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October 10, 2012

Mr. Bruce Karpati
Chief, Asset Management Unit
New York Regional Office
U.S. Securities and Exchange Commission
3 World Financial Center, Suite 400
New York NY 10281

Dear Bruce,

I run a small investment partnership in New York and I would like to bring some facts about the Cornerstone Funds (the Cornerstone Total Return Fund, the Cornerstone Strategic Value Fund and the Cornerstone Progressive Return Fund, trading under the ticker symbols CRF, CLM, and CFP, respectively) to your attention.

I believe that the Cornerstone Funds should be examined by the SEC due to:

a) the deceptive nature of their distribution policy
b) the opaque relationships between Cornerstone, its advisors and other related parties
c) the recent capital markets transactions the Funds have engaged in.

I believe that the Cornerstone Funds are exploiting unsophisticated investors through a deceitful operation that gives excessive compensation to management with negative investment results for the Funds' investors. Though it does not appear that the Cornerstone Funds are violating securities laws, per se, they are essentially a $300 million publicly traded Ponzi scheme.

I am passing along this information so that, to the extent that you deem appropriate, you may assist in protecting the innocent investors (both current and prospective) in the Cornerstone Funds.

Thank you for your time and attention to this matter and please do not hesitate to contact me with any comments or questions.

Respectfully,

Parsa Kiai

Summary

For various reasons, many closed-end mutual funds trade at large discounts to their net-asset-value (NAV). Investing in closed-end funds at discounts to their NAV has long been a popular investment strategy and in the 1990's, several activist investors sought to purchase large stakes in these funds and push for corporation actions that reduced or eliminated these discounts. One of the more prominent of such investors was Ron Olin.

Ron Olin's firm, Deep Discount Advisors, purchased large stakes in several funds and then sought board representation in order to change the distribution policy and take other corporate measures to improve the financial performance of the funds. This strategy was both financially astute (buy low, sell high) and very shareholder-friendly (as all shareholders in the funds benefitted). In fact, this is how Ron Olin portrayed himself when soliciting support for him and his board nominees.

Olin's strategy was very successful. Once the funds changed their distribution policies and took other actions, the funds' discounts to NAV were turned into substantial premiums and Olin generated profits for himself, his clients and all shareholders in the funds.

However, it became apparent that some closed-end funds can trade at substantial *premiums* to NAV, largely for the same investor psychology reasons that some funds trade at discounts. Olin and his associates realized that they could profit from this overvaluation, just as they did from the undervaluation – only this time at the *expense* of shareholders, rather than for their benefit.

Olin and his associates morphed their closed-end funds into "apparent" high-yield vehicles that attract unsophisticated investors, sold out of their investments entirely in these funds at large premiums and began simply taking fees from shareholders for passive investment performance. Most troubling, as assets in the funds were depleted from poor investment performance and the fees, they raised additional capital from these unsuspecting investors on egregious terms to perpetuate their operation.

Ron Olin went from being a champion of shareholder value to an exploiter of shareholder innocence and unsophistication. Ron Olin is an astute investor who bought low and sold high. There is absolutely nothing wrong, immoral or illegal about that. However, the current operations of the Cornerstone Funds are Ponzi schemes, pure and simple. The only difference between the Cornerstone Funds and some of the most infamous Ponzi schemes is that Cornerstone spells it out in fine print in securities filings, which their investors unfortunately do not read. I believe the SEC and other regulatory authorities should intervene and protect the shareholders of Cornerstone from further harm. There is $300 million in public investment at stake here.

I also believe that Ron Olin and his associates on the board of directors at the Cornerstone Funds have a moral obligation to stop breaching their fiduciary duty to shareholders. Olin & Co are all sophisticated professionals who understand the nature of their operations. It behooves individuals of their stature to resist the temptation to abuse innocent investors for their own financial gain.

History and Formation of the Cornerstone Funds

Ron Olin has been active investor in the closed-end fund industry since the 1980's. In the 1990's, he targeted several funds that were trading at large discounts to their NAV.

Cornerstone Total Return Fund (CRF)

By 1998, Olin had accumulated shares in the Czech Republic Fund (trading under the ticker CRF), eventually holding an ownership[1] stake of approximately 40%. The Czech Republic Fund was an approximately $80 million closed-end fund focusing on emerging equities and privatizations in the Czech Republic. The fund traded at a large discount to its NAV, often greater than 30%. In September 1999, Olin wrote a letter[2] to the board of the fund (now called the Central European Fund) asking for board representation along with his business associates – notably Ralph Bradshaw, Glenn Wilcox, Andrew Strauss and Gary Bentz. Bradshaw is Olin's brother-in-law and was affiliated with Olin's firm, Deep Discount Advisors. Bentz was the CFO and Treasurer at Deep Discount.

The Central European Fund added Olin and Bradshaw to the board[3] and eventually Olin became chairman[4] of the board in 2000, at which point he added more of his associates – namely Edwin Meese and Scott Rogers, along with Bentz, Wilcox and Strauss. Olin installed Bradshaw as the fund's investment advisor (through a firm called Cornerstone Advisors in Asheville, NC), then relinquished his chairman duties to Bradshaw in mid-2000 and the fund changed its name to the Cornerstone Strategic Value Fund[5] (while retaining the original ticker symbol of CRF). This would be the playbook for many of Olin's investments.

By 2001, Olin's Deep Discount Advisors had also taken a large ownership[6] interest in an approximately $40 million close-end bond fund called Excelsior Income Shares (EIS). EIS was a sleepy, conservatively run bond fund traded at a large discount to NAV and in March 2001, Olin and Bradshaw started a bitter proxy fight[7] with EIS management, seeking to oust the existing board and replace them with the Olin associates on the grounds that they would take steps to reduce the discount for the fund.

After a prolonged fight with management[8] where proxy advisory firm Institutional Shareholder Services even supported[9] existing management, Bradshaw and his slate of directors were elected[10] to the board of EIS in October 2001.

With Olin's associates in charge of both CRF and EIS, the two funds were merged in 2002[11] and Cornerstone Total Return Fund as we know it today was formed.

1 http://www.sec.gov/Archives/edgar/data/919898/0000930413-99-001359.txt
2 http://www.sec.gov/Archives/edgar/data/919898/0000938077-99-000148.txt
3 http://www.sec.gov/Archives/edgar/data/919898/0000889812-99-003129.txt
4 http://www.sec.gov/Archives/edgar/data/919898/0000927016-00-000202.txt
5 http://www.sec.gov/Archives/edgar/data/919898/000108241600000059/0001082416-00-000059-0001.txt
6 http://www.sec.gov/Archives/edgar/data/33934/000092242301000261/0000922423-01-000261-0001.txt
7 http://www.sec.gov/Archives/edgar/data/33934/000110768201000015/0001107682-01-000015-0001.txt
8 http://www.sec.gov/Archives/edgar/data/33934/000092242301500724/kl08063_def14a.txt
9 http://www.sec.gov/Archives/edgar/data/33934/000092242301500757/kl09007_425.txt
10 http://www.sec.gov/Archives/edgar/data/33934/000092242301500926/kl10049_pressrelease.txt

Cornerstone Strategic Value Fund (CLM)

The Cornerstone Strategic Value Fund has a similar history. By July 1998, Olin had accumulated a nearly 20% interest in the Clemente Global Growth Fund (trading under the ticker CLM), an $80 million equity-focused closed-end fund priced at a double digit discount to NAV. Olin sent a letter[12] to the board outlining his concerns about the fund's discount and by September, Olin and his associates controlled the company. The fund name was changed twice – once in 1999 to Clemente Strategic Value Fund and in February 2001[13] to the Cornerstone Strategic Value Fund. By this time, Olin controlled[14] nearly 40% of the shares outstanding of the fund.

By 2000, Olin had taken control of another closed-end fund called the Portugal Fund (ticker symbol PGF), an $80 million fund focused on Portugese equities. After a similar proxy fight[15], Olin and his associates controlled the board and renamed[16] the fund the Progressive Return Fund.

In April 2003, Olin set his sights[17] on the Morgan Grenfell SMALLCap Fund (ticker MGC), a $100 million closed-end equity fund in which he had a substantial holding. After another bitter proxy contest[18], Olin and his associates took over control of the SMALLCap Fund and eventually renamed it the Investors First Fund.

In 2004, Olin merged[19] the Cornerstone Strategic Value Fund with the Progressive Return Fund and the Investors First Fund, Inc. and Cornerstone Strategic Value Fund as we know it today was formed.

The Exit Strategy

Now in control of a large pool of assets which he purchased at substantial discounts, Olin (through his surrogates like Bradshaw) began changing the investment mandates[20] for the funds – allowing them to make large distributions to shareholders despite the fact that these distributions were not earned. These "managed distribution" policies are a controversial, though not uncommon, policy many closed-end funds use to minimize[21] their discounts to NAV.

Sophisticated investors know that only dividends that come from investment income or capital gains are truly "earned" but history shows that funds with regular, stable distributions (regardless of whether they are "earned" or simply a "return of capital") tend to trade at lower discounts (or even premiums) to NAV. Olin and his associates were well aware of this – and they aggressively increased the distribution policy of the funds to the point where as much as 15% of the fund's assets were being distributed back to the

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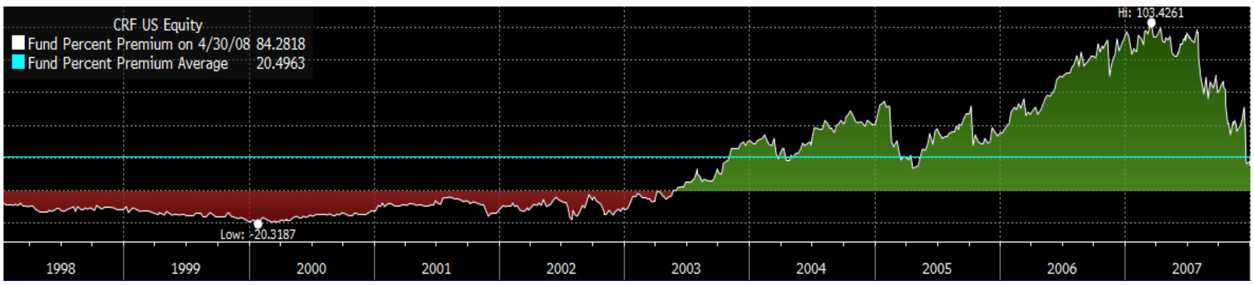
11 http://www.sec.gov/Archives/edgar/data/919898/000090901202000872/t25012.txt
12 http://www.sec.gov/Archives/edgar/data/814083/0000938077-98-000037.txt
13 http://www.sec.gov/Archives/edgar/data/814083/000090901201000062/0000909012-01-000062-0001.txt
14 http://www.sec.gov/Archives/edgar/data/814083/000093807700000028/0000938077-00-000028.txt
15 http://www.sec.gov/Archives/edgar/data/854580/0001047469-99-034604.txt
16 http://www.sec.gov/Archives/edgar/data/854580/000090901200000680/0000909012-00-000680-0001.txt
17 http://www.sec.gov/Archives/edgar/data/809584/000093807703000024/mgcltpx3.txt
18 http://www.sec.gov/Archives/edgar/data/809584/000110768203000015/mgcdfan14a035.txt
19 http://www.sec.gov/Archives/edgar/data/814083/000081408305000002/merger77m.txt
20 http://www.sec.gov/Archives/edgar/data/33934/000090901201500579/t23487.txt
21 http://www.gabelli.com/Gab_pdf/articles/clef_200604.pdf

shareholders. Of course, if you invest $1.00 in a fund and they give you back 15c, you are no better off, but some investors were lured in by the high apparent "yields" and the Cornerstone Funds began trading at substantial premiums to their NAV, instead of discounts. By 2004, the Cornerstone Total Return Fund and the Cornerstone Strategic Value Fund were trading at 40% premiums to NAV, compared to the over 20% discounts to NAV previously.



This provided Olin and his associates the opportunity to exit their investments profitably. From 2004 to 2006, Olin's firm (now known as Doliver Capital) continually reduced their ownership in both the Cornerstone Total Return Fund and the Cornerstone Strategic Value Fund – from over 30% in early 2004 to zero by 2006 (see appendix for ownership filings).

So far, Ron Olin and his associates had done nothing wrong. Despite the brass-knuckle tactics employed to gain control of the funds, Olin had done a service to *existing* shareholders by increasing the value of their investment and had generated profits for himself and his shareholders by buying low and selling high. But what about for *incoming* shareholders into the Cornerstone Funds?

Bradshaw & Co Remain

While Olin brought Bradshaw and his other associates with him onto the Cornerstone Funds when he entered, he did not take them with him when he left. After exiting his investments in the Cornerstone Total Return Fund and the Cornerstone Strategic Value Funds entirely, Olin left Bradshaw as the chairman of the board and president of the investment advisor and left his associates (Meese, Rogers, Strauss, Wilcox and Bentz) on the board of directors. Why would Olin leave his lieutenants on the board and in charge when he no longer had any interest in the company? One reason: Fees.

In 2004, when Ron Olin still had a substantial interest in the Cornerstone Funds, each of the directors on the board of the Cornerstone Strategic Value Fund was paid $8,150[22] per year. By the end of 2005, when Olin no longer had any ownership in the fund, the directors' fees were increased by 147%[23] to $20,100. Glenn Wilcox, Andrew Strauss, Edwin Meese and Scott Rogers each received over $20,000 for serving on the board of a $150 million closed-end mutual fund. In addition, each of those members received $10,000 for serving on the board of the Cornerstone Total Return Fund.

Perhaps $30,000 per year is the appropriate compensation to ensure that the board's fiduciary duty towards its shareholders is met. However, to put that amount in context, consider than in 2005, the director's fees at ExxonMobil, Proctor & Gamble, Microsoft and Johnson & Johnson ranged from $75,000 to $90,000. These are the largest, most complex, global companies in the world and they are literally one thousand times as large (in terms of assets and market value) as the Cornerstone Funds. Alternatively, consider that similar closed-end funds – like the Gabelli Utility Trust or Gabelli Global Multimedia Trust, for example – had director's fees of $3,000[24] and $6,000[25], despite having more in aggregate assets than Cornerstone.

What about Bradshaw? As chairman of the board and as the president of Cornerstone Advisors (the funds' investment advisor), Bradshaw was compensated with substantial investment management fees from both funds. In 2005, Bradshaw received $565,218[26] from the Cornerstone Total Return Fund and $1.4 million[27] from the Cornerstone Strategic Value Fund.

Clearly, with or without Ron Olin in the picture, there was an incentive for his associates to stay at the Cornerstone funds.

Cornerstone Results for Remaining Investors

While Ron Olin was involved with the Cornerstone Funds, he was, in fact, a positive factor for shareholders in the funds. He reduced the discount to NAV into a large premium and any shareholder could have sold their shares at any time. However, when Olin left, the Cornerstone Funds were trading at massive premiums to their NAV – because of the distribution policy Olin implemented – and the future investment results were going to be inevitably miserable for remaining and new shareholders.

Of course, Ron Olin doesn't owe any of the remaining or new shareholders any fiduciary duty or perhaps even a moral obligation not to deceive them. He bought low and sold high. Every investor has to watch out for themselves – but what about the board of directors? The board has a responsibility to protect the interests of the shareholders of the Cornerstone Funds. What have been the board's actions since Olin exited his investment?

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[22] http://www.sec.gov/Archives/edgar/data/814083/000090901205000313/t301742.txt
[23] http://www.sec.gov/Archives/edgar/data/814083/000090901206000280/t302408.txt
[24] http://www.sec.gov/Archives/edgar/data/1080720/000093506905000902/schedule.txt
[25] http://www.sec.gov/Archives/edgar/data/921671/000093506906001132/schedule.txt
[26] http://www.sec.gov/Archives/edgar/data/33934/000090901206000314/t302413.txt
[27] http://www.sec.gov/Archives/edgar/data/814083/000090901206000316/t302414.txt

We believe that the Cornerstone Funds were *designed* to generate fees for Bradshaw and the board of directors with no regard for the interests of shareholders. An examination of the Cornerstone portfolio holdings and the behavior of Bradshaw and the directors can lead to no other conclusion.

What was the investment strategy of the Cornerstone Funds? Was this a legitimate investment operation? It is easy to demonstrate that the Cornerstone Funds were never structured as a legitimate investment operation.

First, the portfolios of the Cornerstone Funds were deliberately structured to mimic the return of the overall market. It is not a coincidence that the funds held positions nearly identical to that of a broad market index like the S&P 500. It was done by design to ensure that the returns of the funds never deviate too much from the overall index – thereby raising any red flags. Of course, the funds would lag the index because they charged a high expense ratio to cover the fees for Bradshaw and the directors.

Holdings & Returns	*Cornerstone Total Return Fund*			*Cornerstone Strategic Value Fund*		
	2005	2006	2007	2005	2006	2007
Top 10 Holdings						
	CE Fund	XOM	XOM	GE	XOM	XOM
	GE	GE	GE	XOM	GE	GE
	XOM	C	MSFT	MSFT	MSFT	MSFT
	MSFT	MSFT	T	C	BAC	PG
	C	CE Fund	JNJ	PG	C	JNJ
	PG	JNJ	CE Fund	EMC	JNJ	CVX
	JNJ	CE Fund	APPL	BAC	PG	T
	WMT	BAC	CVX	AIG	EMC	KO
	CE Fund	PG	WMT	JNJ	CSCO	EMC
	CE Fund	AIG	CE Fund	PFE	AIG	CSCO
S&P 500 Return	*4.9%*	*15.8%*	*5.5%*	*4.9%*	*15.8%*	*5.5%*
Fund Return	*1.9%*	*12.3%*	*3.8%*	*3.2%*	*12.6%*	*5.3%*
Difference	*3.0%*	*3.5%*	*1.6%*	*1.7%*	*3.2%*	*0.2%*
Expense Ratio	*1.5%*	*1.4%*	*1.5%*	*1.2%*	*1.2%*	*1.2%*

Note: CE Fund is an investment in another closed end fund.

Second, Ron Olin and his hand-picked associates have *explicitly* stated that they do not believe that an active stock portfolio generates good investment returns. Ron Olin's firm, Doliver Capital, unequivocally states[28] this on their website:

> *What is Doliver's strategy?*
> *Doliver's strategy is clear and straight-forward: invest in closed-end funds. This and this alone. Doliver does not "pick" individual stocks; does not time or predict the stock market.. Our investment strategy is grounded in the belief that the stock market is generally very efficient and that no one can "predict" or "time" the market with subjective analysis alone.*

[28] http://www.doliveradvisors.com/

Doliver goes on to say:

> *In order to make money for clients over the long term, an inefficiency, or mispricing, in the market must be identified through a disciplined method. We have identified closed-end funds as demonstrating such rare inefficiencies and this small niche has been our study and focus since 1988.*

Ron Olin did precisely that – he found a mispricing in closed-end funds trading at discounts to their NAV and he manipulated them until they traded at large premiums to NAV – at which point he exited. But once he exited, he left his associates in at the helm so they could charge millions in fees for doing precisely what he said was not possible – picking individual stocks.

Contrary to what Olin and his associates truly believe, in the 2003 letter[29] to Cornerstone shareholders, Ralph Bradshaw wrote:

> *Over the long-run, a well-managed, diversified equity portfolio provides the best risk/reward tradeoff for many investors. Long-term equity returns are generally found to be higher than those with fixed-income or balanced programs and favorable tax treatment on capital gains makes the net returns even better for taxable investors. . . .*

Third, there is no evidence that Cornerstone is an investment operation with a multi-million dollar research process. There is no Cornerstone website, no office phone number, no investment commentary, no research reports or other evidence of a legitimate investment business. Most closed-end mutual funds with several hundred millions in assets have well-developed websites and other evidence that a legitimate business exists (for example – the $200 million Boulder Growth and Income Fund[30] and the $200 million Gabelli Utility Trust[31]).

However, there is no trace of Cornerstone anywhere. No financial advisor or private wealth manager at any large financial services firm has heard of them, to the best of our knowledge. Calls placed to the company telephone number listed in press releases[32] go automatically to a recorded voicemail. When we left a message, we were contacted later that day by the fund's administrator (Ultimus Fund Solutions) who notified us neither they nor the Cornerstone management would provide us with any investor letters, reports, commentary or other information besides what was disclosed in the regulatory filings. Besides the fact that it is very odd to have to go through the fund administrator to try and reach the advisor, the vast majority of other closed-end funds are accessible to investors in their respective funds.

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[29] http://www.sec.gov/Archives/edgar/data/33934/000090901204000168/t300864.txt

[30] http://www.boulderfunds.net/home.php

[31] http://www.gabelli.com/Template/CEF-fund_obj.cfm?fund_code=-113

[32] The number and address listed for the fund have changed numerous times recently. The number listed on the most recent annual reports (2011, 2010) is the Cincinnati branch of the Funds' Adminstrator, Ultimus Fund Solutions. The number listed on the 2009 annual report (646-881-4985) has a recording that states the number is an unattended voicemail box and provides a personal email for the Ultimus agent listed in the filing. The number listed in the 2007 and prior filings (212-272-3550) is now a JP Morgan number where the woman at the number states that she routinely gets calls for the Cornerstone Funds by mistake and she directs them to dial 800-937-5449 (which is the American Stock Transfer & Trust, the stock transfer agent & registrar for Cornerstone). Several other filings as recently as 2009 refer to another number (212-652-6155) that is not in service.

Lastly, an internet[33] and database search (S&P's CapitalIQ) for "Cornerstone Advisors" shows several *apparent* employees but these individuals are all affiliated with a consultancy firm in Arizona that goes by the same name "Cornerstone Advisors"[34] and is unrelated to Olin and his associates. The CapitalIQ database entry for Cornerstone Advisors (Asheville, NC) lists several Cornerstone (Arizona) employees by name and title, though provides the Cornerstone (Asheville) contact info as their address and telephone number. Calls to the number listed go to Cornerstone's (Asheville) recorded voicemail. When we spoke with the Cornerstone Advisors in Arizona, they mentioned that they too often get calls looking for Cornerstone Advisors (Asheville) but that they are unrelated.

Why did the directors and Ralph Bradshaw themselves have no ownership in the funds?

If indeed the Cornerstone Funds were a legitimate investment operation with attractive returns, why did Ron Olin never invest in the funds again? More importantly, why did none of the independent directors or Ralph Bradshaw himself ***ever*** have ***any meaningful*** ownership interest in the funds – despite receiving generous compensation from their fees? Even though Ralph Bradshaw received nearly $2 million in fees annually, he had less than $100,000 invested in the funds. The directors had less than $50,000 invested despite collectively receiving $150,000 in fees.

Fees Versus Ownership

	Cornerstone Total Return + Strategic Value Funds			
Inv. Man. Fees	2005	2006	2007	2008
Ralph Bradshaw	$2,012,035	$1,874,421	$1,802,041	$1,246,408
Dollar Range of Equity Securities In the Funds				
Ralph Bradshaw	$50k-$100k	$50k-$100k	$50k-$100k	$50k-$100k

	Cornerstone Total Return + Strategic Value Funds			
Director's Fees	2005	2006	2007	2008
Glenn Wilcox	$30,200	$30,000	$30,000	$32,000
Andrew Strauss	30,200	30,000	30,000	32,000
Edwin Meese	30,100	30,000	30,000	31,000
Scott Rogers	30,200	30,000	30,000	32,000
Thomas Lenagh	30,200	30,000	30,000	32,000
Subtotal	$150,900	$150,000	$150,000	$159,000
Dollar Range of Equity Securities In the Funds				
Glenn Wilcox	$1 - $10k	$10k - $50k	$10k - $50k	$10k - $50k
Andrew Strauss	$1 - $10k	$1 - $10k	$1 - $10k	$1 - $10k
Edwin Meese	-	-	-	-
Scott Rogers	-	-	-	-
Thomas Lenagh	-	-	-	$10k - $50k

Ron Olin and his associates are not afraid to invest heavily if they see a good opportunity. They are astute investors, businessmen and legal professionals. It is not an accident or a coincidence that the investment portfolio, the timing of Olin's departure, the directors' interests and the fees were structured this way.

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33 http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=6671673

34 http://www.crnrstone.com/company/team.php

What Would An Earlier Ron Olin Say About This?

Ironically, when Ron Olin was investing in closed-end funds at large discounts to NAV, he criticized management teams for their excessive fees, poor performance and lack of ownership in their funds.

For example, when Olin sought board representation on the Portugal Fund (which was merged into the Cornerstone Strategic Value Fund), he blasted[35] the management team for their investment results, the fact that two of the board members were affiliated with the advisor, that the independent directors "only" owned 800 shares in the fund and that the directors were paid approximately $8,000 for each board they sat on. One only wonders what he would have said about the Cornerstone Funds – had they not been run by and for the benefit of his cronies.

Would an earlier Ron Olin consider the Cornerstone Funds a good investment? A quote in a newspaper article[36] should provide some clues: "'*It is ridiculous to ever pay a premium for any pool of assets*,' said Ron Olin, president of Deep Discount Advisors in Houston." Yet Ralph Bradshaw signed off the 2003 letter to Cornerstone shareholders by saying that the "Fund's Board of Directors, its officers, and its investment manager are mindful of the trust that the Fund's shareholders have placed in us" and "we look forward to continuing our service to you in the future" even as the fund traded at a 30.4% premium[37] to its NAV.

Lastly, Ron Olin once claimed to care about the reputation of the closed-end fund industry. In the technology bubble, when one firm tried to launch a dedicated fund to invest in pre-IPO tech companies with a hefty fee structure, Olin criticized the move and said[38] that the vehicle would give "closed-end funds a bad name."

The Doliver Capital website has numerous references to the praise given to Ron Olin and his team for their fight for shareholders over the years in closed-end funds. While that was true when Ron Olin was invested in the Cornerstone Funds, since his exit in 2005, the funds have done exactly what Ron Olin fought so hard against.

Cornerstone Progressive Return Fund

After a few years of sitting on the sidelines while his associates took their generous fees from the Cornerstone shareholders, Ron Olin re-entered the scene in 2007. Olin and his associates began planning a new Cornerstone vehicle called the Cornerstone Progressive Return Fund[39] (ticker symbol CFP). Similar to the other Cornerstone Funds, the Cornerstone Progressive Return Fund was going to be a closed-end fund focusing on a diversified equity portfolio – precisely the type of investment strategy Ron Olin had said was unlikely to be successful. Of course, the fund's advisor was Cornerstone Advisors, run

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[35] http://www.sec.gov/Archives/edgar/data/854580/0000938077-99-000130.txt
[36] http://articles.orlandosentinel.com/1993-01-17/business/9301150991_1_closed-end-open-end-funds-germany-fund
[37] http://www.sec.gov/Archives/edgar/data/814083/000090901204000170/t300866.txt
[38] http://www.business.uconn.edu/users/jgolec/special-funds.htm
[39] http://www.sec.gov/Archives/edgar/data/1399186/000090901207001257/t303665.txt

by trusted lieutenant Ralph Bradshaw and the board of directors included Wilcox, Strauss, Rogers and Meese. However, there were some new twists to the Cornerstone Progressive Return Fund.

For one, Olin and his associates were forming the fund from scratch – instead of taking over an existing fund like they had done previously. The new fund was being underwritten by a no-name firm called First Dominion Capital[40] on a "best-efforts" basis – meaning that they would seek to sell as many shares as possible without guaranteeing any underwritten sale to the issuer. Normally, an underwriter would contact many institutional and retail investors and seek to sell them shares in the offering, but this was a very unusual offering.

Nearly the entire offering was placed with a single investor – Ron Olin's Doliver Capital in Houston. The initial statement of beneficial ownership for the Cornerstone Progressive Return Fund showed that Doliver owned 99%[41] of the shares outstanding of the fund. It is very unusual for any investor to own such a substantial portion of a newly issued security – and given Olin and his associates' business and legal expertise, it certainly wasn't a coincidence.

Perhaps Ron Olin thought that the Cornerstone Progressive Return Fund was indeed such an attractive investment that he wanted to own nearly the entire fund? Securities filings for Olin's Doliver Capital show[42] that $154 million was invested in the Cornerstone Progressive Return Fund out of total assets of $179 million. So Ron Olin decided to put nearly 90% of his clients' capital entirely into one fund?

Knowing what we know about Olin's astute investment strategy, we can evaluate what he perhaps saw in the Cornerstone Progressive Return Fund. The fund was priced at its initial public offering at $15.00 per share and held all cash which was then to be managed by Ralph Bradshaw and Cornerstone Advisors. Despite stating that an active "individual-stock-picking" approach was unlikely to be successful, the Cornerstone Funds quickly invested all of their assets into blue-chip equities in nearly the exact portions as the S&P 500. It is no coincidence that the fund's top 10 holdings in its first annual report[43] looked like this:

1.	Exxon Mobil Corporation	4.3% of net assets
2.	General Electric Company	3.1
3.	Microsoft Corporation	2.8
4.	Google Inc	2.4
5.	AT&T Inc.	2.3
6.	Procter & Gamble	2.2
7.	Apple Computer, Inc.	1.8
8.	Wal-Mart Stores, Inc.	1.8
9.	Chevron Corporation	1.8
10.	Merck & Co. Inc.	1.8

[40] http://www.firstdominion.com/
[41] Form 3 - CORNERSTONE PROGRESSIVE RETURN FUND
[42] http://www.sec.gov/Archives/edgar/data/938077/000093807708000014/doliver13fa1.txt
[43] http://www.sec.gov/Archives/edgar/data/1399186/000090901208000432/t304182.txt

Why would Olin find this investment to be that attractive? Clearly, it is simply a replica of the S&P 500 – so why go through the underwriting expense of an IPO and pay the fund's 1.4% annual expense ratio when you can put your clients' money in a low-cost index fund?

The answer relates to the managed distribution policy. Olin and his associates knew that there were unsophisticated investors who would be misled by the fund's distribution policy and would therefore pay more than NAV for the fund under the belief that the "distribution" they received was in fact a dividend – whereas in reality it is simply their own capital being return to them. On September 12, 2007 – the date of the Cornerstone Progressive Return Fund IPO – the Cornerstone Total Return Fund traded at $24.34 while it only had an NAV of $14.91 for a premium of 63%. The Cornerstone Strategic Value Fund traded at $23.57 with an NAV of $16.23 for a premium of 45%.

Ron Olin's plan was to purchase all of the shares outstanding of the Cornerstone Progressive Return Fund in the IPO at a price equal to its $15 NAV and then flip the shares over time at large premiums to NAV to unsuspecting public investors, misled by a high "yield."

This strategy was very clever – if you were one of Ron Olin's clients at Doliver Capital or if you were one of his associates who would be secured with a lucrative position to "manage" the fund once Olin and his clients had sold. But what about the incoming shareholders in the Cornerstone Progressive Return Fund who purchased their shares after the IPO in the open market at premiums to NAV? What about the fiduciary duty of the board of directors to ***all*** shareholders, not simply Ron Olin and his clients?

Olin's strategy was working perfectly – the Cornerstone Progressive Return Fund began trading at a large premium to NAV which reached over 30% by the beginning of 2008. The only thing that disrupted Olin's plan was the stock market crash in 2008. The value of the portfolio decreased substantially due to the investment losses and the large, return-of-capital distributions.

Beginning in 2009, Olin and Doliver Capital would begin selling their shares of the Cornerstone Progressive Return Fund – of course, at substantial premiums to NAV to unknowing public investors. In a long series[44] of Form 144 filings, individual clients of Doliver Capital began selling shares of the Cornerstone Progressive Return Fund, all through the same Raymond James broker in Houston. Though highly unusual, each of these individual clients of Doliver Capital were deemed to have been affiliates holding restricted stock in the Progressive Return Fund and therefore had to make the Form 144 filings in order to sell their shares in the open market.

The initial Form 3 ownership report that Doliver filed shows that the majority of the shares of the IPO were purchased by Doliver Capital and given the concentrated nature of Doliver's ownership, both Doliver and its clients were all deemed to be affiliates.

[44] http://www.scribd.com/pkiai

CORNERSTONE PROGRESSIVE RETURN FUND: 3, Sub-Doc 1

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FORM 3

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

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0104
Expires:	November 30, 2011
Estimated average burden hours per response	0.5

1. Name and Address of Reporting Person*	2. Date of Event Requiring Statement (Month/Day/Year)	3. Issuer Name and Ticker or Trading Symbol
OLIN RONALD G (Last) (First) (Middle) 24 BROWNTOWN ROAD (Street) ASHEVILLE NC 28803 (City) (State) (Zip)	09/10/2007	CORNERSTONE PROGRESSIVE RETURN FUND [CFP] 4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director; X 10% Owner; Officer (give title below); Other (specify below) 5. If Amendment, Date of Original Filed (Month/Day/Year) 6. Individual or Joint/Group Filing (Check Applicable Line) X Form filed by One Reporting Person Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Shares of Beneficial Interest	146,800 (1)	D	
Common Shares of Beneficial Interest	4,100 (1)	I	By 401(k) Plan
Common Shares of Beneficial Interest	300 (1)	I	By wife
Common Shares of Beneficial Interest	770,800 (1)	I	Through Olin Family Limited Partnership (2)
Common Shares of Beneficial Interest	6,908,800 (1)	I	Through clients of Doliver Capital Advisors, LP (3)

Table II - Derivative Securities Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Excercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			

Explanation of Responses:

1. All shares were acquired in the Issuer's initial public offering. That transaction is not subject to Section 16 (see Rule 16a-2(c)).
2. Represents shares owned by Olin Family Limited Partnership. The Reporting Person disclaims beneficial ownership in the shares owned by Olin Family Limited Partnership except to the extent of his pecuniary interest in the partnership.
3. Represents shares (the "Client Shares") held in brokerage accounts of, and owned by, clients of Doliver Capital Advisors, LP, a registered investment adviser ("Doliver"), as to which Doliver provides investment advisory services pursuant to a performance-related fee arrangement. The Reporting Person is a portfolio manager of Doliver. As such, the Reporting Person may be deemed to have an indirect pecuniary interest in the Client Shares as a result of a performance-related fee arrangement between Doliver and its clients. The filing of this Form 3 is not, and shall not be construed as, an admission that the Reporting Person has an indirect pecuniary interest in the Client Shares. The Reporting Person disclaims beneficial ownership in the Client Shares except to the extent of his actual indirect pecuniary interest therein, if any.

Remarks:
On October 22, 2007, the Issuer issued additional shares upon the exercise of the underwriter's option to purchase additional shares in the Issuer's initial public offering. The Reporting Person did not purchase any of such shares. As a result of such transaction, the Issuer's total outstanding shares increased thereby causing the Reporting Person's beneficial ownership of shares to fall below 10%. Accordingly, the Reporting Person has not been a 10% owner since October 22, 2007, and has not been subject to Section 16 since that date.

As unusual as it was, small investors such as the Archdiocese of Galveston-Houston and physicians in the Houston area began submitting[45] Form 144 filings and selling their Cornerstone Progressive Return Fund shares. The subsequent ownership filings for the Cornerstone Progressive Return Fund show that Doliver Capital steadily reduced its ownership in the fund until it fell below 5% in October 2010 and Doliver ceased to own a position in the fund. Interestingly, the most recent 13-F filings[46] for Doliver Capital show what a "normal" portfolio looks like for Doliver clients – a broadly diversified portfolio of closed-end funds, trading at discounts to their NAV, with the largest position equal to less than 5% of total assets.

As with the Cornerstone Total Return Fund and the Cornerstone Strategic Value Fund, there can be no ambiguity about Ron Olin's intentions here. Ron Olin is an astute investor who is not going to put 90% of his clients' capital to purchase 99% of an IPO at its NAV. While the financial crisis prevented the formation of the Cornerstone Progressive Return Fund from being as lucrative as Olin's earlier closed-end fund investments, the strategy was clear. Bradshaw and the directors, of course, suffered no loss – since they did not have any significant ownership in the fund and continued to receive their investment management and board fees. The big losers were the non-Doliver shareholders who entered after the IPO at large premiums to NAV.

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[45] Of course, it is unlikely that these investors were aware of these transactions. The filings were executed by Doliver and Olin's associates. In conversations with some Doliver clients, none were aware of the investment details of the Cornerstone Funds.

[46] http://www.sec.gov/Archives/edgar/data/938077/000093807712000011/doliver13f.txt

The Rights Offerings – The Final Step in the Ponzi Scheme

As we have seen, once Ron Olin no longer has any ownership interest in a fund, he sets up his associates to have long term, lucrative positions while pretending to manage investments for and serve the fiduciary duties of shareholders – all without ever risking their own capital.

The problem with this strategy is that, over time, the strategy begins to deplete the fund assets as the high "promised returns" of the managed distribution policy and the heavy expenses for Bradshaw and the board of directors is much larger than any investment income, dividends or capital gains from the portfolio. Like a classic Ponzi scheme, new capital is needed to keep the operation going. A Ponzi scheme is defined as "a fraudulent investment operation that pays returns to its investors from their own money or the money paid by subsequent investors, rather than from profit earned by the individual or organization running the operation."

The Cornerstone Funds are exactly that. With their managed distribution policy of "returning" approximately 15% per year (which was used to artificially prop up the share price to large premiums to NAV to allow Olin to exit his investments profitably) and 2% expense ratio, assets in the fund began to shrink, especially after the financial crisis. In 2009 and 2010, the fees paid to Bradshaw and the board of directors became too large relative to the assets and had the potential to become a red-flag. Olin and his associates are very focused on not deviating too much from conventional closed-end fund metrics so just as the investment portfolio mimics the S&P 500, they strive to keep the expense ratio below 2%, in line with their peers.

In order to raise assets for the funds and keep the operation going, Olin and his associates began conducting rights offerings for the three funds. However, the structure of the rights offerings was very unusual and, as always with Olin, very deliberate.

Distribution Financing	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
($ in millions)										
Cornerstone Total Return Fund (CRF)										
Net Asset Value - Beginning	$39.5	$60.2	$65.6	$61.4	$54.2	$52.4	$45.4	$21.5	$20.4	$25.9
Net Investment Results (1)	(7.8)	14.0	4.7	1.2	6.8	2.0	(14.9)	3.6	2.0	0.4
Total Dividends & Distributions	(5.1)	(9.3)	(10.0)	(10.3)	(10.7)	(11.2)	(10.6)	(5.3)	(4.2)	(5.2)
Rights Offerings & Reinvested Dividends (2)	33.5	0.9	1.1	1.9	2.1	2.2	1.6	0.6	7.7	14.9
Net Asset Value - Ending	60.2	65.6	61.4	54.2	52.4	45.4	21.5	20.4	25.9	36.0
Expense Ratio	*1.5%*	*1.2%*	*1.4%*	*1.5%*	*1.4%*	*1.5%*	*1.7%*	*2.8%*	*2.3%*	*1.9%*
Cornerstone Strategic Value Fund (CLM)										
Net Asset Value - Beginning	$35.3	$24.4	$26.6	$154.7	$139.7	$136.3	$120.3	$59.5	$57.4	$64.3
Net Investment Results (1)	(8.8)	5.7	12.7	5.4	17.9	7.2	(36.4)	11.1	5.8	1.1
Total Dividends & Distributions	(1.9)	(3.8)	(14.4)	(25.4)	(26.2)	(29.1)	(28.1)	(14.5)	(11.8)	(13.1)
Rights Offerings & Reinvested Dividends (2)	(0.2)	0.3	129.8	5.0	5.0	5.8	3.8	1.3	12.8	35.8
Net Asset Value - Ending	24.4	26.6	154.7	139.7	136.3	120.3	59.5	57.4	64.3	88.1
Expense Ratio	*1.8%*	*1.2%*	*1.3%*	*1.2%*	*1.2%*	*1.2%*	*1.4%*	*1.8%*	*1.7%*	*1.6%*
Cornerstone Progressive Return Fund (CFP) (3)										
Net Asset Value - Beginning						$0.1	$131.6	$66.8	$58.7	$55.3
Net Investment Results (1)						(2.5)	(41.9)	14.8	10.8	(1.6)
Total Dividends & Distributions						(5.5)	(23.0)	(23.0)	(14.4)	(16.1)
Rights Offerings & Reinvested Dividends (3)						139.5	0.0	0.1	0.2	40.9
Net Asset Value - Ending						131.6	66.8	58.7	55.3	78.4
Expense Ratio (4)						*1.3%*	*1.3%*	*1.4%*	*1.5%*	*1.3%*

(1) Net investment income and realized and unrealized gains and losses.
(2) CRF 2002 and CLM 2004 reflect assets associated in merger with other investment vehicles.
(3) CFP from inception in Sept 2007 and reflects IPO and secondary offering in 2007.
(4) CFP's expense ratio does not include expenses of investment companies in which the fund invests. The ratio becomes 2.51% once those fees are included.

Most rights offerings are done at a ***material*** discount to the market price of the issuer to offset the dilution to investors. The Cornerstone rights offerings, however, were done at material ***premiums***. The structure was very unusual. One of the prospectuses[47] reads:

> *". . . Shareholder will be entitled to buy one (1) new Share at a subscription price equal to the* ***greater*** *of (i)* ***107% of NAV*** *of a share of beneficial interest of the Fund as calculated on the Expiration Date and (ii)* ***90% of the market price*** *at the close of trading on such date." (emphasis added)*

We know that Ron Olin and his associates are very astute and we see that they structured these rights offering to *ensure* that the transaction is beneficial to them and to the detriment of the Cornerstone shareholders (which now does not include Olin or any of the insiders). The sole purpose of the rights offerings is to facilitate the distribution policy and to absorb the expenses and compensation of Bradshaw and the board.

None of the other funds we have come across with managed distribution policies have used rights offerings[48] to fund their distributions in the manner that Cornerstone has. This is what differentiates Cornerstone from other closed-end funds that have managed distribution policies and makes Cornerstone a much more deceptive operation akin to a Ponzi scheme.

Like other Ponzi schemes, the need for additional capital has accelerated as the asset base declines but the "promised" investment returns and distributions are maintained. It is evident that Olin and his associates are going to continue to raise capital from the investment public at an accelerating rate to perpetuate their operation.

Share Count	CRF	CLM	CFP
(in millions)			
Ending 2008	2.8	6.8	9.3
Rights Offering	-	-	-
Reinvestment of Dividends	0.1	0.1	0.0
Ending 2009	2.8	7.0	9.3
Rights Offering	1.0	1.4	-
Reinvestment of Dividends	0.1	0.1	0.0
Ending 2010	3.9	8.5	9.4
Rights Offering	2.6	5.7	6.3
Reinvestment of Dividends	0.1	0.1	0.1
Ending 2011	6.6	14.4	15.7
Rights Offering Dilution - 2009	*0%*	*0%*	*0%*
Rights Offering Dilution - 2010	*35%*	*21%*	*0%*
Rights Offering Dilution - 2011	*67%*	*67%*	*67%*
Rights Offering Dilution - 2012 YTD	*0%*	*0%*	*34%*
Rights Offering	-	-	5.3
Date of Latest Rights Offering			*5/22/12*

[47] http://www.sec.gov/Archives/edgar/data/1399186/000139834412001936/fp0004938_497.htm

[48] The Gabelli Equity Trust did conduct a recent rights offering, but for the preferred shares in the closed end fund, not the common shares. Additionally, the rights offering was done at a fixed price and the prospectus offered much more detailed information and a contact number for more information (800-GABELLI): http://www.sec.gov/Archives/edgar/data/794685/000119312512278756/d370639d497.htm

Cast of Characters – Who Else Is Involved and Why?

We have discussed how Ron Olin became involved in the Cornerstone Funds and how he rewarded Ralph Bradshaw (his brother-in-law) and other long-time associates. We look at these relationships in greater detail now. While any board of directors owes their shareholders a fiduciary duty to protect their interests, it is particularly disturbing to see a board as "distinguished" as the Cornerstone members relinquish their duty for their own personal financial gain.

Ralph Bradshaw
President, Cornerstone Advisors, 1075 Hendersonville Road, Suite 250, Asheville, NC 28803
(828)-255-4833
As the President of Cornerstone Advisors, Bradshaw has received over $8.9 million in investment management fees from the three Cornerstone Funds (see appendix) while having never invested more than $100,000 total in the funds. The three most recent prospectuses[49] [50] [51] for the rights offerings show that Bradshaw owns $129,000 in the funds – or less than one-tenth of the fees he received in 2011.

Edwin Meese
Director of the Cornerstone Funds
Former US Attorney General under President Ronald Reagan
Fellow at the Hoover Institution and the Heritage Foundation
One of the more surprising associates in Olin's circle is Edwin Meese. Meese is the highly decorated former US Attorney General of the US. Shouldn't someone with Mr. Meese's credentials and stature speak up on behalf of the shareholders of the Cornerstone Funds? Ironically, during the proxy fight at Excelsior Income Shares in 2001 (which Olin eventually merged into the Cornerstone Total Return Fund), some closed-end fund analysts[52] found the presence of a former US Attorney General on the board of a small closed-end fund to be odd:

> *"In an odd twist, former U. S. Attorney General Edwin Meese III sits on the boards of several funds Mr. Bradshaw controls. Mr. Meese's presence highlights the independent nature of those boards, says Mr. Bradshaw. 'The boards that we have proposed and pulled together are very independent people,' he says. 'None of them would be interested in compromising their names. Someone who was attorney general of the United States is not going to compromise on a side issue.'"*

Unfortunately for the shareholders of the Cornerstone Funds, Meese has proven himself to be an inadequate guardian of their rights. Since 2005, Meese has received nearly $280,000 in board fees while never owning a single share of the Cornerstone Funds.

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49 http://www.sec.gov/Archives/edgar/data/1399186/000139834412001936/fp0004938_497.htm
50 http://www.sec.gov/Archives/edgar/data/814083/000139834411002724/fp0003787_497.htm
51 http://www.sec.gov/Archives/edgar/data/33934/000139834411002726/fp0003788_497.htm
52 "Is Proxy Pro a Wolf in Sheep's Clothing" http://www.investmentnews.com/article/20010910/SUB/109100734

Ralph (Skip) McBride
Co-Founder of Doliver Capital
Partner, Bracewell & Giuliani
(713) 221-1208; ralph.mcbride@bgllp.com

One of the most important – yet most silent – partners of Ron Olin is Ralph McBride. McBride is a senior partner at the prestigious Houston law firm of Bracewell & Giuliani. Despite having a very busy and distinguished legal practice, McBride is also the co-founder of Doliver Capital with Ron Olin. As one Doliver Capital client told[53] us, "Skip is the 'rainmaker,' the salesman, while Ron is the investor." It strikes us as very odd though that a high-profile lawyer of McBride's caliber would normally be so deeply involved with minute details of a small investment operation. McBride has practiced law in Houston for 35 years, has been admitted if front of the US Supreme Court and sat on the board of multi-national offshore drilling company Pride International until its $8 billion merger with Ensco PLC. What is he doing signing[54] the Form 144 paperwork for small investors selling as little as $20,000 in securities? In fact, why is he the attorney-in-fact for all of the filings related to the Cornerstone Progressive Return Fund? The only association one can make is that McBride, as co-founder of Doliver, stood to benefit from the plan to flip Cornerstone Funds to unsophisticated public investors at large premiums to NAV.

Thomas Westle
Director of the Cornerstone Funds
Partner, Blank Rome LLP
(212) 885-5239; TWestle@BlankRome.com

Thomas Westle has been an associate of Ron Olin since Olin took over control of the Cornerstone Funds in 2001. Westle was then a partner at Spitzer & Feldman P.C. which served as legal counsel for the funds. More importantly, Westle was also the secretary of the Cornerstone Funds. It is very rare for the lead partner of a fund's legal counsel to also be employed by the fund, but even more rare to be employed in a low-profile, administrative position such as secretary. No other closed-end fund that we have come across has such an arrangement. Most fund secretaries are mid-level administrative employees and they usually do not even sit on the board of directors (see, for example, the Boulder Growth and Income Fund and the Gabelli Utility Trust mentioned earlier in this letter).

The troubling aspect with this arrangement is that a fund's legal counsel is supposed to ensure that the fund follows appropriate policies and procedures. Independence can be compromised when legal counsel is employed by the fund or is otherwise influenced. As it relates to Westle, Blank Rome, of course, drafts the legal documents for the Cornerstone Funds – including prospectuses[55] for rights offerings. Westle is intelligent enough to know that the rights offerings that Cornerstone has structured are highly unusual and detrimental to long-term shareholders. As legal counsel, he should have spoken up. Moreover, as a member of the board of directors, he had a *fiduciary duty* to speak up. There is no doubt that Westle is aware of that.

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[53] Conversation with private investor in Doliver Capital.
[54] http://www.scribd.com/pkiai
[55] http://www.sec.gov/Archives/edgar/data/1399186/000000000012025062/filename1.pdf

Only a few months ago, Westle wrote an article[56] for *Fund Director Intelligence* titled "Reflections and a Bit of Advice for Fund Directors":

> *Westle's article discussed a variety of questions pertaining to the responsibility of the boards of closed-end funds, including:*
> *Does the board of directors of a close-ended fund—and more particularly, do the independent members of the board—owe a fiduciary duty to the fund's shareholders to take appropriate actions to maximize shareholder value, including the implementation of a discount-control mechanism?*
> *Why would a board, or the independent directors, as part of ongoing oversight or responsibility, take any action to maximize shareholder value by attempting to control a close-end fund's discount with the implementation of a discount-control mechanism?*
> *What forms are most common or accepted by shareholders, assuming that a close-end fund's board decides to implement a discount-control mechanism?*

Westle is keenly aware of the responsibilities of fund directors. While minimizing the NAV discount of a closed-end fund is an admirable goal, one wonders how the actions of the board of Cornerstone could be considered "maximizing shareholder value"? Cornerstone has disclosed paying Westle and his law firms over $625,000 since 2003 and Westle has never disclosed any investment in the Cornerstone funds.

<u>Who Is Left Holding the Bag?</u>

Most sophisticated institutional investors understand that a managed-distribution policy does not create any value itself. It is moving "money from the left pocket to the right pocket." Therefore, even though many funds have managed distribution policies with distributions far in excess of their investment earnings, they trade at substantial discounts to NAV because institutional investors are not fooled.

The Cornerstone Funds, however, trade at large premiums to their NAV because a) they are the most aggressive in terms of their distribution policy and b) more importantly, they target unsophisticated investors. Of the funds listed below, publicly disclosed ownership by institutions that are required to file with the SEC amounts to 23% of the shares outstanding – suggesting that there is a significant level of sophisticated investors that understand that the return-of-capital component is not a true yield and are therefore unwilling to pay a premium market valuation. The Cornerstone funds, however, have much lower public ownership levels – suggesting that their investor base is much more retail-oriented and perhaps less sophisticated.

[56] http://www.blankrome.com/index.cfm?contentID=37&itemID=2827

Selected Managed Distribution Funds	Earned Yield	Return of Capital	Total Yield	Premium / (Discount)
ASG	0.0%	6.8%	6.8%	(6.9)%
BTO	0.5%	5.0%	5.4%	(9.5)%
CII	2.4%	9.0%	11.4%	(7.5)%
DDF	5.4%	3.7%	9.1%	(6.2)%
DNI	5.4%	4.6%	10.0%	(12.1)%
DVM	1.1%	5.6%	6.7%	(2.1)%
FUND	0.3%	6.5%	6.8%	(9.9)%
GAB	1.3%	9.6%	10.9%	3.9%
GCV	1.8%	7.3%	9.0%	(0.2)%
GDV	2.1%	4.2%	6.3%	(10.7)%
GGE	1.3%	6.3%	7.6%	(10.8)%
GGT	0.0%	13.2%	13.2%	(7.5)%
GHI	4.6%	4.3%	9.0%	(4.4)%
GIFD	4.3%	2.1%	6.4%	(17.6)%
GLU	2.8%	3.3%	6.1%	0.1%
GUT	2.7%	4.8%	7.5%	44.6%
Median of all Peers	*1.3%*	*6.0%*	*9.0%*	*(7.5)%*
CRF	0.3%	19.8%	20.2%	18.2%
CLM	1.7%	18.5%	20.3%	19.2%
CFP	10.3%	10.7%	21.0%	10.3%
Cornerstone Funds	*1.7%*	*18.5%*	*20.3%*	*18.2%*

	Earned Yield	Return of Capital	Total Yield	Premium / (Discount)
HQH	0.0%	8.0%	8.0%	(7.5)%
HQL	0.0%	10.4%	10.4%	(3.2)%
IAF	3.4%	8.5%	12.0%	8.8%
JTA	3.1%	6.0%	9.1%	(9.7)%
MFV	5.7%	4.2%	9.9%	5.4%
MSP	0.1%	9.3%	9.4%	(13.3)%
RCG	0.0%	0.0%	0.0%	(29.4)%
RMT	0.4%	5.8%	6.2%	(10.5)%
RVT	0.6%	5.6%	6.3%	(12.2)%
SGL	4.0%	5.3%	9.2%	(4.1)%
SOR	0.4%	5.7%	6.1%	(7.8)%
TSI	9.6%	7.7%	17.3%	(3.9)%
USA	0.3%	6.9%	7.3%	(11.6)%
ZF	0.3%	10.3%	10.6%	(12.6)%
ZTR	1.7%	9.8%	11.5%	(12.9)%

	Managed Distribution Peers	CRF	CLM	CFP
Public Ownership	23.4%	7.0%	6.6%	2.2%

Conclusion

Ron Olin and his associates are running a deceptive investment operation – masquerading a closet index fund as a diversified equity closed-end mutual fund. The funds trade at artificial premiums to their NAV because of their deceivingly high "yields" and are targeting unsophisticated investors. The board of directors, the investment advisor and legal counsel all have conflicts of interest and being compensated generously for remaining complicit in the exploitation of public shareholders.

The SEC should investigate the Cornerstone Funds and its relationship with Doliver and other associates of Ron Olin and prevent further harm to innocent, unknowing shareholders.

Appendix of Securities Filings and Additional Information

Annual Reports for the Cornerstone Funds

Cornerstone Total Return Fund – CRF

2011	http://www.sec.gov/Archives/edgar/data/33934/000139834412000779/fp0004124_ncsr.htm
2010	http://www.sec.gov/Archives/edgar/data/33934/000090901211000211/t306288.txt
2009	http://www.sec.gov/Archives/edgar/data/33934/000090901210000190/t305755.txt
2008	http://www.sec.gov/Archives/edgar/data/33934/000090901209000497/t304942.txt
2007	http://www.sec.gov/Archives/edgar/data/33934/000090901208000431/t304181.txt
2006	http://www.sec.gov/Archives/edgar/data/33934/000090901207000519/t303257.txt
2005	http://www.sec.gov/Archives/edgar/data/33934/000090901206000314/t302413.txt
2004	http://www.sec.gov/Archives/edgar/data/33934/000090901205000238/t301674.txt
2003	http://www.sec.gov/Archives/edgar/data/33934/000090901204000168/t300864.txt

Cornerstone Strategic Value Fund – CLM

2011	http://www.sec.gov/Archives/edgar/data/814083/000139834412000776/fp0004123_ncsr.htm
2010	http://www.sec.gov/Archives/edgar/data/814083/000090901211000210/t306287.txt
2009	http://www.sec.gov/Archives/edgar/data/814083/000090901210000194/t305757.txt
2008	http://www.sec.gov/Archives/edgar/data/814083/000090901209000498/t305112.txt
2007	http://www.sec.gov/Archives/edgar/data/814083/000090901208000430/t304180.txt
2006	http://www.sec.gov/Archives/edgar/data/814083/000090901207000518/t303256.txt
2005	http://www.sec.gov/Archives/edgar/data/814083/000090901206000316/t302414.txt
2004	http://www.sec.gov/Archives/edgar/data/814083/000090901205000239/t301675.txt
2003	http://www.sec.gov/Archives/edgar/data/814083/000090901204000170/t300866.txt

Cornerstone Progressive Fund – CFP

2011	http://www.sec.gov/Archives/edgar/data/1399186/000139834412000771/fp0004122_ncsr.htm
2010	http://www.sec.gov/Archives/edgar/data/1399186/000090901211000212/t306286.txt
2009	http://www.sec.gov/Archives/edgar/data/1399186/000090901210000191/t305756.txt
2008	http://www.sec.gov/Archives/edgar/data/1399186/000090901209000499/t304937.txt

Deep Discount / Doliver Advisors 13G Filings and Cornerstone Ownership

Cornerstone Total Return Fund (CRF)

Date	Ownership	Link
1/8/04	35.6%	http://www.sec.gov/Archives/edgar/data/33934/000093807704000002/crf13ga5.txt
3/9/04	29.3%	http://www.sec.gov/Archives/edgar/data/33934/000093807704000016/crf13ga6.txt
9/3/04	22.8%	http://www.sec.gov/Archives/edgar/data/33934/000093807704000021/crf13ga7.txt
12/3/04	16.7%	http://www.sec.gov/Archives/edgar/data/33934/000093807704000029/crf13ga8.txt
2/3/05	14.9%	http://www.sec.gov/Archives/edgar/data/33934/000093807705000005/crf13ga9.txt
4/8/05	10.6%	http://www.sec.gov/Archives/edgar/data/33934/000093807705000023/crf13ga10.txt
8/10/05	10.6%	http://www.sec.gov/Archives/edgar/data/33934/000093807705000032/crf13ga10.txt
8/11/05	2.9%	http://www.sec.gov/Archives/edgar/data/33934/000093807705000037/crf13ga11.txt

Cornerstone Strategic Value Fund (CLM)

Date	Ownership	Link
7/7/04	29.3%	http://www.sec.gov/Archives/edgar/data/33934/000093807704000016/crf13ga6.txt
11/4/04	26.7%	http://www.sec.gov/Archives/edgar/data/814083/000093807704000024/clm13ga10.txt
2/3/05	22.1%	http://www.sec.gov/Archives/edgar/data/814083/000093807705000004/clm13ga11.txt
4/8/05	19.4%	http://www.sec.gov/Archives/edgar/data/814083/000093807705000021/clm13ga12.txt
9/8/05	12.7%	http://www.sec.gov/Archives/edgar/data/814083/000093807705000039/clm13ga13.txt
2/8/06	6.4%	http://www.sec.gov/Archives/edgar/data/814083/000093807706000009/clm13ga14.txt
2/13/06	9.4%	http://www.sec.gov/Archives/edgar/data/814083/000093807706000020/clm13ga15.txt
4/3/06	1.3%	http://www.sec.gov/Archives/edgar/data/814083/000093807706000024/clm13ga16.txt

Cornerstone Progressive Value Fund (CFP)

Date	Ownership	Link
2/14/08	98.6%	http://www.sec.gov/Archives/edgar/data/938077/000093807708000008/cfp13ga2.txt
6/10/09	91.4%	http://www.sec.gov/Archives/edgar/data/938077/000093807709000029/cfp13ga4.txt
8/11/09	83.6%	http://www.sec.gov/Archives/edgar/data/938077/000093807709000031/cfp13ga5.txt
9/10/09	74.2%	http://www.sec.gov/Archives/edgar/data/938077/000093807709000036/cfp13ga6.txt
10/13/09	68.0%	http://www.sec.gov/Archives/edgar/data/938077/000093807709000038/cfp13ga7.txt
11/9/09	60.3%	http://www.sec.gov/Archives/edgar/data/938077/000093807709000040/cfp13ga8.txt
12/10/09	52.8%	http://www.sec.gov/Archives/edgar/data/938077/000093807709000044/cfp13ga9.txt
1/8/10	43.4%	http://www.sec.gov/Archives/edgar/data/938077/000093807710000002/cfp13ga10.txt
2/10/10	37.2%	http://www.sec.gov/Archives/edgar/data/938077/000093807710000002/cfp13ga10.txt
5/11/10	31.1%	http://www.sec.gov/Archives/edgar/data/938077/000093807710000012/cfp13ga12.txt
8/11/10	26.0%	http://www.sec.gov/Archives/edgar/data/938077/000093807710000018/cfp13ga13.txt
9/14/10	21.0%	http://www.sec.gov/Archives/edgar/data/938077/000093807710000022/cfp13ga14.txt
9/14/10	19.7%	http://www.sec.gov/Archives/edgar/data/938077/000093807710000024/cfp13ga15.txt
10/12/10	11.9%	http://www.sec.gov/Archives/edgar/data/938077/000093807710000028/cfp13ga16.txt
10/14/10	4.5%	http://www.sec.gov/Archives/edgar/data/938077/000093807710000030/cfp13ga17.txt

Deep Discount / Doliver Advisors 13F Filings

13F's

1999-09-30	http://www.sec.gov/Archives/edgar/data/938077/0000938077-99-000161.txt
2008-03-25	http://www.sec.gov/Archives/edgar/data/938077/000093807708000014/doliver13fa1.txt
2008-05-21	http://www.sec.gov/Archives/edgar/data/938077/000093807708000018/doliver13f3.txt
2008-08-14	http://www.sec.gov/Archives/edgar/data/938077/000093807708000024/doliver13f4.txt
2008-09-30	http://www.sec.gov/Archives/edgar/data/938077/000093807708000028/doliver13fa2007.txt
2008-10-12	http://www.sec.gov/Archives/edgar/data/938077/000093807708000030/doliver13fa.txt
2008-11-14	http://www.sec.gov/Archives/edgar/data/938077/000093807708000030/doliver13fa.txt
2009-01-27	http://www.sec.gov/Archives/edgar/data/938077/000093807709000002/doliver13f.txt
2009-01-27	http://www.sec.gov/Archives/edgar/data/938077/000093807709000012/doliver13fa3.txt
2009-02-03	http://www.sec.gov/Archives/edgar/data/938077/000093807709000014/doliver13f.txt
2009-05-15	http://www.sec.gov/Archives/edgar/data/938077/000093807709000024/doliver13f.txt
2009-08-14	http://www.sec.gov/Archives/edgar/data/938077/000093807709000033/doliver13f.txt
2009-11-12	http://www.sec.gov/Archives/edgar/data/938077/000093807709000042/doliver13f.txt
2010-02-12	http://www.sec.gov/Archives/edgar/data/938077/000093807710000006/doliver13f.txt
2010-05-14	http://www.sec.gov/Archives/edgar/data/938077/000093807710000014/doliver13f.txt
2010-08-13	http://www.sec.gov/Archives/edgar/data/938077/000093807710000020/doliver13f.txt
2010-11-17	http://www.sec.gov/Archives/edgar/data/938077/000093807710000032/doliver13f.txt
2011-02-06	http://www.sec.gov/Archives/edgar/data/938077/000093807711000003/doliver13f.txt
2011-05-11	http://www.sec.gov/Archives/edgar/data/938077/000093807711000009/doliver13f.txt
2011-08-03	http://www.sec.gov/Archives/edgar/data/938077/000093807711000011/doliver13f.txt
2011-11-14	http://www.sec.gov/Archives/edgar/data/938077/000093807711000013/doliver13f.txt
2012-02-03	http://www.sec.gov/Archives/edgar/data/938077/000093807712000004/doliver13f.txt
2012-05-15	http://www.sec.gov/Archives/edgar/data/938077/000093807712000006/doliver13f.txt
2012-07-19	http://www.sec.gov/Archives/edgar/data/938077/000093807712000009/doliver13f.txt
2012-08-17	http://www.sec.gov/Archives/edgar/data/938077/000093807712000011/doliver13f.txt

Market Valuation and Asset Summary for Cornerstone Funds

	CRF	CLM	CFP	Total
	Cornerstone Total Return Fund	Cornerstone Strategic Value Fund	Cornerstone Progessive Return Fund	
Balance Sheet (as of 6/30/2012)				
($ in millions, except for per share data)				
Total Investments	$36.0	$87.0	$127.0	$250.0
Cash	-	0.0	0.1	0.1
Total Investments	36.0	87.0	127.1	250.1
Liabilities in Excess of Other Assets	(0.1)	0.1	(5.5)	(5.5)
Net Assets	35.9	87.1	121.6	244.6
Shares Outstanding	6.7	14.5	24.6	
NAV / Share *(as of balance sheet date)*	$5.38	$5.99	$4.93	
NAV / Share *(as 10/10/12)*	$5.47	$6.13	$5.07	
Market Price *(as 10/10/12)*	6.68	7.64	5.70	
Premium / Discount	*22.1%*	*24.6%*	*12.4%*	

Investment Performance, Distributions and NAV Premium/Discount

Investment Returns	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Annualized
S&P 500 Total Return	*(22.1)%*	*28.7%*	*10.9%*	*4.9%*	*15.8%*	*5.5%*	*(37.0)%*	*26.5%*	*15.1%*	*2.1%*	*2.9%*
CRF Investment Returns	*(18.7)%*	*23.2%*	*7.0%*	*1.9%*	*12.3%*	*3.8%*	*(32.5)%*	*16.6%*	*9.5%*	*1.1%*	*1.0%*
CLM Investment Returns	*(25.0)%*	*23.1%*	*8.7%*	*3.2%*	*12.6%*	*5.3%*	*(29.8)%*	*18.1%*	*10.0%*	*0.4%*	*1.2%*
CFP Investment Returns						*(1.9)%*	*(31.8)%*	*22.1%*	*18.5%*	*0.2%*	*(0.3)%*
(CFP from inception in Sept 2007)											

Dividends & Distributions	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average
CRF Total Yield (1)	*10.8%*	*15.4%*	*15.2%*	*16.5%*	*19.3%*	*21.1%*	*22.9%*	*24.5%*	*20.3%*	*20.2%*	*18.6%*
CLM Total Yield	*5.4%*	*15.4%*	*15.1%*	*16.0%*	*18.4%*	*21.1%*	*23.0%*	*24.0%*	*20.4%*	*20.3%*	*17.9%*
CFP Total Yield	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*4.1%*	*17.4%*	*34.4%*	*24.5%*	*21.0%*	*10.1%*
CRF Earned Yield (2)	*1.0%*	*0.6%*	*0.7%*	*0.5%*	*0.8%*	*1.0%*	*0.7%*	*0.0%*	*0.0%*	*0.3%*	*0.6%*
CLM Earned Yield	*0.0%*	*0.6%*	*0.7%*	*16.0%*	*0.7%*	*7.0%*	*0.8%*	*0.7%*	*0.8%*	*1.7%*	*2.9%*
CFP Earned Yield						*1.4%*	*1.1%*	*2.2%*	*18.2%*	*10.3%*	*6.7%*

(1) Total yield includes dividends from net investment income and net realized capital gains along with return-of-capital distributions, as part of a managed distribution policy.

(2) Earned yield includes only dividends from net investment income and net realized capital gains.

NAV Premium/(Discount)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average
CRF	*(12.0)%*	*29.2%*	*40.6%*	*34.3%*	*93.5%*	*15.3%*	*(1.9)%*	*43.1%*	*18.5%*	*9.1%*	*27.0%*
CLM	*(8.6)%*	*30.4%*	*31.3%*	*24.8%*	*58.8%*	*11.5%*	*(12.5)%*	*40.9%*	*17.1%*	*7.5%*	*20.1%*
CFP						*18.8%*	*(0.8)%*	*41.7%*	*26.4%*	*20.8%*	*21.4%*

Investment Management Fees & Ralph Bradshaw Ownership

	2006	2007	2008	2009	2010	2011	Total
Investment Management Fees							
CRF	$522,164	$496,035	$339,439	$195,144	$496,035	$241,064	$1,767,717
CLM	1,352,257	1,306,006	906,969	545,334	531,131	598,937	3,888,377
CFP	-	389,242	1,006,426	583,494	538,817	730,851	3,248,830
Total	1,874,421	2,191,283	2,252,834	1,323,972	1,565,983	1,570,852	8,904,924
Dollar Range of Equity Securities in the Fund							
Ralph Bradshaw							
CRF	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k
CLM	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k
CFP	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k	$10k-$50k
Total	Over $100k	Over $100k	Over $100k	Over $100k	Over $100k	Over $100k	Over $100k

Actual Ownership Disclosed in Recent Prospectuses	Date	Shares	Price	Value
CRF	11/21/11	4,729	$6.70	$31,702
CLM	11/21/11	7,292	7.71	56,221
CFP	5/24/12	7,192	5.69	40,922
Total				128,845

Detailed Fund Financials

Summary Financials

(per share)

Cornerstone Total Return Fund (CRF) (1)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Performance										
NAV Per Share - Beginning	36.60	25.78	27.78	25.56	21.82	20.28	17.00	7.75	7.19	6.65
Net Investment Income	0.30	0.16	0.20	0.12	0.18	0.14	0.12	(0.02)	-	0.02
Net Realized & Unrealized Gain	(7.14)	5.82	1.74	0.36	2.50	0.64	(5.64)	1.31	0.68	0.05
Net Increase in NAV from Operations	(6.84)	5.98	1.94	0.48	2.68	0.78	(5.52)	1.29	0.68	0.07
% Return	***(18.7)%***	***23.2%***	***7.0%***	***1.9%***	***12.3%***	***3.8%***	***(32.5)%***	***16.6%***	***9.5%***	***1.1%***
Dividends & Distributions										
Net Investment Income	(0.36)	(0.16)	(0.20)	(0.12)	(0.18)	(0.14)	(0.12)	-	-	(0.02)
Net Realized Capital Gains	-	-	-	-	-	(0.06)	-	-	-	-
Return of Capital	(3.60)	(3.82)	(4.02)	(4.10)	(4.04)	(4.08)	(3.77)	(1.90)	(1.46)	(1.32)
Total Dividends & Distributions	(3.96)	(3.98)	(4.22)	(4.22)	(4.22)	(4.28)	(3.89)	(1.90)	(1.46)	(1.34)
Total Yield on Beginning NAV	*10.8%*	*15.4%*	*15.2%*	*16.5%*	*19.3%*	*21.1%*	*22.9%*	*24.5%*	*20.3%*	*20.2%*
"Earned" Dividend Yield on Beginning NAV	*1.0%*	*0.6%*	*0.7%*	*0.5%*	*0.8%*	*1.0%*	*0.7%*	*0.0%*	*0.0%*	*0.3%*
Common Stock Transactions										
Rights Offerings	-	-	-	-	-	-	-	-	0.19	0.06
Reinvestment of Dividends & Distributions	(0.01)	-	0.03	-	-	0.22	0.16	0.05	0.05	0.03
Total Stock Transactions	(0.01)	-	0.03	-	-	0.22	0.16	0.05	0.24	0.09
NAV Per Share - Ending	25.79	27.78	25.53	21.82	20.28	17.00	7.75	7.19	6.65	5.47
Ending Price	22.70	35.90	35.90	29.30	39.24	19.60	7.60	10.29	7.88	5.97
Premium / Discount	*(12.0)%*	*29.2%*	*40.6%*	*34.3%*	*93.5%*	*15.3%*	*(1.9)%*	*43.1%*	*18.5%*	*9.1%*
Expense Ratio	*1.5%*	*1.2%*	*1.4%*	*1.5%*	*1.4%*	*1.5%*	*1.7%*	*2.8%*	*2.3%*	*1.9%*
Investment Management Service Expenses ($)		609,416	618,101	565,218	522,164	496,035	339,439	195,144	496,035	241,064
Dollar Range of Equity Securities in the Fund in 2011										$10,001 - $50,000

(1) Historical numbers reflect 1:2 reverse split in 2008.

Cornerstone Strategic Value Fund (CLM) (1)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
(per share)										
Operating Performance										
NAV Per Share - Beginning	36.80	25.64	27.60	25.92	22.60	21.28	18.12	8.71	8.24	7.55
Net Investment Income	(0.04)	0.16	0.20	0.12	0.20	0.16	0.15	0.06	0.06	0.07
Net Realized & Unrealized Gain	(9.16)	5.76	2.20	0.72	2.64	0.96	(5.55)	1.52	0.76	(0.04)
Net Increase in NAV from Operations	(9.20)	5.92	2.40	0.84	2.84	1.12	(5.40)	1.58	0.82	0.03
% Return	***(25.0)%***	***23.1%***	***8.7%***	***3.2%***	***12.6%***	***5.3%***	***(29.8)%***	***18.1%***	***10.0%***	***0.4%***
Dividends & Distributions										
Net Investment Income	-	(0.16)	(0.20)	(0.16)	(0.16)	(0.16)	(0.15)	(0.06)	(0.07)	(0.13)
Net Realized Capital Gains	-	-	-	(4.00)	-	(1.32)	-	-	-	-
Return of Capital	(2.00)	(3.80)	(3.96)	-	(4.00)	(3.00)	(4.01)	(2.03)	(1.61)	(1.40)
Total Dividends & Distributions	(2.00)	(3.96)	(4.16)	(4.16)	(4.16)	(4.48)	(4.16)	(2.09)	(1.68)	(1.53)
Total Yield on Beginning NAV	*5.4%*	*15.4%*	*15.1%*	*16.0%*	*18.4%*	*21.1%*	*23.0%*	*24.0%*	*20.4%*	*20.3%*
"Earned" Dividend Yield on Beginning NAV	*0.0%*	*0.6%*	*0.7%*	*16.0%*	*0.7%*	*7.0%*	*0.8%*	*0.7%*	*0.8%*	*1.7%*
Common Stock Transactions										
Rights Offerings	0.02	-	-	-	-	-	-	-	0.13	0.05
Reinvestment of Dividends & Distributions	(0.01)	-	0.08	-	-	0.20	0.15	0.04	0.04	0.03
Total Stock Transactions	0.01	-	0.08	-	-	0.20	0.15	0.04	0.17	0.08
NAV Per Share - Ending	25.61	27.60	25.92	22.60	21.28	18.12	8.71	8.24	7.55	6.13
Ending Price	23.40	36.00	34.04	28.20	33.80	20.20	7.62	11.61	8.84	6.59
Premium / Discount	*(8.6)%*	*30.4%*	*31.3%*	*24.8%*	*58.8%*	*11.5%*	*(12.5)%*	*40.9%*	*17.1%*	*7.5%*
Expense Ratio	*1.8%*	*1.2%*	*1.3%*	*1.2%*	*1.2%*	*1.2%*	*1.4%*	*1.8%*	*1.7%*	*1.6%*
Investment Management Service Expenses ($)		246,113	885,527	1,446,817	1,352,257	1,306,006	906,969	545,334	531,131	598,937
Dollar Range of Equity Securities in the Fund in 2011										$10,001 - $50,000

(1) Historical numbers reflect 1:4 reverse split in 2008.

Cornerstone Progressive Return Fund (CFP)	Inception (9/10/2007) to 2007	2008	2009	2010	2011
(per share)					
Operating Performance					
NAV Per Share - Beginning	14.96	14.10	7.16	6.28	5.90
Net Investment Income	0.06	0.16	0.16	0.13	0.12
Net Realized & Unrealized Gain	(0.35)	(4.64)	1.42	1.03	(0.11)
Net Increase in NAV from Operations	(0.29)	(4.48)	1.58	1.16	0.01
% Return	***(1.9)%***	***(31.8)%***	***22.1%***	***18.5%***	***0.2%***
Dividends & Distributions					
Net Investment Income	(0.06)	(0.16)	(0.16)	(1.14)	(0.61)
Net Realized Capital Gains	(0.15)	-	-	-	-
Return of Capital	(0.41)	(2.30)	(2.30)	(0.40)	(0.63)
Total Dividends & Distributions	(0.62)	(2.46)	(2.46)	(1.54)	(1.24)
Total Yield on Beginning NAV	*4.1%*	*17.4%*	*34.4%*	*24.5%*	*21.0%*
"Earned" Dividend Yield on Beginning NAV	*1.4%*	*1.1%*	*2.2%*	*18.2%*	*10.3%*
Common Stock Transactions					
Rights Offerings	0.05	-	-	-	0.31
Reinvestment of Dividends & Distributions	-	-	-	-	0.02
Total Stock Transactions	0.05	-	-	-	0.33
NAV Per Share - Ending	14.10	7.16	6.28	5.90	5.00
Ending Price	16.75	7.10	8.90	7.46	6.04
Premium / Discount	*18.8%*	*(0.8)%*	*41.7%*	*26.4%*	*20.8%*
Expense Ratio	*1.3%*	*1.3%*	*1.4%*	*1.5%*	*1.3%*
Investment Management Service Expenses ($)	389,242	1,006,426	583,494	538,817	730,851
Dollar Range of Equity Securities in the Fund in 2011					$10,001 - $50,000