

CORNERSTONE STRATEGIC VALUE FUND INC
Form N-CSRS
September 04, 2009

OMB APPROVAL

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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)

305 MADISON AVENUE, SUITE 740 NEW YORK, NEW YORK 10165

(Address of principal executive offices)

(Zip code)

Frank J. Maresca

ULTIMUS FUND SOLUTIONS, LLC 305 MADISON AVENUE, SUITE 740 NEW YORK, NY 10165

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 652-6155

Date of fiscal year end: DECEMBER 31, 2009

Date of reporting period: JUNE 30, 2009

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may

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use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

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DIRECTORS AND CORPORATE OFFICERS

Ralph W. Bradshaw	Chairman of the Board of Directors and President
Thomas H. Lenagh	Director
Edwin Meese III	Director
Scott B. Rogers	Director
Andrew A. Strauss	Director
Glenn W. Wilcox, Sr.	Director
Gary A. Bentz	Chief Compliance Officer, Secretary, and Assistant Treasurer
William A. Clark	Vice President
Frank J. Maresca	Treasurer

INVESTMENT MANAGER	STOCK TRANSFER AGENT AND REGISTRAR
Cornerstone Advisors, Inc.	American Stock Transfer & Trust Co.
One West Pack Square	59 Maiden Lane
Suite 1650	New York, NY 10038
Asheville, NC 28801	

ADMINISTRATOR	INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ultimus Fund Solutions, LLC	Tait, Weller & Baker LLP
305 Madison Avenue	1818 Market Street
New York, NY 10165	Suite 2400
	Philadelphia, PA 19103

CUSTODIAN	LEGAL COUNSEL
JPMorgan Chase Bank, N.A.	Blank Rome LLP
14201 North Dallas Pkwy.	405 Lexington Avenue
Second Floor	New York, NY 10174
Dallas, TX 75254	

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EXECUTIVE OFFICES
305 Madison Avenue
New York, NY 10165

For shareholder inquiries, registered shareholders should call (800) 937-5449.
For general inquiries, please call (513) 326-3597.

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LISTED
ALTERNEXT.

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CORNERSTONE STRATEGIC
VALUE FUND, INC.

SEMI-ANNUAL REPORT
JUNE 30, 2009

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CORNERSTONE STRATEGIC VALUE FUND, INC.
PORTFOLIO SUMMARY - AS OF JUNE 30, 2009 (UNAUDITED)

SECTOR ALLOCATION

Sector	Percent of Net Assets
Information Technology	17.3
Healthcare	12.9
Energy	11.7
Consumer Staples	11.1
Financials	10.5
Closed-End Funds	9.6
Industrials	8.8
Consumer Discretionary	8.0
Utilities	3.6
Telecommunication Services	3.2
Materials	2.6
Other	0.7

TOP TEN HOLDINGS, BY ISSUER

Holding	Sector	Percent of Net Assets
1. Exxon Mobil Corporation	Energy	4.7

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2. Liberty All-Star Equity Fund	Closed-End Funds	3.1
3. JPMorgan Chase & Company	Financial	2.6
4. Microsoft Corporation	Information Technology	2.5
5. Zweig Fund, Inc. (The)	Closed-End Funds	2.4
6. Apple, Inc.	Information Technology	2.3
7. Johnson & Johnson	Healthcare	2.2
8. Procter & Gamble Company (The)	Consumer Staples	2.1
9. Chevron Corporation	Energy	2.1
10. Intel Corporation	Information Technology	1.9

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CORNERSTONE STRATEGIC VALUE FUND, INC.
SUMMARY SCHEDULE OF INVESTMENTS - JUNE 30, 2009 (UNAUDITED)

Description	No. of Shares	Value
EQUITY SECURITIES - 99.44%		
CLOSED-END FUNDS - 9.55%		
Adams Express Company (The) (a)	40,100	\$ 336,840
Advent/Claymore Enhanced Growth & Income Fund	61,070	553,905
Liberty All-Star Equity Fund	475,030	1,638,853
Liberty All-Star Growth Fund	283,601	774,231
Zweig Fund, Inc. (The)	452,850	1,281,565
Other Closed-End Funds (b)		494,600
		5,079,994
CONSUMER DISCRETIONARY - 8.04%		
McDonald's Corporation	16,900	971,581
Walt Disney Company (The)	24,200	564,586
Other Consumer Discretionary ^ (b)		2,740,142
		4,276,309
CONSUMER STAPLES - 11.12%		
Coca-Cola Company (The)	15,000	719,850
Colgate-Palmolive Company	7,400	523,476
CVS Caremark Corporation	10,430	332,404
PepsiCo, Inc.	7,100	390,216
Procter & Gamble Company (The)	22,297	1,139,377
Wal-Mart Stores, Inc.	17,600	852,544
Other Consumer Staples ^ (b)		1,953,632
		5,911,499

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ENERGY - 11.74%		
Baker Hughes, Inc.	10,600	386,264
Chevron Corporation	17,032	1,128,370
Conocophillips	10,474	440,537
Exxon Mobil Corporation	35,500	2,481,805
Marathon Oil Corporation	11,500	346,495
Occidental Petroleum Corporation	5,000	329,050
Schlumberger Ltd.	8,000	432,880
Other Energy (b)		697,340

		6,242,741

Description	No. of Shares	Value

FINANCIALS - 10.52%		
Charles Schwab Corporation (The)	22,000	\$ 385,880
JPMorgan Chase & Company	40,132	1,368,902
Travelers Companies, Inc. (The)	9,476	388,895
Wells Fargo & Company	39,900	967,974
Other Financials ^ (b)		2,480,944

		5,592,595

HEALTHCARE - 12.93%		
Abbott Laboratories	9,200	432,768
Amgen, Inc. *	9,900	524,106
Becton, Dickinson and Company	5,400	385,074
Bristol-Myers Squibb Company	23,500	477,285
Gilead Sciences, Inc. *	7,000	327,880
Johnson & Johnson	20,400	1,158,720
Medtronic, Inc.	10,000	348,900
Merck & Company, Inc.	12,500	349,500
Pfizer, Inc.	23,560	353,400
UnitedHealth Group, Inc. ^	13,500	337,230
Wyeth	9,200	417,588
Other Health Care ^ (b)		1,765,242

		6,877,693

INDUSTRIALS - 8.75%		
Burlington Northern Santa Fe Corporation ^	5,400	397,116
General Electric Company	56,900	666,868
Other Industrials ^ (b)		3,592,024

		4,656,008

INFORMATION TECHNOLOGY - 17.26%		
Apple, Inc. *	8,500	1,210,655
Cisco Systems, Inc. *	38,900	725,096
EMC Corporation *	39,148	512,839
Google, Inc. - Class A *	2,000	843,180
Hewlett-Packard Company	16,900	653,185
Intel Corporation	62,500	1,034,375

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See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
SUMMARY SCHEDULE OF INVESTMENTS - JUNE 30, 2009 (UNAUDITED) (CONCLUDED)

Description	No. of Shares	Value
INFORMATION TECHNOLOGY (CONTINUED)		
International Business		
Machines Corporation	9,100	\$ 950,222
Microsoft Corporation	56,200	1,335,874
Oracle Corporation	26,272	562,746
QUALCOMM, Inc.	10,000	452,000
Other Information Technology ^ (b)		900,727
		9,180,899
MATERIALS - 2.57%		
Monsanto Company	4,660	346,424
Other Materials ^ (b)		1,018,673
		1,365,097
REAL ESTATE INVESTMENT TRUST - 0.20%		
Total Real Estate Investment Trust ^ (b)		106,203
TELECOMMUNICATION SERVICES - 3.15%		
AT&T, Inc.	40,539	1,006,989
Verizon Communications, Inc.	21,800	669,914
		1,676,903
UTILITIES - 3.61%		
Other Utilities ^ (b)		1,918,015
TOTAL EQUITY SECURITIES		
(cost - \$57,916,625)		52,883,956
SHORT-TERM INVESTMENTS - 7.80%		
MONEY MARKET SECURITY - 0.60%		
JPMorgan U.S. Government		
Money Market Fund	320,260	320,260
		320,260
Description	Principal Amount (000's)	Value
REPURCHASE AGREEMENTS - 7.20%		
J.P. Morgan Securities Inc.+++ (Agreement dated 6/30/2009 to be repurchased at \$3,829,743) (b)	\$ 3,830	\$ 3,829,717
		3,829,717
TOTAL SHORT-TERM INVESTMENTS		
(cost - \$4,149,977)		4,149,977
TOTAL INVESTMENTS - 107.24%		
(cost - \$62,066,602)		57,033,933

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LIABILITIES IN EXCESS OF OTHER ASSETS - (7.24)%	(3,851,257)
NET ASSETS - 100.00%	\$ 53,182,676

- (a) Affiliated investment. The Fund holds 0.63% (based on net assets) of Adams Express Company. A director of the Fund also serves as a director to such company. During the six months ended June 30, 2009 the Fund sold 9,400 shares of this security. There were no purchases during this period.
- (b) Represents issuers not identified as a top 50 holding in terms of market value and issues or issuers not exceeding 1% of net assets individually or in the aggregate, respectively, as of June 30, 2009.
- ^ Security or a portion thereof is out on loan. * Non-income producing security.
- + The maturity date for all repurchase agreements held was July 1, 2009, with interest rates ranging from 0.12% to 0.24% and collateralized by \$3,944,251 in United States Treasury Bills maturing August 13, 2009. Stated interest rate, before rebate earned by borrower of securities on loan.
- ++ Represents investment purchased with collateral received for securities on loan.

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES - JUNE 30, 2009 (UNAUDITED)

ASSETS

Investments, at value, including collateral for securities on loan of \$3,829,717:	
Unaffiliated issuers (cost - \$61,576,313) (1)	\$ 56,697,093
Affiliated issuer (cost - \$490,289)	336,840
Total investments (cost - \$62,066,602)	57,033,933
Receivables:	
Dividends	65,074
Investment sold	27,485
Prepaid expenses	6,690
Total Assets	57,133,182

LIABILITIES

Payables:

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Upon return of securities loaned	3,829,717
Investment management fees (net of fee waivers)	42,666
Directors' fees	25,499
Other accrued expenses	52,624

Total Liabilities	3,950,506

NET ASSETS (applicable to 6,907,814 shares of common stock outstanding)	\$ 53,182,676
	=====
NET ASSET VALUE PER SHARE (\$53,182,676/6,907,814)	\$ 7.70
	=====

NET ASSETS CONSISTS OF

Capital stock, \$0.001 par value; 6,907,814 shares issued and outstanding (100,000,000 shares authorized)	\$ 6,908
Paid-in capital	65,876,011
Accumulated net realized loss on investments	(7,667,574)
Net unrealized depreciation in value of investments	(5,032,669)

Net assets applicable to shares outstanding	\$ 53,182,676
	=====

(1) Includes securities out on loan to brokers with a market value of \$3,656,934.

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See accompanying notes to financial statements.
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CORNERSTONE STRATEGIC VALUE FUND, INC.
STATEMENT OF OPERATIONS - FOR THE SIX MONTHS ENDED JUNE 30, 2009 (UNAUDITED)

INVESTMENT INCOME

Income:	
Dividends (including \$3,490 earned from an affiliated issuer)	\$ 890,064
Securities lending	2,135

Total Investment Income	892,199

Expenses:

Investment management fees	262,112
Legal and audit fees	214,135
Directors' fees	54,199
Printing	27,273
Administration fees	26,489
Accounting fees	17,906
Transfer agent fees	10,507

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Custodian fees	8,927
Stock exchange listing fees	5,455
Insurance	3,674
Miscellaneous	1,736

Total Expenses	632,413
Less: Management fee waivers	(28,834)
Less: Fees paid indirectly	(38,591)

Net Expenses	564,988

Net Investment Income	327,211

NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS	
Net realized loss from unaffiliated investments	(1,984,853)
Net realized loss from affiliated investments	(40,223)
Capital gain distributions from regulated investment companies and real estate investment trust	990
Net change in unrealized depreciation in value of investments	1,962,550

Net realized and unrealized loss on investments	(61,536)

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 265,675
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See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
STATEMENT OF CHANGES IN NET ASSETS

	For the Six Months Ended June 30, 2009 (unaudited)	For the Year Ended December 31, 2008
	-----	-----
DECREASE IN NET ASSETS		
Operations:		
Net investment income	\$ 327,211	\$ 984,743
Net realized loss from investments	(2,025,076)	(3,741,734)
Capital gain distributions from regulated investment companies and real estate investment trust	990	8,983
Net change in unrealized appreciation/(depreciation) in value of investments	1,962,550	(33,698,235)
	-----	-----
Net increase/(decrease) in net assets resulting from operations	265,675	(36,446,243)
	-----	-----

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Dividends and distributions to shareholders:		
Net investment income	(327,211)	(984,743)
Return-of-capital	(6,864,270)	(27,088,110)
	-----	-----
Total dividends and distributions to shareholders	(7,191,481)	(28,072,853)
	-----	-----
Capital stock transactions:		
Cash in lieu of fractional shares from the reverse stock split	--	(544)
Proceeds from 72,113 and 196,609 shares newly issued in reinvestment of dividends and distributions, respectively	598,919	3,761,155
	-----	-----
Total Capital stock transactions	598,919	3,760,611
	-----	-----
Total decrease in net assets	(6,326,887)	(60,758,485)
	-----	-----
NET ASSETS		
Beginning of period	59,509,563	120,268,048
	-----	-----
End of period	\$ 53,182,676	\$ 59,509,563
	=====	=====

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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 period indicated. This information has been derived from information provided in the financial statements and market price data for the Fund's shares.

	For the Six Months Ended June 30, 2009 (unaudited)	For the Years En 2008	2007	2006
	-----	-----	-----	-----
PER SHARE OPERATING PERFORMANCE				
Net asset value, beginning of period	\$ 8.71	\$ 18.12	\$ 21.28	\$ 21.28
	-----	-----	-----	-----
Net investment income #	0.05	0.15	0.16	0.16

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Net realized and unrealized gain/(loss) on investments	(0.01)	(5.55)	0.96	
	-----	-----	-----	-----
Net increase/(decrease) in net assets resulting from operations	0.04	(5.40)	1.12	
	-----	-----	-----	-----
Dividends and distributions to shareholders:				
Net investment income	(0.05)	(0.15)	(0.16)	
Net realized capital gains	--	--	(1.32)	
Return-of-capital	(1.00)	(4.01)	(3.00)	
	-----	-----	-----	-----
Total dividends and distributions to shareholders	(1.05)	(4.16)	(4.48)	
	-----	-----	-----	-----
Capital stock transactions:				
Anti-dilutive effect due to shares issued in reinvestment of dividends and distributions	--	0.15	0.20	
	-----	-----	-----	-----
Net asset value, end of period	\$ 7.70	\$ 8.71	\$ 18.12	\$
	=====	=====	=====	=====
Market value, end of period	\$ 10.09	\$ 7.62	\$ 20.20	\$
	=====	=====	=====	=====
Total investment return (a)	50.25% (b)	(49.92)%	(29.04)%	
	=====	=====	=====	=====
RATIOS/SUPPLEMENTAL DATA				
Net assets, end of year (000 omitted)	\$ 53,183	\$ 59,510	\$ 120,268	\$ 13
Ratio of expenses to average net assets, net of fee waivers, if any (c)	2.16% (e)	1.40%	1.23%	
Ratio of expenses to average net assets, excluding fee waivers, if any (d)	2.41% (e)	1.54%	1.35%	
Ratio of expenses to average net assets, net of fee waivers, if any (d)	2.30% (e)	1.44%	1.25%	
Ratio of net investment income to average net assets	1.25% (e)	1.08%	0.86%	
Portfolio turnover rate	3.51% (b)	13.24%	10.38%	

* Effective December 23, 2008, a reverse stock split of 1:4 occurred. All per share amounts have been restated according to the terms of the split.

Based on average shares outstanding.

(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) Not annualized.

(c) Expenses are net of fees paid indirectly.

(d) Expenses exclude the reduction for fees paid indirectly.

(e) Annualized.

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See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS

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NOTE A. ORGANIZATION

Cornerstone Strategic Value Fund, Inc. (the "Fund") 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.

NOTE B. SIGNIFICANT ACCOUNTING POLICIES

MANAGEMENT ESTIMATES: The preparation of financial statements in accordance 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.

In May 2009, the Financial Accounting Standards Board ("FASB") issued FASB Statement No. 165, "SUBSEQUENT EVENTS." The Fund has adopted FAS 165 with these financial statements.

FAS 165 requires the Fund to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Assets and Liabilities. For nonrecognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Fund will be required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. In addition, FAS 165 requires the Fund to disclose the date through which the subsequent events have been evaluated. Management has evaluated any matters requiring such disclosure through the date when such financial statements were issued (August 31, 2009). Other than disclosures contained in these notes to the financial statements, subsequent events after such date have not been evaluated with respect to the impact on such financial statements.

PORTFOLIO VALUATION: Investments are stated at value in the accompanying financial statements. Readily marketable portfolio securities listed on the 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 market for such securities. Securities trading on the Nasdaq Stock Market, Inc. ("NASDAQ") are valued at the 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 Adviser" 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.

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At June 30, 2009, 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

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

exception of those days on which the NYSE Alternext US LLC is closed.

On March 19, 2008, Financial Accounting Standards Board released Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("FAS 161"). FAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The application of FAS 161 is required for fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. Management has evaluated the implications of FAS 161 and its impact on the financial statements are not material.

REPURCHASE AGREEMENTS: The Fund has agreed to purchase securities from financial institutions subject to the seller's agreement to repurchase them at an agreed-upon time and price ("repurchase agreements"). The financial institutions with whom the Fund enters into repurchase agreements are banks and broker/dealers, which Cornerstone considers creditworthy. The seller under a repurchase agreement will be required to maintain the value of the securities as collateral, subject to the agreement at not less than the repurchase price plus accrued interest. Cornerstone monitors the mark-to-market of the value of the collateral, and, if necessary, requires the seller to maintain additional securities, so that the value of the collateral is not less than the repurchase price. Default by or bankruptcy of the seller would, however, expose the Fund to possible loss because of adverse market action or delays in connection with the disposition of the underlying securities.

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.

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 shareholders which will be sufficient to relieve it from all or substantially all U.S. federal income and excise taxes.

In July 2006, the Financial Accounting Standards Board ("FASB") released FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48"), an interpretation of FASB Statement No. 109. FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more likely than not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is effective during the first required financial reporting period for fiscal years beginning after

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December 15, 2006. Management adopted FIN 48 on June 29, 2007 and reviewed any uncertain tax positions for open tax years 2005 through 2008 and for the period ended June 30, 2009. The Fund has initiated discussions with the Internal Revenue Service's New York Regional Office regarding a technical tax issue relating to whether the Fund's historic dividend reinvestment plan may have resulted in a violation of certain Subchapter M requirements of the Internal Revenue Code for certain prior tax years. The outcome of this matter is currently uncertain including, whether ultimately it might negatively affect the tax status of the Fund. The Fund will continue to monitor this matter closely and is pursuing a potential resolution with the Internal Revenue Service by seeking to obtain a closing letter that, if successful, will avoid a material negative tax impact to the Fund. There was no material impact to the financial statements or, other than as described herein, the disclosures thereto as a result of the adoption of this pronouncement.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DISTRIBUTIONS TO SHAREHOLDERS: Effective June 25, 2002, the Fund initiated a fixed, monthly distribution to shareholders. 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-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 shareholders 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 shareholders are recorded by the Fund on the ex-dividend date.

NOTE C. FAIR VALUE

The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. FAS 157 established a three-tier hierarchy to maximize the use of

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observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- o Level 1 - quoted prices in active markets for identical investments
- o Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- o Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used in valuing securities are not necessarily an indication of the risk associated with investing in those securities.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following is a summary of the inputs used as of June 30, 2009 in valuing the Fund's investments carried at value:

VALUATION INPUTS	INVESTMENTS IN SECURITIES	OTHER FINANCIAL INSTRUMENTS*

Level 1 - Quoted Prices		
Equity Investments	\$52,883,956	--
Short-term Investments	4,149,977	--
Level 2 - Other Significant		
Observable Inputs	--	--
Level 3 - Significant		
Unobservable Inputs	--	--
	-----	-----
Total	\$57,033,933	--
	=====	=====

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

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 June 30, 2009.

NOTE D. AGREEMENTS

Certain officers of the Fund are also officers of Cornerstone or Ultimus Fund

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Solutions, LLC ("Ultimus"). 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. During the six months ended June 30, 2009, Cornerstone voluntarily agreed to waive its management fees from the Fund to the extent that the Fund's net monthly operating expenses (including basic legal fees but excluding other legal and extraordinary expenses) exceeded an annual rate of 0.11% and 0.125% of average annual weekly net assets, through February 28, 2009, and thereafter, respectively. For the six months ended June 30, 2009, Cornerstone earned \$262,112 for investment management services, of which it waived \$28,834. Effective July 1, 2009, the Investment Manager suspended its voluntary fee waiver.

Included in the Statement of Operations, under the caption FEES PAID INDIRECTLY, are expense offsets of \$38,591 arising from credits earned on portfolio transactions executed with brokers, pursuant to directed brokerage arrangements.

ADMINISTRATION AGREEMENT

Under the terms of the Administration Agreement, Ultimus supplies executive, administrative and regulatory services for the Fund. Ultimus supervises the preparation of reports to stockholders 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 Ultimus a monthly fee at an annual rate of 0.100% of its average daily net assets up to \$250 million and 0.075% of such assets in excess of \$250 million, subject to an annual minimum fee of \$50,000.

FUND ACCOUNTING AGREEMENT

Under the terms of the Fund Accounting Agreement, Ultimus calculates the net asset value per share and maintains the financial books and records of the Fund. For the performance of these services, the Fund pays Ultimus a base fee of \$2,500 per month plus an asset based fee of 0.010% of the first \$500 million of average daily net assets and 0.005% of such assets in excess of \$500 million.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E. AFFILIATED INVESTMENTS

Transactions in affiliates for the six month ended June 30, 2009 were as follows:

	ADAMS EXPRESS COMPANY
Market value at beginning of period	\$ 397,485
Shares at beginning of period	49,500
Shares purchased during the period	--

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Shares sold during the period	(9,400)

Shares at end of period	40,100
	=====
Dividend income earned during the period	3,490
	=====
Cost of purchases during the period	--
	=====
Proceeds from sales during the period	75,310
	=====
Net realized loss during the period	(40,223)
	=====
Market value at end of period	\$ 336,840
	=====

NOTE F. INVESTMENT IN SECURITIES

For the six month ended June, 30, 2009, purchases and sales of securities, other than short-term investments, were \$1,877,310 and \$7,837,592 respectively.

NOTE G. SHARES OF COMMON STOCK

The Fund has 100,000,000 shares of common stock authorized and 6,907,814 shares outstanding at June 30, 2009. Transactions in common stock for the six months ended June 30, 2009 were as follows:

Shares at beginning of period	6,835,701
Shares newly issued in reinvestment of dividends and distributions	72,113

Shares at end of period	6,907,814
	=====

NOTE H. SHARE REPURCHASE PROGRAM

As has been done in the past to enhance shareholder value, pursuant to Section 23 of the Investment Company Act of 1940, as amended, the Fund may again in the future purchase shares of its common stock on the open market from time to time, at such times, and in such amounts as may be deemed advantageous to the Fund. Nothing herein shall be considered a commitment to purchase such shares.

The Fund had no repurchases during the six months ended June 30, 2009. No limit has been placed on the number of shares to be repurchased by the Fund other than those imposed by federal securities laws.

All purchases are made in accordance with federal securities laws, with shares repurchased held in treasury effective January 1, 2002, for future use by the Fund.

NOTE I. SECURITIES LENDING

To generate additional income, the Fund may lend up to 33(1)/3% of its total assets. The Fund receives payments from borrowers equivalent to the dividends and interest that would have been earned on securities lent while simultaneously seeking to earn interest on the investment of cash collateral. Loans are subject to termination by the Fund or the borrower at any time, and are, therefore, not considered to be illiquid investments. Loans of securities are required at all times to be secured by collateral equal to at least 100% of the market value of securities on loan. However, in the event of default or bankruptcy of the other party to the agreement, realization and/or retention of the collateral may be

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subject to legal proceedings. In the event that the borrower fails to return securities, and collateral maintained by the lender is insufficient to cover the value of loaned securities, the borrower is obligated to pay the amount of the shortfall (and interest thereon) to the Fund. However, there can be no assurance the Fund can recover this amount.

The value of securities on loan to brokers at June 30, 2009, was \$3,656,934. During the six months ended June 30, 2009, the Fund earned \$2,135 in securities lending income which is included under the caption SECURITIES LENDING in the Statement of Operations.

NOTE J. 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 and Post-October losses (as later defined), and excise tax regulations.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

The tax character of dividends and distributions paid during the year ended December 31, 2008 for the Fund was ordinary income of \$984,743 and return-of-capital \$27,088,110.

Accounting principles generally accepted in the United States of America require 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. 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").

At December 31, 2008, the Fund had a capital loss carryforward for U.S. federal income tax purposes of \$5,171,824 of which \$1,139,305 expires in 2009, \$250,210 expires in 2010, \$484,687 expires in 2011, and \$3,297,622 expires in 2016. These capital loss carryforwards are subject to an annual limitation of \$1,139,305 for the year ended December 31, 2009.

At June 30, 2009, the identified cost for federal income tax purposes, as well as the gross unrealized appreciation from investments for those securities having an excess of value over cost, gross unrealized depreciation from investments for those securities having an excess of cost over value and the net unrealized appreciation from investments were \$62,066,602, \$5,866,323, \$(10,898,992) and \$(5,032,669), respectively.

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RESULTS OF ANNUAL MEETING OF STOCKHOLDERS (UNAUDITED)

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On April 21, 2009, the Annual Meeting of Stockholders of Cornerstone Strategic Value Fund, Inc. was held and the following matter was voted upon based on 6,844,896 shares of common stock outstanding on February 17, 2009:

(1) To approve the re-election of two Class II Directors until the 2012 Annual Meeting.

NAME OF CLASS II DIRECTORS -----	FOR ---	WITHHELD -----
Thomas H. Lenagh	5,549,204	405,756
Scott B. Rogers	5,578,097	376,863

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DESCRIPTION OF DIVIDEND REINVESTMENT PLAN (UNAUDITED)

Cornerstone Strategic Value Fund, Inc. (the "Fund") operates a Dividend Reinvestment Plan (the "Plan"), sponsored and administered by American Stock Transfer & Trust Company (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.

Shareholders automatically participate in the Fund's Plan, unless and until an election is made to withdraw from the Plan on behalf of such participating shareholder. Shareholders who do not wish to have Distributions automatically reinvested should so notify their broker, or if a registered shareholder, the Agent in writing at P.O. Box 922, Wall Street Station, New York, New York 10269-0560. Such written notice must be received by the Agent prior to the record date of the Distribution or the shareholder will receive such Distribution in shares through the Plan. Under the Plan, the Fund's Distributions to shareholders are reinvested in full and fractional shares as described below.

When the Fund declares a Distribution the Agent, on the shareholder's behalf, will (i) receive additional authorized shares from the Fund either newly issued or repurchased from shareholders by the Fund and held as treasury stock ("Newly Issued Shares") or (ii) purchase outstanding shares on the open market, on the NYSE Alternext US LLC or elsewhere, with cash allocated to it by the Fund ("Open Market Purchases").

The method for determining the number of shares to be received when Distributions are reinvested will vary depending upon whether the net asset value of the Fund's shares is higher or lower than its market price. If the net asset value of the Fund's shares is lower than its market price, the number of Newly Issued Shares received will be determined by dividing the amount of the Distribution either by the Fund's net asset value per share or by 95% of its market price, whichever is higher. If the net asset value of the Fund's shares is higher than its market price, shares acquired by the Agent in Open Market Purchases will be allocated to the reinvesting shareholders based on the average cost of such Open Market Purchases.

Whenever the Fund declares a Distribution and the 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 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.

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. When a Participant withdraws from the Plan, or upon suspension or termination of the Plan at the sole discretion of the Fund's Board of Directors, certificates for whole shares credited to his or her account under the Plan will, upon request, be issued. Whether or not a participant requests that certificates for whole shares be issued, a cash payment will be made for any fraction of a share credited to such account. The Agent will maintain all shareholder accounts in the Plan and furnish written confirmations of all transactions in the accounts, including information needed by shareholders 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 shareholder's proxy will include those shares purchased pursuant to the Plan. Each participant, nevertheless, has the

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DESCRIPTION OF DIVIDEND REINVESTMENT PLAN (UNAUDITED) (CONCLUDED)

right to receive certificates for whole shares owned. The Agent will distribute all proxy solicitation materials to participating shareholders.

In the case of shareholders, 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 shareholder as representing the total amount of shares registered in the shareholder'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 participants 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 participants 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.

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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.

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 877-864-483.

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INVESTMENT MANAGEMENT AGREEMENT APPROVAL DISCLOSURE (UNAUDITED)

The Board of Directors including, the Independent Directors, (the "Board") of Cornerstone Strategic Value Fund, Inc. (the "Fund") considers the approval of the Investment Management Agreement (the "Agreement") between Cornerstone Advisors, Inc. (the "Investment Manager") and the Fund on an annual basis. The most recent approval of the Agreement occurred at an in person meeting of the Board held on February 13, 2009.

In determining whether to approve the Agreement, the Board requested and received extensive materials and information from the Investment Manager to assist them in considering the approval of the continuance of the Agreement. Based on their review of the information requested and provided, and the discussions with management of the Investment Manager, the Board determined that the approval of the Agreement was consistent with the best interests of the Fund and its shareholders, and would enable the Fund to continue to receive high quality services at a cost that is appropriate, reasonable, and in the best interests of the Fund and its shareholders. The Board made these determinations on the basis of the following factors, among others: (1) the nature and quality of the services provided by the Investment Manager; (2) the cost to the Investment Manager for providing such services, with special attention to the Investment Manager's profitability (and whether the Investment Manager realizes any economies of scale); (3) the direct and indirect benefits received by the Investment Manager from its relationship with the Fund and the other investment companies advised by the Investment Manager; and (4) comparative information as to the management fees, expense ratios and performance of other similarly situated closed-end investment companies.

The materials provided by the Investment Manager to the Board described the services provided by the Investment Manager to the Fund and included an overview of the Investment Manager's investment philosophy, management style and plan, including the Investment Manager's extensive knowledge and experience in the closed-end fund industry. The Board also discussed the knowledge of the Investment Manager with respect to managing the Fund's monthly distribution policy and the extent to which such policy contributes to the market's positive valuation of the Fund. The Board also favorably received the Investment Manager's continued commitment to voluntarily waive its management fees from the Fund to the extent that monthly operating expenses exceed 0.125% of average net assets calculated monthly (including basic legal fees but excluding other legal and extraordinary expenses). The Board also reviewed and discussed a comparison of the Fund's performance with comparable closed-end funds and a comparison of the Fund's expense ratios and management fees with those comparable funds. Additionally, the Investment Manager presented an analysis of its profitability based on its contractual relationship with the Fund and the other investment companies advised by the Investment Manager.

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The Board carefully evaluated this information, taking into consideration many factors including, the overall high quality of the personnel, operations, financial condition, investment management capabilities, methodologies, and performance of the Investment Manager, and was advised by independent legal counsel with respect to its deliberations. Based on its review of the information requested and provided, the Board determined that the management fees payable to the Investment Manager under the Agreement are fair and reasonable in light of the services to be provided, the performance of the Fund, the profitability of the Investment Manager's relationship with the Fund, the comparability of the proposed fee to fees paid by comparable closed-end funds, and the level of quality of investment management personnel. The Board determined that the Agreement is consistent with the best interests of the Fund and its shareholders, and enables the Fund to receive high quality services at a cost that is appropriate, reasonable, and in the best interests of the Fund and its shareholders. Accordingly, in light of the above considerations and such other factors and information it considered relevant, the Board by a unanimous vote (including a separate vote of all the Independent Directors present in person at the meeting) approved the continuance of the Agreement with respect to the Fund.

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PROXY VOTING AND PORTFOLIO HOLDINGS INFORMATION (UNAUDITED)

Information regarding how Cornerstone Strategic Value Fund, Inc. (the "Fund") voted proxies related to its portfolio securities during the 12-month period ended June 30 of each year as well as the policies and procedures that the Fund uses to determine how to vote proxies relating to its portfolio securities are available by calling (513) 326-3597 or on the website of the Securities and Exchange Commission, <http://www.sec.gov>.

This report incorporates a Summary Schedule of Investments for the Fund. A complete Schedule of Investments for the Fund may be obtained free of charge by contacting the Fund at (513) 326-3597. 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 Forms N-Q are 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 (202) 551-8090.

PRIVACY POLICY NOTICE (UNAUDITED)

The following is a description of Cornerstone Strategic Value Fund, Inc.'s (the "Fund") policies regarding disclosure of nonpublic personal information that you provide to the Fund or that the Fund collects from other sources. In the event that you hold shares of the Fund through a broker-dealer or other financial intermediary, the privacy policy of the financial intermediary would govern how your nonpublic personal information would be shared with unaffiliated third parties.

CATEGORIES OF INFORMATION THE FUND COLLECTS. The Fund collects the following nonpublic personal information about you:

1. Information from the Consumer: this category includes information the Fund receives from you on or in applications or other forms, correspondence, or conversations (such as your name, address phone number, social security number, assets, income and date of birth); and
2. Information about the Consumer's transactions: this category includes

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information about your transactions with the Fund, its affiliates, or others (such as your account number and balance, payment history, parties to transactions, cost basis information, and other financial information).

CATEGORIES OF INFORMATION THE FUND DISCLOSES. The Fund does not disclose any nonpublic personal information about their current or former shareholders to unaffiliated third parties, except as required or permitted by law. The Fund is permitted by law to disclose all of the information it collects, as described above, to its service providers (such as the Fund's custodian, administrator and transfer agent) to process your transactions and otherwise provide services to you.

CONFIDENTIALITY AND SECURITY. The Fund restricts access to your nonpublic personal information to those persons who require such information to provide products or services to you. The Fund maintains physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

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SUMMARY OF GENERAL INFORMATION (UNAUDITED)

Cornerstone Strategic Value Fund, Inc. is a closed-end, diversified investment company whose shares trade on the NYSE Alternext US LLC. 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 managed by Cornerstone Advisors, Inc.

SHAREHOLDER INFORMATION (UNAUDITED)

The Fund is listed on the NYSE Alternext US LLC (symbol "CLM"). The previous week's net asset value per share, market price, and related premium or discount are published each Monday in The Wall Street Journal under the designation "CornstnStrat" and Barron's under the designation "Cornerstone Str Val". Such information is available weekly and may be obtained by contacting the Fund at the general inquiry phone number.

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 CAPITAL STOCK IN THE OPEN MARKET.

This report, including the financial statements herein, is sent to the shareholders of the Fund for their information. The financial information included herein is taken from the records of the Fund without examination by independent registered public accountants who do not express an opinion thereon. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in the report.

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CORNERSTONE STRATEGIC VALUE FUND, INC.

ITEM 2. CODE OF ETHICS.

Not required

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not required

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not required

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not required

ITEM 6. SCHEDULE OF INVESTMENTS.

(a)

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 2009 (UNAUDITED)

DESCRIPTION	NO. OF SHARES	VALUE

EQUITY SECURITIES - 99.44%		

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CLOSED-END FUNDS - 9.55%

Adams Express Company (The) (a)	40,100	\$ 336,840
Advent/Claymore Enhanced Growth & Income Fund	61,070	553,905
BlackRock Dividend Achievers Trust	15,600	114,504
Dreman/Claymore Dividend & Income Fund	11,120	114,314
General American Investors Company, Inc.	3,000	56,250
Liberty All-Star Equity Fund	475,030	1,638,853
Liberty All-Star Growth Fund	283,601	774,231
Tri-Continental Corporation	22,800	209,532
Zweig Fund, Inc. (The)	452,850	1,281,565

		5,079,994

CONSUMER DISCRETIONARY - 8.04%

Amazon.com, Inc. *	3,000	250,980
Best Buy Company, Inc.	4,500	150,705
Comcast Corporation - Class A	11,555	167,432
DIRECTV Group, Inc. (The) ^ *	4,000	98,840
Gap, Inc. (The)	9,200	150,880
Home Depot, Inc. (The)	2,000	47,260
Lowe's Companies, Inc.	5,900	114,519
McDonald's Corporation	16,900	971,581
News Corporation - Class A	10,000	91,100
NIKE, Inc. - Class B	6,100	315,858
Omnicom Group, Inc. ^	6,200	195,796
Staples, Inc.	12,800	258,176
Starbucks Corporation ^ *	2,800	38,892
Target Corporation	8,300	327,601
Time Warner Cable, Inc. ^ *	1,966	62,263
TJX Companies, Inc. (The)	5,000	157,300
Toyota Motor Corporation - ADR ^	2,500	188,825
Viacom, Inc. - Class B *	5,450	123,715
Walt Disney Company (The)	24,200	564,586

		4,276,309

CONSUMER STAPLES - 11.12%

Altria Group, Inc.	13,300	217,987
Archer-Daniels-Midland Company	3,960	106,009
Coca-Cola Company (The)	15,000	719,850
Colgate-Palmolive Company	7,400	523,476
ConAgra Foods, Inc.	3,400	64,804
CVS Caremark Corporation	10,430	332,404

CORNERSTONE STRATEGIC VALUE FUND, INC.

SCHEDULE OF INVESTMENTS - JUNE 30, 2009 (UNAUDITED) (CONTINUED)

CONSUMER STAPLES (CONTINUED)

General Mills, Inc.	2,500	140,050
H.J. Heinz Company	4,000	142,800
Kimberly-Clark Corporation	2,500	131,075
Kraft Foods, Inc. - Class A	10,932	277,017
Kroger Company (The)	8,800	194,040
PepsiCo, Inc.	7,100	390,216
Philip Morris International, Inc.	7,300	318,426
Procter & Gamble Company (The)	22,297	1,139,377
Sysco Corporation	9,800	220,304
Walgreen Company ^	4,800	141,120
Wal-Mart Stores, Inc.	17,600	852,544

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		5,911,499

ENERGY - 11.74%		
Baker Hughes, Inc.	10,600	386,264
Chevron Corporation	17,032	1,128,370
Conocophillips	10,474	440,537
Exxon Mobil Corporation	35,500	2,481,805
Halliburton Company	13,200	273,240
Marathon Oil Corporation	11,500	346,495
Occidental Petroleum Corporation	5,000	329,050
Schlumberger Ltd.	8,000	432,880
Transocean Ltd. *	2,500	185,725
XTO Energy, Inc.	6,250	238,375

		6,242,741

FINANCIALS - 10.52%		
AFLAC, Inc.	3,500	108,815
Allstate Corporation (The)	6,800	165,920
American Express Company	3,400	79,016
Bank of America Corporation	16,138	213,022
Bank of New York Mellon Corporation (The)	5,754	168,650
Capital One Financial Corporation	2,500	54,700
Charles Schwab Corporation (The)	22,000	385,880
Goldman Sachs Group, Inc. (The)	1,800	265,392
Hudson City Bancorp, Inc. ^	13,000	172,770
JPMorgan Chase & Company	40,132	1,368,902
Marsh & McLennan Companies, Inc.	10,000	201,300
MetLife, Inc.	5,700	171,057
Morgan Stanley	7,000	199,570
PNC Financial Services Group, Inc.	7,600	294,956
T. Rowe Price Group, Inc.	5,000	208,350
Travelers Companies, Inc. (The)	9,476	388,895
CORNERSTONE STRATEGIC VALUE FUND, INC.		
SCHEDULE OF INVESTMENTS - JUNE 30, 2009 (UNAUDITED) (CONTINUED)		
FINANCIALS (CONTINUED)		
U.S. Bancorp	9,901	177,426
Wells Fargo & Company	39,900	967,974

		5,592,595

HEALTH CARE - 12.93%		
Abbott Laboratories	9,200	432,768
Aetna, Inc.	5,000	125,250
Amgen, Inc. *	9,900	524,106
Baxter International, Inc.	5,000	264,800
Becton, Dickinson and Company	5,400	385,074
Biogen Idec, Inc. *	4,000	180,600
Bristol-Myers Squibb Company	23,500	477,285
Cardinal Health, Inc. ^	7,950	242,872
Covidien PLC	2,599	97,307
Eli Lilly & Company	4,700	162,808
Gilead Sciences, Inc. *	7,000	327,880
Johnson & Johnson	20,400	1,158,720
McKesson Corporation	2,800	123,200
Medtronic, Inc.	10,000	348,900
Merck & Company, Inc.	12,500	349,500
Pfizer, Inc.	23,560	353,400
Schering-Plough Corporation	10,000	251,200

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Stryker Corporation	3,500	139,090
UnitedHealth Group, Inc. ^	13,500	337,230
WellPoint, Inc. *	3,500	178,115
Wyeth	9,200	417,588

		6,877,693

INDUSTRIALS - 8.75%

3M Company	4,400	264,440
Boeing Company (The)	2,200	93,500
Burlington Northern Santa Fe Corporation ^	5,400	397,116
Caterpillar, Inc. ^	6,800	224,672
CSX Corporation	6,500	225,095
Deere & Company ^	6,500	259,675
Emerson Electric Company	6,000	194,400
General Dynamics Corporation	3,200	177,248
General Electric Company	56,900	666,868
Honeywell International, Inc.	5,000	157,000
Illinois Tool Works, Inc.	4,800	179,232
Lockheed Martin Corporation ^	3,000	241,950
Norfolk Southern Corporation	5,500	207,185
Northrop Grumman Corporation	2,500	114,200

CORNERSTONE STRATEGIC VALUE FUND, INC.
 SCHEDULE OF INVESTMENTS - JUNE 30, 2009 (UNAUDITED) (CONTINUED)

INDUSTRIALS (CONTINUED)

Raytheon Company	6,000	266,580
Union Pacific Corporation	4,000	208,240
United Parcel Service, Inc. - Class B	4,100	204,959
United Technologies Corporation	6,000	311,760
Waste Management, Inc.	9,300	261,888

		4,656,008

INFORMATION TECHNOLOGY - 17.26%

Adobe Systems, Inc. ^ *	4,200	118,860
Apple, Inc. *	8,500	1,210,655
Applied Materials, Inc. ^	14,800	162,356
Automatic Data Processing, Inc.	4,400	155,936
Cisco Systems, Inc. *	38,900	725,096
Corning, Inc. ^	11,500	184,690
Dell, Inc. *	2,700	37,071
eBay, Inc. *	2,500	42,825
EMC Corporation *	39,148	512,839
Google, Inc. - Class A *	2,000	843,180
Hewlett-Packard Company	16,900	653,185
Intel Corporation	62,500	1,034,375
International Business Machines Corporation	9,100	950,222
Microsoft Corporation	56,200	1,335,874
Nortel Networks Corporation *	660	29
Oracle Corporation	26,272	562,746
QUALCOMM, Inc.	10,000	452,000
Texas Instruments, Inc. ^	6,400	136,320
Yahoo!, Inc. ^ *	4,000	62,640

		9,180,899

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MATERIALS - 2.57%		
Alcoa, Inc.	11,400	117,762
Dow Chemical Company (The)	5,400	87,156
E.I. Du Pont de Nemours & Company	9,500	243,390
Freeport-McMoRan Copper & Gold, Inc. ^ *	5,000	250,550
Monsanto Company	4,660	346,424
Praxair, Inc.	4,500	319,815

		1,365,097

REAL ESTATE INVESTMENT TRUST - 0.20%		
Simon Property Group, Inc. ^	2,065	106,203

TELECOMMUNICATION SERVICES - 3.15%		
AT&T, Inc.	40,539	1,006,989
CORNERSTONE STRATEGIC VALUE FUND, INC.		
SCHEDULE OF INVESTMENTS - JUNE 30, 2009 (UNAUDITED) (CONTINUED)		
TELECOMMUNICATION SERVICES (CONTINUED)		
Verizon Communications, Inc.	21,800	669,914

		1,676,903

UTILITIES - 3.61%		
American Electric Power Company, Inc.	5,000	144,450
Dominion Resources, Inc. ^	7,700	257,334
Duke Energy Corporation ^	15,800	230,522
Edison International	3,500	110,110
Exelon Corporation	3,000	153,630
FirstEnergy Corporation	5,000	193,750
FPL Group, Inc.	4,000	227,440
PG&E Corporation	5,000	192,200
Public Service Enterprises Group, Inc. ^	4,500	146,835
Southern Company (The) ^	8,400	261,744

		1,918,015

TOTAL EQUITY SECURITIES (cost - \$57,916,625)		52,883,956

SHORT-TERM INVESTMENTS - 7.80%		
MONEY MARKET SECURITY - 0.60%		
JPMorgan U.S. Government Money Market Fund	320,260	320,260

		PRINCIPAL
		AMOUNT (000'S)

REPURCHASE AGREEMENTS - 7.20%		
J.P. Morgan Securities, Inc.+++ (Agreement dated 6/30/2009 to be repurchased at \$172,785, 0.12%, 7/1/2009, collateralized by \$179,966 in United States Treasury Bills)	\$ 173	172,784
J.P. Morgan Securities, Inc.+++ (Agreement dated 6/30/2009 to be repurchased at \$3,656,958, 0.24%, 7/1/2009, collateralized by \$3,764,285 in United States Treasury Bills)	3,657	3,656,933

		3,829,717

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TOTAL SHORT-TERM INVESTMENTS (cost - \$4,149,977)	----- 4,149,977
TOTAL INVESTMENTS - 107.24% (cost - \$62,066,602)	57,033,933 -----
LIABILITIES IN EXCESS OF OTHER ASSETS - (7.24)%	(3,851,257) -----
NET ASSETS - 100.00%	\$ 53,182,676 =====

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 2009 (UNAUDITED) (CONTINUED)

ADR - American Depositary Receipt.

(a) Affiliated investment. The Fund holds 0.04% (based on net assets) of Adams Express Company. A director of the Fund also serves as a director to such company. During the six months ended June 30, 2009 the Fund sold 9,400 shares of this security. There were no purchases during this period.

* Non-income producing security.

^ Security or a portion thereof is out on loan.

+ Stated interest rate, before rebate earned by borrower of securities on loan.

++ Represents investment purchased with collateral received for securities on loan.

See accompanying notes to financial statements.

(b) Not applicable

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

Not required

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

(a) Not required

(b) There has not been a change in any of the Portfolio Managers identified in response to this Item in the registrant's most recent annual report on Form N-CSR.

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

None

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

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There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors 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.CERT Certifications required by Rule 30a-2(a) under the Act

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

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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 SEPTEMBER 4, 2009

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 SEPTEMBER 4, 2009

By (Signature and Title)* /S/ FRANK J. MARESCA

Frank J. Maresca, Treasurer
(Principal Financial Officer)

Date SEPTEMBER 4, 2009

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