	35,000	950,425
Cognizant Technology Solutions Corporation *	6,000	360,120
Facebook, Inc. *	21,000	2,197,860
Fiserv, Inc. *	4,000	365,840

See accompanying notes to financial statements.

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Cornerstone Strategic Value Fund, Inc.
 Schedule of Investments – December 31, 2015 (concluded)

Description	No. of	
	Shares	Value
INFORMATION TECHNOLOGY (continued)		
Intel Corporation	66,000	\$2,273,700
MasterCard Incorporated	10,000	973,600
Microsoft Corporation	22,000	1,220,560
Oracle Corporation	61,272	2,238,266
Visa Inc. - Class A	10,000	775,500
		33,966,346
MATERIALS — 1.38%		
Air Products & Chemicals, Inc.	5,000	650,550
Dow Chemical Company (The)	29,500	1,518,660
Ecolab Inc.	5,500	629,090
LyondellBasell Industries N.V.	7,000	608,300
PPG Industries, Inc.	8,000	790,560
Sherwin-Williams Company (The)	1,000	259,600
		4,456,760
TELECOMMUNICATION SERVICES — 1.37%		
AT&T, Inc.	7,568	260,415
Verizon Communications, Inc.	90,000	4,159,800
		4,420,215
UTILITIES — 0.59%		
Dominion Resources, Inc.	10,000	676,400
NextEra Energy, Inc.	6,000	623,340
PPL Corporation	6,000	204,780
Public Service Enterprises Group, Inc.	6,500	251,485
Xcel Energy Inc.	4,000	143,640
		1,899,645
TOTAL EQUITY SECURITIES		
(cost - \$316,701,918)		318,526,230
SHORT-TERM INVESTMENT — 0.90%		
MONEY MARKET FUND — 0.90%		
Fidelity Institutional Money Market Government Portfolio - Class I, 0.01%^ (cost - \$2,908,238)	2,908,238	2,908,238
TOTAL INVESTMENTS — 99.37%		
(cost - \$319,610,156)		321,434,468
OTHER ASSETS IN EXCESS OF LIABILITIES — 0.63%		
		2,042,736
NET ASSETS — 100.00%		
		\$323,477,204

*Non-income producing security.

^The rate shown is the 7-day effective yield as of December 31, 2015.

See accompanying notes to financial statements.

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Cornerstone Strategic Value Fund, Inc.
Statement of Assets and Liabilities – December 31, 2015

ASSETS

Investments, at value (cost – \$319,610,156) (Notes B and C)	\$321,434,468
Cash	554
Receivables:	
Investments sold	11,652,674
Dividends	1,352,444
Prepaid expenses	10,352
Total Assets	334,450,492

LIABILITIES

Payables:	
Investments purchased	10,482,747
Investment management fees (Note D)	306,061
Directors' fees and expenses	45,867
Administration fees (Note D)	19,893
Other accrued expenses	118,720
Total Liabilities	10,973,288

NET ASSETS (applicable to 21,407,414 shares of common stock) 323,477,204

NET ASSET VALUE PER SHARE (\$323,477,204 ÷ 21,407,414) 15.11

NET ASSETS CONSISTS OF

Common stock, \$0.001 par value; 21,407,414 shares issued and outstanding (100,000,000 shares authorized)	21,407
Paid-in Capital	322,667,112
Accumulated net realized loss on investments	(1,035,626)
Net unrealized appreciation in value of investments	1,824,311
Net assets applicable to shares outstanding	323,477,204

See accompanying notes to financial statements.

Cornerstone Strategic Value Fund, Inc.
Statement of Operations – for the Year Ended December 31, 2015

INVESTMENT INCOME

Income:

Dividends \$5,873,021

Expenses:

Investment management fees (Note D) 2,572,252

Merger expenses (Note A) 219,964

Administration fees (Note D) 192,919

Directors' fees and expenses 104,486

Legal and audit fees 66,554

Accounting fees 59,032

Custodian fees 49,088

Printing 38,267

Transfer agent fees 33,443

Insurance 14,811

Stock exchange listing fees 10,480

Miscellaneous 6,224

Total Expenses 3,367,520

Net Investment Income 2,505,501

NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS

Net realized gain from investments 2,394,207

Capital gain distributions from regulated investment companies 3,721,009

Net change in unrealized appreciation in value of investments (31,475,170)

Net realized and unrealized loss on investments (25,359,954)

NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS \$(22,854,453)

See accompanying notes to financial statements.

Cornerstone Strategic Value Fund, Inc.
Statement of Changes in Net Assets

	For the Years ended December 31	
	2015	2014
INCREASE IN NET ASSETS		
Operations:		
Net investment income	\$2,505,501	\$2,581,075
Net realized gain from investments	6,115,216	12,308,473
Net change in unrealized appreciation in value of investments	(31,475,170)	4,601,426
Net increase/(decrease) in net assets resulting from operations	(22,854,453)	19,490,974
Dividends and distributions to stockholders (Note B):		
Net investment income	(2,505,501)	(2,581,075)
Net realized gains	(6,408,287)	(12,356,393)
Return-of-capital	(56,039,075)	(22,273,549)
Total dividends and distributions to stockholders	(64,952,863)	(37,211,017)
Common stock transactions:		
Cash in lieu of 76 fractional shares from the reverse stock split	—	(1,539)
Issuance of 12,780,186 and 0 shares in connection with the merger of Cornerstone Progressive Return Fund	235,773,265	—
Proceeds from 432,511 and 258,745* shares newly issued in reinvestment of dividends and distributions, respectively	7,223,924	5,636,862
Net increase in net assets from common stock transactions	242,997,189	5,635,323
Total increase/(decrease) in net assets	155,189,873	(12,084,720)
NET ASSETS		
Beginning of year	168,287,331	180,372,051
End of year	\$323,477,204	\$168,287,331

*Shares are adjusted for the one-for-four reverse split that was effective on December 29, 2014.

See accompanying notes to financial statements.

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Cornerstone Strategic Value Fund, Inc.
Financial Highlights

Contained below is per share operating performance data for a share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data for each year indicated. This information has been derived from information provided in the financial statements and market price data for the Fund's shares.

	For the Years Ended December 31,				
	2015	2014*	2013*	2012*	2011*
PER SHARE OPERATING PERFORMANCE					
Net asset value, beginning of year	\$20.54	\$22.72	\$22.72	\$24.52	\$30.20
Net investment income #	0.17	0.32	0.40	0.44	0.28
Net realized and unrealized gain/(loss) on investments	(1.18)	2.10	3.80	2.76	(0.16)
Net increase/(decrease) in net assets resulting from operations	(1.01)	2.42	4.20	3.20	0.12
Dividends and distributions to stockholders:					
Net investment income	(0.17)	(0.32)	(0.40)	(1.48)	(0.52)
Net realized capital gains	(0.44)	(1.52)	(1.76)	(0.76)	—
Return-of-capital	(3.81)	(2.76)	(2.76)	(3.08)	(5.60)
Total dividends and distributions to stockholders	(4.42)	(4.60)	(4.92)	(5.32)	(6.12)
Common stock transactions:					
Anti-dilutive effect due to shares issued:					
Rights offering	—	—	0.72	0.32	0.20
Reinvestment of dividends and distributions	0.00 +	0.00 +	0.00 +	0.00 +	0.12
Total common stock transactions	0.00 +	0.00 +	0.72	0.32	0.32
Net asset value, end of year	\$15.11	\$20.54	\$22.72	\$22.72	\$24.52
Market value, end of year	\$15.66	\$20.02	\$26.40	\$24.00	\$26.36
Total investment return (a)	0.21 %	(6.29)%	36.67 %	13.33 %	(11.11)%
RATIOS/SUPPLEMENTAL DATA					
Net assets, end of year (000 omitted)	\$323,477	\$168,287	\$180,372	\$105,704	\$88,111
Ratio of expenses to average net assets, net of fee waivers and fees paid indirectly, if any (b)	1.31 % ^(d)	1.33 %	1.33 %	1.40 %	1.55 %
Ratio of expenses to average net assets, excluding fee waivers and fees paid indirectly, if any (b)	1.31 % ^(d)	1.33 %	1.33 %	1.40 %	1.55 %
Ratio of net investment income to average net assets (c)	0.97 % ^(d)	1.47 %	1.69 %	1.83 %	0.98 %
Portfolio turnover rate	88 %	51 %	48 %	41 %	38 %

* Effective December 29, 2014, a reverse split of 1:4 occurred. All per share amounts have been restated according to the terms of the reverse split.

#Based on average shares outstanding.

+ Amount rounds to less than \$0.01 per share.

(a)

Total investment return at market value is based on the changes in market price of a share during the period and assumes reinvestment of dividends and distributions, if any, at actual prices pursuant to the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions.

(b) Expenses do not include expenses of investments companies in which the Fund invests.

(c) Recognition of net investment income by the Fund may be affected by the timing of the declaration of dividends, if any, by investment companies in which the Fund invests.

Includes reorganization costs. Without these costs, ratio of expenses to average net assets, net of fee waivers and fees paid indirectly, if any, ratio of expenses to average net assets, excluding fee waivers and fees paid indirectly, if any, and ratio of net investment income to average net assets would have been 1.22%, 1.22% and 1.06% for the year ended December 31, 2015, respectively.

See accompanying notes to financial statements.

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Cornerstone Strategic Value Fund, Inc.
Notes to Financial Statements

NOTE A. ORGANIZATION

Cornerstone Strategic Value Fund, Inc. (the “Fund” or “CLM”) was incorporated in Maryland on May 1, 1987 and commenced investment operations on June 30, 1987. Its investment objective is to seek long-term capital appreciation through investment primarily in equity securities of U.S. and non-U.S. companies. The Fund is registered under the Investment Company Act of 1940, as amended, as a closed-end, diversified management investment company. As an investment company, the Fund follows the accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standards Codification Topic 946 “Financial Services –Investment Companies”.

Reorganization: Pursuant to a plan of merger approved by the stockholders of each of the Fund and Cornerstone Progressive Return Fund (“CFP”), the Fund acquired all of the net assets of CFP (\$235,773,269) on June 26, 2015 and is the accounting survivor of the merger. A total of 16,689,008 shares of beneficial interest of CFP were exchanged for 12,780,186 shares of common stock of the Fund immediately after the closing date. The exchange ratio was 0.765785 shares of CLM for each share of CFP. This merger qualified as tax-free reorganizations under Section 368(a)(1) (C) of the Internal Revenue Code. CFP’s net assets included \$5,253,546 of net unrealized appreciation on investments, \$(23,450,547) of accumulated net investment loss, and \$(3,391,585) of accumulated net realized loss on investments. The aggregate net assets of the Fund prior to the merger totaled \$152,222,319 and following the merger the combined net assets of the Fund totaled \$387,995,588.

Because the combined entities have been managed as a single integrated entity since the merger was completed, it is not practicable to separate the amounts of revenue and earnings of CFP that have been included in the Fund’s Statement of Operations since June 26, 2015.

NOTE B. SIGNIFICANT ACCOUNTING POLICIES

Management Estimates: The Fund is an investment company that applies the accounting and reporting guidance issued in Topic 946 by the U.S. Financial Accounting Standards Board. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make certain estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Subsequent Events: The Fund has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through the date its financial statements were issued. Based on this evaluation, no additional disclosures or adjustments were required to such financial statements.

Portfolio Valuation: Investments are stated at value in the accompanying financial statements. Readily marketable portfolio securities listed on the New York Stock Exchange (“NYSE”) are valued, except as indicated below, at the last sale price reflected on the consolidated tape at the close of the NYSE on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day. If no bid or asked prices are quoted on such day or if market prices may be unreliable because of events occurring after the close of trading, then the security is valued by such method as the Board of Directors shall determine in good faith to reflect its fair market value. Readily marketable securities not listed on the NYSE but listed on other domestic or foreign securities exchanges are valued in a like manner. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined as reflected on the consolidated tape at the close of the exchange representing the principal

Cornerstone Strategic Value Fund, Inc.
Notes to Financial Statements (continued)

market for such securities. Securities trading on the Nasdaq Stock Market, Inc. (“NASDAQ”) are valued at the NASDAQ Official Closing Price.

Readily marketable securities traded in the over-the counter market, including listed securities whose primary market is believed by Cornerstone Advisors, Inc. (the “Investment Manager” or “Cornerstone”) to be over-the-counter, are valued at the mean of the current bid and asked prices as reported by the NASDAQ or, in the case of securities not reported by the NASDAQ or a comparable source, as the Board of Directors deem appropriate to reflect their fair market value. Where securities are traded on more than one exchange and also over-the-counter, the securities will generally be valued using the quotations the Board of Directors believes reflect most closely the value of such securities. At December 31, 2015, the Fund held no securities valued in good faith by the Board of Directors.

The net asset value per share of the Fund is calculated weekly and on the last business day of the month with the exception of those days on which the NYSE is closed.

The Fund is exposed to financial market risks, including the valuations of its investment portfolio. During the year ended December 31, 2015, the Fund did not invest in derivative instruments or engage in hedging activities.

Investment Transactions and Investment Income: Investment transactions are accounted for on the trade date. The cost of investments sold is determined by use of the specific identification method for both financial reporting and income tax purposes. Interest income is recorded on an accrual basis; dividend income is recorded on the ex-dividend date.

Risks Associated with Investments in Other Closed-end Funds: Closed-end investment companies are subject to the risks of investing in the underlying securities. The Fund, as a holder of the securities of the closed-end investment company, will bear its pro rata portion of the closed-end investment company’s expenses, including advisory fees. These expenses are in addition to the direct expenses of the Fund’s own operations.

Taxes: No provision is made for U.S. federal income or excise taxes as it is the Fund’s intention to continue to qualify as a regulated investment company and to make the requisite distributions to its stockholders which will be sufficient to relieve it from all or substantially all U.S. federal income and excise taxes.

The Accounting for Uncertainty in Income Taxes Topic of the FASB Accounting Standards Codification defines the threshold for recognizing the benefits of tax-return positions in the financial statements as “more-likely-than-not” to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realized. The Fund’s policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of December 31, 2015, the Fund does not have any interest or penalties associated with the under-payment of any income taxes. Management reviewed any uncertain tax positions for open tax years 2012 through 2014, and for the year ended December 31, 2015. There was no material impact to the financial statements.

Distributions to Stockholders: Effective June 25, 2002, the Fund initiated a fixed, monthly distribution to stockholders. On November 29, 2006, this distribution policy was updated to provide for the annual resetting of the monthly distribution amount per share based on the Fund’s net asset value on the last business day in each October. The terms of the distribution policy will be reviewed and approved at least annually by the Fund’s Board of Directors and can be modified at their discretion. To the extent that these distributions exceed the current earnings of the Fund, the balance will be generated from sales of portfolio securities held by the Fund, which will either be short-term or long-

Cornerstone Strategic Value Fund, Inc.
Notes to Financial Statements (continued)

term capital gains or a tax-free return-of-capital. To the extent these distributions are not represented by net investment income and capital gains, they will not represent yield or investment return on the Fund's investment portfolio. The Fund plans to maintain this distribution policy even if regulatory requirements would make part of a return-of-capital, necessary to maintain the distribution, taxable to stockholders and to disclose that portion of the distribution that is classified as ordinary income. Although it has no current intention to do so, the Board may terminate this distribution policy at any time and such termination may have an adverse effect on the market price for the Fund's common shares. The Fund determines annually whether to distribute any net realized long-term capital gains in excess of net realized short-term capital losses, including capital loss carryovers, if any. To the extent that the Fund's taxable income in any calendar year exceeds the aggregate amount distributed pursuant to this distribution policy, an additional distribution may be made to avoid the payment of a 4% U.S. federal excise tax, and to the extent that the aggregate amount distributed in any calendar year exceeds the Fund's taxable income, the amount of that excess may constitute a return-of-capital for tax purposes. A return-of-capital distribution reduces the cost basis of an investor's shares in the Fund. Dividends and distributions to stockholders are recorded by the Fund on the ex-dividend date.

Managed Distribution Risk: Under the managed distribution policy, the Fund makes monthly distributions to stockholders at a rate that may include periodic distributions of its net income and net capital gains ("Net Earnings"), or from return-of-capital. If, for any fiscal year where total cash distributions exceeded Net Earnings (the "Excess"), the Excess would decrease the Fund's total assets and, as a result, would have the likely effect of increasing the Fund's expense ratio. There is a risk that the total Net Earnings from the Fund's portfolio would not be great enough to offset the amount of cash distributions paid to Fund stockholders. If this were to be the case, the Fund's assets would be depleted, and there is no guarantee that the Fund would be able to replace the assets. In addition, in order to make such distributions, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment might not dictate such action. Furthermore, such assets used to make distributions will not be available for investment pursuant to the Fund's investment objective.

NOTE C. FAIR VALUE

As required by the Fair Value Measurement and Disclosures Topic of the 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.

Cornerstone Strategic Value Fund, Inc.
Notes to Financial Statements (continued)

The following is a summary of the inputs used as of December 31, 2015 in valuing the Fund's investments carried at value:

Valuation Inputs	Other	
	Investments in Securities	Financial Instruments*
Level 1 – Quoted Prices		
Equity Investments	\$318,526,230	\$ —
Short-Term Investments	2,908,238	—
Level 2 – Other Significant Observable Inputs	—	—
Level 3 – Significant Unobservable Inputs	—	—
Total	\$321,434,468	\$ —

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

The breakdown of the Fund's investments into major categories is disclosed in its Schedule of Investments.

During the year ended December 31, 2015 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 December 31, 2015.

It is the Fund's policy to recognize transfers into and out of any Level at the end of the reporting period.

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent). The amendments apply to reporting entities that elect to measure the fair value of an investment using the net asset value per share (or its equivalent) practical expedient. The ASU is essentially effective for public entities beginning in 2016 and for all other entities beginning in 2017, but earlier application is permitted. Although still evaluating the potential impacts of ASU 2015-07 to the Fund, the Investment Manager does not expect the adoption of the ASU to have an effect on the Fund.

NOTE D. AGREEMENTS WITH AFFILIATES

At December 31, 2015, certain officers of the Fund are also officers of Cornerstone or AST Fund Solutions, LLC (“AFS”). Such officers are paid no fees by the Fund for serving as officers of the Fund.

Investment Management Agreement

Cornerstone serves as the Fund’s Investment Manager with respect to all investments. As compensation for its investment management services, Cornerstone receives from the Fund an annual fee, calculated weekly and paid monthly, equal to 1.00% of the Fund’s average weekly net assets. For the year ended December 31, 2015, Cornerstone earned \$2,572,252 for investment management services.

Administration Agreement

Under the terms of the administration agreement, AFS supplies executive, administrative and regulatory services for the Fund. AFS supervises the preparation of reports to shareholders for the Fund, reports to and filings with the Securities and Exchange Commission and materials for meetings of the Board of Directors. For these services, the Fund pays AFS a monthly fee at an annual rate of 0.075% of its average daily net assets, subject to an annual minimum fee of \$50,000. For the year ended December 31, 2015, AFS earned \$192,919 as administrator.

NOTE E. INVESTMENT IN SECURITIES

For the year ended December 31, 2015, purchases and sales of securities, other than short-term investments, were \$411,797,402 and \$226,086,822, respectively.

Cornerstone Strategic Value Fund, Inc.
Notes to Financial Statements (concluded)

NOTE F. SHARES OF COMMON STOCK

The Fund has 100,000,000 shares of common stock authorized and 21,407,414 shares issued and outstanding at December 31, 2015. Transactions in common stock for the year ended December 31, 2015 were as follows:

Shares at beginning of year	8,194,717
Shares newly issued in reinvestment of dividends and distributions	432,511
Shares issued in merger of CFP with and into CLM	12,780,186
Shares at end of year	21,407,414

NOTE G. FEDERAL INCOME TAXES

Income and capital gains distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. These differences are primarily due to differing treatments of losses deferred due to wash sales.

The tax character of dividends and distributions paid to stockholders during the years ended December 31, 2015 and December 31, 2014 was as follows:

	2015	2014
Ordinary Income	\$2,505,501	\$6,774,673
Long-Term Capital Gains	6,408,287	8,162,795
Return-of-Capital	56,039,075	22,273,549
Total Distributions	\$64,952,863	\$37,211,017

At December 31, 2015, the components of accumulated earnings on a tax basis for the Fund were as follows:

Net unrealized appreciation	\$788,685
Total accumulated earnings	\$788,685

GAAP requires that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the

year ended December 31, 2015, the Fund increased accumulated net realized loss on investments by \$694,635 and increased paid-in capital by \$694,635. on the Statement of Assets and Liabilities. Under current tax law, certain capital losses realized after October 31 within a taxable year may be deferred and treated as occurring on the first day of the following tax year (“Post-October losses”). The Fund incurred no such losses during the year ended December 31, 2015.

The Fund utilized \$694,635 of capital loss carryforward acquired from CFP during the merger. As of December 31, 2015, the Fund had no remaining capital loss carryforwards.

The following information is computed on a tax basis for each item as of December 31, 2015:

Cost of portfolio investments	\$320,645,782
Gross unrealized appreciation	\$26,553,157
Gross unrealized depreciation	(25,764,471)
Net unrealized appreciation	\$788,686

The difference between book-basis and tax-basis unrealized appreciation is attributable to the tax deferral of losses on wash sales.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Cornerstone Strategic Value Fund, Inc.
New York, New York

We have audited the accompanying statement of assets and liabilities of the Cornerstone Strategic Value Fund, Inc. (the "Fund"), including the schedule of investments as of December 31, 2015, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2015, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Cornerstone Strategic Value Fund, Inc. as of December 31, 2015, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
February 23, 2016

Results of Annual Meeting of Stockholders (unaudited)

On October 20, 2015, the Annual Meeting of Stockholders of the Fund was held and the following matter were voted upon based on 21,109,119 shares of common stock outstanding on the record date of August 24, 2015:

(1) To approve the election of two directors to hold office until the year 2018 Annual Meeting of Stockholders.

Name of Directors	For	Withhold
Robert E. Dean	16,649,403	879,138
Scott B. Rogers	16,671,681	856,860

2015 Tax Information (unaudited)

This notification along with Form 1099-DIV reflects the amount to be used by calendar year taxpayers on their U.S. federal income tax returns. As indicated in this notice, a portion of the Fund's distributions for 2015 was comprised of a return-of-capital; accordingly these distributions do **not** represent yield or investment return on the Fund's portfolio.

SOURCES OF DIVIDENDS AND DISTRIBUTIONS

(Per Share Amounts)

Payment Dates:	1/30/15	2/27/15	3/31/15	4/30/15	5/29/15	6/30/15
Ordinary Income ⁽¹⁾	\$0.0142	\$0.0142	\$0.0142	\$0.0142	\$0.0142	\$0.0142
Return-of-Capital ⁽²⁾	0.3175	0.3175	0.3175	0.3175	0.3175	0.3175
Capital Gain ⁽³⁾	0.0363	0.0363	0.0363	0.0363	0.0363	0.0363
Total	\$0.3680	\$0.3680	\$0.3680	\$0.3680	\$0.3680	\$0.3680

Payment Dates:	7/31/15	8/31/15	9/30/15	10/30/15	11/30/15	12/31/15
Ordinary Income ⁽¹⁾	\$0.0142	\$0.0142	\$0.0142	\$0.0142	\$0.0142	\$0.0142
Return-of-Capital ⁽²⁾	0.3175	0.3175	0.3175	0.3175	0.3175	0.3175
Capital Gain ⁽³⁾	0.0363	0.0363	0.0363	0.0363	0.0363	0.0363
Total	\$0.3680	\$0.3680	\$0.3680	\$0.3680	\$0.3680	\$0.3680

Notes:

- (1) **Ordinary Income Dividends** – This is the total per share amount of ordinary income dividends and short-term capital gain distributions (if applicable) included in the amount reported in Box 1a on Form 1099-DIV.
- Return-of-Capital** – This is the per share amount of return-of-capital, or sometimes called nontaxable, distributions reported in Box 3 – under the title “Nondividend distributions” – on Form 1099-DIV. This amount should
- (2) **not** be reported as taxable income on your current return. Rather, it should be treated as a reduction in the original cost basis of your investment in the Fund.
- (3) **Capital Gains Distributions** – This is the total per share amount of capital gain distribution included in the amount reported in Box 2a on Form 1099-DIV.

The Fund has met the requirements to pass through 100% of its ordinary income dividends as qualified dividends, which are subject to a maximum federal tax rate of 23.8% (20% qualified dividends maximum long-term capital gain rate plus 3.8% Medicare tax). This is reported in Box 1b on Form 1099-DIV. Ordinary income dividends should be reported as dividend income on Form 1040. Please note that to utilize the lower tax rate for qualifying dividend income, stockholders generally must have held their shares in the Fund for at least 61 days during the 121 day period beginning 60 days before the ex-dividend date.

Long-term capital gain distributions arise from gains on securities held by the Fund for more than one year. They are subject to a maximum federal rate of 20% (23.8%, reflecting 3.8% Medicare tax on income exceeding certain threshold amounts).

Foreign stockholders will generally be subject to U.S. withholding tax on the amount of the actual ordinary income dividend paid by the Fund.

In general, distributions received by tax-exempt recipients (e.g., IRA's and Keoghs) need not be reported as taxable income for U.S. federal income tax purposes. However, some retirement trusts (e.g., corporate, Keogh and 403(b)(7) plans) may need this information for their annual information reporting.

Stockholders are strongly advised to consult their own tax advisers with respect to the tax consequences of their investment in the Fund.

Additional Information Regarding the Fund’s Directors and Corporate Officers (unaudited)

Name and Address* (Birth Date)	Position(s) Held with Fund	Principal Occupation over Last 5 Years	Position with Fund Since
Ralph W. Bradshaw** (Dec. 1950)	Chairman of the Board of Directors and President	President, Cornerstone Advisors, Inc.; Financial Consultant; President and Director of Cornerstone Total Return Fund, Inc.	1998
Robert E. Dean (Apr. 1951)	Director; Audit, Nominating and Corporate Governance Committee Member	Director, National Bank Holdings Corp.; Director of Cornerstone Total Return Fund, Inc.	2014
Edwin Meese III (Dec. 1931)	Director; Audit, Nominating and Corporate Governance Committee Member	Ronald Reagan Distinguished Fellow Emeritus, The Heritage Foundation Washington D.C.; Distinguished Visiting Fellow at the Hoover Institution, Stanford University; Director of Cornerstone Total Return Fund, Inc.	2001
Scott B. Rogers (July 1955)	Director; Audit, Nominating and Corporate Governance Committee Member	Director, Board of Health Partners, Inc.; Chief Executive Officer, Asheville Buncombe Community Christian Ministry (“ABCCM”); President, ABCCM Doctor's Medical Clinic; Member of North Carolina Governor’s Council on Homelessness (from July 2014); Director of Cornerstone Total Return Fund, Inc.	2000
Andrew A. Strauss (Nov. 1953)	Director; Chairman of Nominating and Corporate Governance Committee and Audit Committee Member	Attorney and senior member of Strauss & Associates, P.A., Attorneys; Director of Cornerstone Total Return Fund, Inc.	2000
Glenn W. Wilcox, Sr. (Dec. 1931)	Director; Chairman of Audit Committee, Nominating and Corporate Governance Committee Member	Chairman of the Board of Tower Associates, Inc.; Chairman of the Board of Wilcox Travel Agency, Inc.; Director of Champion Industries, Inc.; Director of Cornerstone Total Return Fund, Inc.	2000

Additional Information Regarding the Fund’s Directors and Corporate Officers (unaudited) (concluded)

Name and Address* (Birth Date)	Position(s) Held with Fund	Principal Occupation over Last 5 Years	Position with Fund Since
Gary A. Bentz (June 1956)	Chief Compliance Officer, Secretary, and Assistant Treasurer	Chairman and Chief Financial Officer of Cornerstone Advisors, Inc.; Financial Consultant, C.P.A., Chief Compliance Officer, Secretary, and Assistant Treasurer of Cornerstone Total Return Fund, Inc.	2004, 2008, 2009
Frank J. Maresca (Oct. 1958)	Treasurer	Executive Vice President of AST Fund Solutions, LLC (since February 2012), Executive Vice President of Ultimus Fund Solutions, LLC (from March 2009-February 2012) previous Executive Director, JP Morgan Chase & Co.; Previous President of Bear Stearns Funds Management Inc.; Previous Senior Managing Director of Bear Stearns & Co. Inc.; Treasurer of the Fund and Cornerstone Total Return Fund, Inc.	2013

* The mailing address of each Director and/or Officer with respect to the Fund’s operation is 48 Wall Street, 22nd floor, New York, NY 10005.

Designates a director who is an “interested person” of the Fund as defined by the Investment Company Act of 1940, **as amended. Mr. Bradshaw is an interested person of the Fund by virtue of his current position with the Investment Adviser of the Fund.

Description of Dividend Reinvestment Plan (unaudited)

Cornerstone Strategic Value Fund, Inc. (the “Fund”) operates a Dividend Reinvestment Plan (the “Plan”), administered by American Stock Transfer & Trust Company, LLC (the “Agent”), pursuant to which the Fund’s income dividends or capital gains or other distributions (each, a “Distribution” and collectively, “Distributions”), net of any applicable U.S. withholding tax, are reinvested in shares of the Fund.

Stockholders automatically participate in the Fund’s Plan, unless and until an election is made to withdraw from the Plan on behalf of such participating stockholder. Stockholders who do not wish to have Distributions automatically reinvested should so notify the Agent at P.O. Box 922, Wall Street Station, New York, New York 10269-0560. Under the Plan, the Fund’s Distributions to stockholders are reinvested in full and fractional shares as described below.

When the Fund declares a Distribution the Agent, on the stockholder’s behalf, will (i) receive additional authorized shares from the Fund either newly issued or repurchased from stockholders by the Fund and held as treasury stock (“Newly Issued Shares”) or (ii) purchase outstanding shares on the open market, on the NYSE MKT or elsewhere, with cash allocated to it by the Fund (“Open Market Purchases”).

The method for determining the number of Newly Issued Shares received when Distributions are reinvested will be determined by dividing the amount of the Distribution either by the Fund’s last reported net asset value per share or by a price equal to the average closing price of the Fund over the five trading days preceding the payment date of the Distribution, whichever is lower. However, if the last reported net asset value of the Fund’s shares is higher than the average closing price of the Fund over the five trading days preceding the payment date of the Distribution (i.e., the Fund is selling at a discount), shares may be acquired by the Agent in Open Market Purchases and allocated to the reinvesting stockholders based on the average cost of such Open Market Purchases. Upon notice from the Fund, the Agent will receive the distribution in cash and will purchase shares of common stock in the open market, on the NYSE MKT or elsewhere, for the participants’ accounts, except that the Agent will endeavor to terminate purchases in the open market and cause the Fund to issue the remaining shares if, following the commencement of the purchases, the market value of the shares, including brokerage commissions, exceeds the net asset value at the time of valuation. These remaining shares will be issued by the Fund at a price equal to the net asset value at the time of valuation.

In a case where the Agent has terminated open market purchases and caused the issuance of remaining shares by the Fund, the number of shares received by the participant in respect of the cash dividend or distribution will be based on the weighted average of prices paid for shares purchased in the open market, including brokerage commissions, and the price at which the Fund issues the remaining shares. To the extent that the Agent is unable to terminate purchases in the open market before the Agent has completed its purchases, or remaining shares cannot be issued by the Fund because the Fund declared a dividend or distribution payable only in cash, and the market price exceeds the net asset value of the shares, the average share purchase price paid by the Agent may exceed the net asset value of the shares, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund.

Whenever the Fund declares a Distribution and the last reported net asset value of the Fund's shares is higher than its market price, the Agent will apply the amount of such Distribution payable to Plan participants of the Fund in Fund shares (less such Plan participant's pro rata share of brokerage commissions incurred with respect to Open Market Purchases in connection with the reinvestment of such Distribution) to the purchase on the open market of Fund shares for such Plan participant's account. Such purchases will be made on or after the payable date for such Distribution, and in no event more than 30 days after such date except

Description of Dividend Reinvestment Plan (unaudited) (concluded)

where temporary curtailment or suspension of purchase is necessary to comply with applicable provisions of federal securities laws. The Agent may aggregate a Plan participant's purchases with the purchases of other Plan participants, and the average price (including brokerage commissions) of all shares purchased by the Agent shall be the price per share allocable to each Plan participant.

Registered stockholders who do not wish to have their Distributions automatically reinvested should so notify the Fund in writing. If a stockholder has not elected to receive cash Distributions and the Agent does not receive notice of an election to receive cash Distributions prior to the record date of any Distribution, the stockholder will automatically receive such Distributions in additional shares.

Participants in the Plan may withdraw from the Plan by providing written notice to the Agent at least 30 days prior to the applicable Distribution payment date. The Agent will maintain all stockholder accounts in the Plan and furnish written confirmations of all transactions in the accounts, including information needed by stockholders for personal and tax records. The Agent will hold shares in the account of the Plan participant in non-certificated form in the name of the participant, and each stockholder's proxy will include those shares purchased pursuant to the Plan. The Agent will distribute all proxy solicitation materials to participating stockholders.

In the case of stockholders, such as banks, brokers or nominees, that hold shares for others who are beneficial owners participating in the Plan, the Agent will administer the Plan on the basis of the number of shares certified from time to time by the record stockholder as representing the total amount of shares registered in the stockholder's name and held for the account of beneficial owners participating in the Plan.

Neither the Agent nor the Fund shall have any responsibility or liability beyond the exercise of ordinary care for any action taken or omitted pursuant to the Plan, nor shall they have any duties, responsibilities or liabilities except such as expressly set forth herein. Neither shall they be liable hereunder for any act done in good faith or for any good faith omissions to act, including, without limitation, failure to terminate a participant's account prior to receipt of written notice of his or her death or with respect to prices at which shares are purchased or sold for the participant's account and the terms on which such purchases and sales are made, subject to applicable provisions of the federal securities laws.

The automatic reinvestment of Distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such Distributions. The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan.

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Participants may at any time sell some or all of their shares through the Agent. Shares may be sold via the internet at www.amstock.com or through the toll free number. Participants can also use the tear off portion attached to the bottom of their statement and mail the request to American Stock Transfer and Trust Company LLC, P.O Box 922 Wall Street Station, New York, N.Y. 10269-0560. There is a fee of \$15.00 per transaction and commission of \$0.10 per share.

All correspondence concerning the Plan should be directed to the Agent at P.O. Box 922, Wall Street Station, New York, New York 10269-0560. Certain transactions can be performed online at www.amstock.com or by calling the toll-free number (866) 668-6558.

Proxy Voting and Portfolio Holdings Information (unaudited)

The policies and procedures that the Fund uses to determine how to vote proxies relating to its portfolio securities are available:

without charge, upon request, by calling toll-free (866) 668-6558; and

on the website of the Securities and Exchange Commission, <http://www.sec.gov>.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent period ended June 30, 2015 is available without charge, upon request, by calling toll-free (866) 668-6558, and on the SEC's website at <http://www.sec.gov> or on the Fund's website at www.cornerstonestrategicvaluefund.com (See Form N-PX).

The Fund files a complete schedule of its portfolio holdings for the first and third quarters of its fiscal year with the SEC on Form N-Q. The Fund's Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling toll-free 1-800-SEC-0330.

Summary of General Information (unaudited)

Cornerstone Strategic Value Fund, Inc. is a closed-end, diversified investment company whose shares trade on the NYSE MKT. Its investment objective is to seek long-term capital appreciation through investment in equity securities of U.S. and non-U.S. companies. The Fund is managed by Cornerstone Advisors, Inc.

Stockholder Information (unaudited)

The Fund is listed on the NYSE MKT (symbol “CLM”). The previous week’s net asset value per share, market price, and related premium or discount are available on the Fund’s website at www.cornerstonestrategicvaluefund.com.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that Cornerstone Strategic Value Fund, Inc. may from time to time purchase shares of its common stock in the open market.

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Cornerstone Strategic Value Fund, Inc.

ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party. Pursuant to Item 12(a)(1), a copy of registrant's code of ethics is filed as an exhibit to this Form N-CSR. During the period covered by this report, the code of ethics has not been amended, and the registrant has not granted any waivers, including implicit waivers, from the provisions of the code of ethics.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's board of directors has determined that the registrant does not have an audit committee financial expert serving on its audit committee. The audit committee determined that, although none of its members meet the technical definition of an audit committee financial expert, the experience provided by each member of the audit committee together offer the registrant adequate oversight for the registrant's current level of financial complexity.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) **Audit Fees.** The aggregate fees billed for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements were \$26,000 and \$20,000 with respect to the registrant's fiscal years ended December 31, 2015 and 2014, respectively.

(b) **Audit-Related Fees.** No fees were billed in either of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item.

(c) **Tax Fees.** The aggregate fees billed for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning were \$5,500 and \$4,100 with respect to the registrant's fiscal years ended December 31, 2015 and 2014, respectively. The services comprising these fees are the preparation of the registrant's federal and state income and federal excise tax returns.

(d) **All Other Fees.** No fees were billed in either of the last two fiscal years other than the services reported in paragraphs (a) through (c) of this item.

- Before the principal accountant is engaged by the registrant to render (i) audit, audit-related or permissible non-audit services to the registrant or (ii) non-audit services to the registrant's investment adviser and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant, either (a) the audit committee shall pre-approve such engagement; or (b) such engagement shall be entered into pursuant to pre-approval policies and procedures established by the audit committee. Any such policies and procedures must be detailed as to the particular service and not involve any delegation of the audit committee's responsibilities to the registrant's investment adviser. The audit committee may delegate to one or more of its members the authority to grant pre-approvals. The pre-approval policies and procedures shall include the requirement that the decisions of any member to whom authority is delegated under this provision shall be presented to the full audit committee at its next scheduled meeting. Under certain limited circumstances, pre-approvals are not required if certain de minimus thresholds are not exceeded, as such thresholds are determined by the audit committee in accordance with applicable Commission regulations.
- (e)(1)
- (e)(2) None of the services described in paragraph (b) through (d) of this Item were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Less than 50% of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

(f)

During the fiscal years ended December 31, 2015 and 2014, aggregate non-audit fees of \$5,500 and \$4,100, respectively, were billed by the registrant's principal accountant for services rendered to the registrant. No non-audit fees were billed in either of the last two fiscal years by the registrant's principal accountant for services rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant.

(g)

The principal accountant has not provided any non-audit services to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant.

(h)

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities and Exchange Act of 1934. Robert E. Dean, Glenn W. Wilcox, Sr., (Chairman), Edwin Meese III, Andrew A. Strauss and Scott B. Rogers are the members of the registrant's audit committee.

(a)

(b) Not applicable

ITEM 6. SCHEDULE OF INVESTMENTS.

(a) Not required

ITEM DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END
7. MANAGEMENT INVESTMENT COMPANIES.

The registrant and Cornerstone Advisors, Inc., the registrant's investment adviser, share the same proxy voting policies and procedures. The proxy voting policies and procedures of the registrant and Cornerstone Advisors, Inc. are attached as Exhibit 99.VOTEREG.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

(a)(1) All information included in this Item is as of the date of the filing of this Form N-CSR, unless otherwise noted. Ralph W. Bradshaw is the portfolio manager of the registrant. Mr. Bradshaw has acted as portfolio manager since 2002. Mr. Bradshaw is President of Cornerstone Advisors, Inc. and serves as President and Chairman of the Board of the registrant and Cornerstone Total Return Fund, Inc.

(a)(2) Ralph W. Bradshaw manages one other closed-end registered investment company: Cornerstone Total Return Fund, Inc. As of December 31, 2015, net assets of Cornerstone Total Return Fund, Inc. were \$115,331,199. Mr. Bradshaw manages no accounts except for the registrant and Cornerstone Total Return Fund, Inc. Mr. Bradshaw manages no accounts where the advisory fee is based on the performance of the account. No material conflicts of interest exist in connection with the portfolio manager's management of the registrant's investments, on the one hand, and the investment of the other accounts included in response to this Item, on the other.

(a)(3) Compensation of Ralph W. Bradshaw includes a fixed salary paid by Cornerstone Advisors, Inc. plus his share of the profits of Cornerstone Advisors, Inc. The profitability of Cornerstone Advisors, Inc. is primarily dependent upon the value of the assets of the registrant and other managed accounts. However, compensation is not directly based upon the registrant's performance or on the value of the registrant's assets.

(a)(4) The dollar range of equity securities in the registrant beneficially owned by each portfolio manager as of December 31, 2015 is as follows: Ralph W. Bradshaw: over \$100,000

ITEM PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT
9. COMPANY AND AFFILIATED PURCHASERS.

None

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's board of trustees that have been implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) or this Item.

ITEM 11. 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 the information required in filings on Form N-CSR 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 second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not required

(a)(2) 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

(a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons: Not applicable

(b) Certifications required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2(b)): Attached hereto

Exhibit 99.CODE ETH Code of Ethics

Exhibit 99.VOTEREG Proxy Voting Policies and Procedures

Exhibit 99.CERT Certifications required by Rule 30a-2(a) under the Act

Exhibit 99.906CERT Certifications required by Rule 30a-2(b) under the Act

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, Chairman and President
(Principal Executive Officer)

Date March 2, 2016

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, Chairman and President
(Principal Executive Officer)

Date March 2, 2016

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

Date March 2, 2016

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