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### Directors and Corporate Officers

Ralph W. Bradshaw	Chairman of the Board of Directors and President
Robert E. Dean	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
Frank J. Maresca	Treasurer

### Investment Manager

Cornerstone Advisors, Inc.  
1075 Hendersonville Road  
Suite 250  
Asheville, NC 28803

### Stock Transfer Agent and Registrar

American Stock Transfer &  
Trust Co., LLC  
6201 15th Avenue  
Brooklyn, NY 11219

### Administrator

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

### Independent Registered Public Accounting Firm

Tait, Weller & Baker LLP  
1818 Market Street  
Suite 2400  
Philadelphia, PA 19103

### Custodian

U.S. Bank, N.A.  
425 Walnut Street  
Cincinnati, OH 45202

### Legal Counsel

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405 Lexington Avenue  
New York, NY 10174

### Executive Offices

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New York, NY 10005

For stockholder inquiries, please call toll-free (866) 668-6558

Please visit us on the web at

[www.cornerstonestrategicvaluefund.com](http://www.cornerstonestrategicvaluefund.com)

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## CORNERSTONE STRATEGIC VALUE FUND, INC.

**CLM**  

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**LISTED**  

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**NYSE AMERICAN**

**JUNE 30, 2017**

This update contains the following two documents:

- Letter from the Fund's President
  - Semi-Annual Report to Stockholders
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July 31, 2017

Dear Fellow Stockholders:

Following is the semi-annual report for Cornerstone Strategic Value Fund, Inc. (the "Fund") for the six months ended June 30, 2017. At the midpoint of the year, the Fund's net assets were \$382.7 million and the Net Asset Value per share ("NAV") was \$13.19. The share price closed at \$15.17. After reflecting the reinvestment of monthly distributions totaling \$1.40 per share, the Fund achieved a total investment return at market value of 16.12% for the six months ended June 30, 2017.

### **Economic and Market Summary**

The first half of 2017 started in a frenzy but smoothed out a bit heading into the summer. January saw the last days of the Obama administration and the first days of the Trump administration. Since the inauguration, President Trump has struggled to maintain a stable administration as certain appointed positions remained unfilled through the middle of the year, and several other positions have already seen turnover from one appointee to another. Although President Trump has struggled to make headway with his political agenda, one of his first major accomplishments as president was to appoint Neil Gorsuch to the Supreme Court. The remaining items on his political agenda, including healthcare reform, tax reform, and financial regulation reform, will have a significant impact on the stock market but the extent will only be understood when the administration's plans are fully formed. The markets continued to perform well during the first half of the year despite the perception of instability in the Executive Branch. Political concerns were not limited to Washington, but extended to the European continent as well. The British exit from the European Union continued to be a talking point for multinational companies with operations in the U.K. although many firms had already made contingency plans. The British and French elections during the second quarter continued to solidify an unstable political scene in Europe as citizens voted for candidates that favored a more unified continent rather than a dissolved European Union. Although the Fund's portfolio has limited international exposure, economic and political developments in Europe (and other global markets) could have a ripple effect on domestic stocks at some point in the future.

Following years of near-zero interest rates, the Federal Reserve raised rates by a quarter point in December 2015 and followed with an identical increase in December 2016. Fortunately, the rate increases became more than an annual tradition in the first half of 2017 when two separate quarter point increases were announced at the Fed's meetings in March and June. The Fed has indicated it will likely raise rates once more before the end of the year. Many analysts expect the Fed to raise rates by another quarter point at either of the Fed's upcoming meetings in September or December. Fed officials made the case for multiple rate increases this year based on improving macro-economic data that had been weaker in recent years by comparison. The economy created an average of 194,000 jobs per month in the second quarter which compared favorably to a monthly average of 166,000 per month during the first quarter, and a pace of 187,000 per month for all of 2016. An initial estimate of second quarter annualized GDP came in at 2.6%, higher than the 1.2% during the first quarter of 2017. The unemployment rate dropped to 4.3% during the first half of the year, its lowest reading since May of 2001, before edging back up to 4.4% in June, still lower than the Fed's prediction of 4.5% to 4.8% average unemployment in the long-term. Central banks around the world have moved more cautiously than the Federal Reserve but sentiment in the global stock market has turned positive after years of negative outlooks.

## **LETTER FROM THE FUND'S PRESIDENT (CONTINUED)**

### **Managed Distribution Policy**

The Fund has maintained its policy of regular distributions to stockholders which continues to be popular with investors. These distributions are not tied to the Fund's investment income and capital gains and do not represent yield or investment return on the Fund's portfolio. The policy of maintaining regular monthly distributions is designed to enhance stockholder value by increasing liquidity for individual investors and providing greater flexibility to manage their investment in the Fund. As always, stockholders have the option of taking their distributions in cash or reinvesting them in shares of the Fund pursuant to the Fund's reinvestment plan.

The Board of Directors believes that the Fund's distribution policy maintains a stable, high rate of distribution for stockholders. As always, the monthly distributions are reviewed and approved periodically by the Board throughout the year and are subject to change at the discretion of the Board. In addition, be sure to note that the Fund's reinvestment plan may provide additional benefit to participating stockholders, as explained further in the section below. Please read the disclosure notes in the Fund's report for details on the Fund's distribution policy and reinvestment plan.

Stockholders receive a final determination of the total distribution attributable to income, capital gains, or return-of-capital after the end of each year. The allocation among these categories may vary greatly from year to year. In any given year, there can be no guarantee that the Fund's investment returns will exceed the amount of the distributions. To the extent that the amount of distributions taken in cash exceeds the total net investment returns of the Fund, the assets of the Fund will decline. If the total net investment returns exceed the amount of cash distributions, the assets of the Fund will increase. Either way, the Fund's individual stockholders have complete flexibility to take their distributions in cash or to reinvest in Fund shares through the Fund's reinvestment plan, and they can change this election as often as they desire.

### **Distribution Reinvestment Considerations**

The Fund's dividend reinvestment plan may at times provide significant benefits to plan participants; therefore, stockholders should evaluate the advantages of reinvesting their distribution payments through the plan. Under the plan, the method for calculating the number of newly issued shares received when distributions are reinvested is determined by dividing the amount of the distribution either by the Fund's last reported NAV or by a price equal to the average closing price of the Fund over the five trading days preceding the payment date of the distribution, whichever is lower. When the Fund trades at a premium to its NAV, stockholders may find that reinvestments through the plan provide potential advantages worth considering.

### **Outlook**

The first half of 2017 was off to a strong start as the stock market reached new highs but the performance during the second half of the year will depend on the fulfillment of political agendas proposed in the first half of the year. With a lack of significant policy development in his first 100 days in office, President Trump will need to clear hurdles and make headway with members of Congress to enact his vision for the country. Positive stock market moves that were influenced by the Trump administration's promised agenda in the first half of the year have lost steam a little bit as he has struggled to make inroads with members of his own party in either chamber of Congress. If the President can actually put feet to his plans for reforming legislation that would benefit companies in the United States, the stock market rally that rang in 2017 can be the rally that rings in 2018.

## LETTER FROM THE FUND'S PRESIDENT (CONTINUED)

In light of the positive macro-economic indications and political challenges that lie ahead, we believe that the Fund's portfolio is positioned to take advantage of upward market movements while withstanding potential market volatility and geopolitical instability. The Fund's holdings include a widely diversified portfolio comprised of large-cap companies and closed-end funds. The large-cap sector is typically made up of well-capitalized established companies that offer the ability to tap into international markets, while also exhibiting a greater degree of defensive strength during difficult periods. The investment adviser believes that closed-end funds offer unique investment opportunities for the Fund, while also allowing for appropriate exposure to a variety of markets, which can be especially important as a means of reducing overall portfolio risk during and after periods of increases in the equity markets. The percentage of closed-end funds in the portfolio may at times increase or decrease, depending on market conditions. The investment adviser attempts to enhance portfolio performance by taking advantage of temporary and occasional pricing inefficiencies in certain securities. The availability and magnitude of such opportunities are unpredictable, and their effect on possible portfolio performance may vary considerably from year to year.

The Board of Directors of the Fund, along with its officers and its investment adviser, value your continuing support. We all know that investors have placed their trust in us. We realize you have a choice, and we thank you for choosing our Fund.

Sincerely,



Ralph W. Bradshaw  
President

*In addition to historical information, this report contains forward-looking statements, which may concern, among other things, domestic and foreign markets, industry and economic trends and developments and government regulation and their potential impact on the Fund's investment portfolio. These statements are subject to risks and uncertainties and actual trends, developments and regulations in the future and their impact on the Fund could be materially different from those projected, anticipated or implied. The Fund has no obligation to update or revise forward-looking statements.*

**This Letter from the Fund's President is not a part of the Semi-Annual Report to Stockholders that follows.**

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**CORNERSTONE STRATEGIC  
VALUE FUND, INC.**

**SEMI-ANNUAL REPORT  
JUNE 30, 2017  
(UNAUDITED)**

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**CORNERSTONE STRATEGIC VALUE FUND, INC.**  
**PORTFOLIO SUMMARY – AS OF JUNE 30, 2017 (UNAUDITED)**

**SECTOR ALLOCATION**

Sector	Percent of Net Assets
Closed-End Funds	33.0
Information Technology	15.0
Financials	9.9
Health Care	9.8
Consumer Discretionary	8.6
Industrials	7.2
Consumer Staples	6.1
Energy	3.0
Materials	2.0
Utilities	1.8
Telecommunication Services	1.6
Exchange-Traded Funds	0.6
Real Estate	0.4
Other	1.0

**TOP TEN HOLDINGS, BY ISSUER**

Holding	Sector	Percent of Net Assets
1. Alphabet Inc.	Information Technology	3.6
2. Microsoft Corporation	Information Technology	2.8
3. Apple Inc.	Information Technology	2.4
4. General American Investors Company, Inc.	Closed-End Funds	2.3
5. Amazon.com, Inc.	Consumer Discretionary	2.3
6. BlackRock Resources & Commodities Strategy Trust	Closed-End Funds	2.2
7. Johnson & Johnson	Health Care	2.1
8. Adams Diversified Equity Fund, Inc.	Closed-End Funds	2.1
9. Liberty All-Star Equity Fund	Closed-End Funds	2.0
10. CBRE Clarion Global Real Estate Income Fund	Closed-End Funds	1.9

**CORNERSTONE STRATEGIC VALUE FUND, INC.**  
**SCHEDULE OF INVESTMENTS – JUNE 30, 2017 (UNAUDITED)**

Description	No. of Shares	Value	Description	No. of Shares	Value
<b>EQUITY SECURITIES — 98.96%</b>			<b>DEVELOPED MARKET (CONTINUED)</b>		
<b>CLOSED-END FUNDS — 32.96%</b>					
<b>CONVERTIBLE SECURITIES — 0.04%</b>					
AllianzGI Equity & Convertible Income Fund	6,700	\$ 132,325	Morgan Stanley Asia-Pacific Fund, Inc.	49,524	\$ 822,098
<b>CORE — 11.35%</b>			New Germany Fund, Inc. (The)	34,721	577,410
Adams Diversified Equity Fund, Inc.	569,599	8,139,570	Swiss Helvetia Fund, Inc. (The)	38,606	490,296
General American Investors Company, Inc.	254,871	8,754,819			<u>2,926,131</u>
Liberty All-Star Equity Fund	1,374,249	7,778,249	<b>EMERGING MARKETS — 2.97%</b>		
Royce Micro-Cap Trust, Inc.	411,835	3,562,373	Aberdeen Chile Fund, Inc.	132,794	940,182
Royce Value Trust	481,161	7,020,139	Aberdeen Indonesia Fund, Inc.	19,327	144,952
Source Capital, Inc.	41,248	1,594,235	Aberdeen Latin America Equity Fund, Inc.	2,558	59,294
Sprott Focus Trust, Inc.	87,568	646,252	Central Europe, Russia and Turkey Fund, Inc. (The )	27,150	594,585
Tri-Continental Corporation	244,359	5,950,142	China Fund, Inc. (The)	8,115	151,669
		<u>43,445,779</u>	India Fund, Inc. (The)	127,637	3,441,093
<b>CORPORATE DEBT BBB LEVERAGED — 0.25%</b>			Latin American Discovery Fund, Inc. (The)	22,862	239,594
Western Asset/Claymore Inflation-Linked Opportunities & Income Fund	54,830	604,227	Mexico Equity & Income Fund Inc. *	17,369	198,354
Western Asset/Claymore Inflation-Linked Securities & Income Fund	31,752	358,798	Mexico Fund, Inc. (The)	38,044	658,161
		<u>963,025</u>	Morgan Stanley China A Share Fund, Inc.	18,430	412,279
<b>DEVELOPED MARKET — 0.77%</b>			Morgan Stanley Emerging Markets Fund, Inc.	52,846	853,463
Aberdeen Japan Equity Fund, Inc.	9,816	83,436	Morgan Stanley India Investment Fund, Inc.	484	15,667
Aberdeen Singapore Fund, Inc.	31,038	342,660	Taiwan Fund, Inc. (The) *	2,578	51,019
Japan Smaller Capitalization Fund, Inc.	53,156	610,231	Templeton Dragon Fund, Inc.	115,050	2,320,559
			Templeton Emerging Markets Fund	86,264	1,286,196
					<u>11,367,067</u>
			<b>EMERGING MARKETS HARD CURRENCY DEBT — 0.45%</b>		
			Templeton Emerging Markets Income Fund	154,150	1,729,563

See accompanying notes to financial statements.



**CORNERSTONE STRATEGIC VALUE FUND, INC.****SCHEDULE OF INVESTMENTS – JUNE 30, 2017 (UNAUDITED) (CONTINUED)**

Description	No. of Shares	Value	Description	No. of Shares	Value
<b>ENERGY MLP — 0.27%</b>			<b>NATURAL RESOURCES — 4.06%</b>		
Neuberger Berman MLP Income Fund Inc.	107,711	\$ 1,036,180	Adams Natural Resources Fund, Inc.	379,559	\$ 7,097,753
<b>GLOBAL — 3.47%</b>			BlackRock Resources & Commodities Strategy Trust	1,053,274	8,436,725
Alpine Global Dynamic Dividend Fund	16,539	169,207			<u>15,534,478</u>
Alpine Global Total Dynamic Dividend Fund	745,792	6,480,932	<b>OPTION ARBITRAGE/OPTIONS STRATEGIES — 0.88%</b>		
Clough Global Dividend and Income Fund	22,580	301,217	AllianzGI NFJ Dividend, Interest & Premium Strategy Fund	171,857	2,249,608
Clough Global Equity Fund	25,082	316,535	Eaton Vance Risk-Managed Diversified Equity Income Fund	65,072	609,725
Clough Global Opportunities Fund	12,500	132,500	Voya Asia Pacific High Dividend Equity Income Fund	47,377	498,406
Delaware Enhanced Global Dividend and Income Fund	98,444	1,122,262			<u>3,357,739</u>
Gabelli Global Small and Mid Cap Value Trust (The)	65,985	815,575	<b>PACIFIC EX JAPAN — 0.44%</b>		
GDL Fund (The)	140,714	1,443,726	Aberdeen Greater China Fund, Inc.	67,343	772,424
Lazard Global Total Return and Income Fund, Inc.	20,425	333,949	Asia Pacific Fund, Inc. (The)	4,186	54,083
Lazard World Dividend & Income Fund, Inc.	24,476	269,726	Korea Fund, Inc. (The)	12,730	509,709
Royce Global Value Trust, Inc.	156,388	1,502,889	Thai Fund, Inc. (The)	40,543	351,508
Wells Fargo Advantage Global Dividend Opportunity Fund	62,402	381,900			<u>1,687,724</u>
		<u>13,270,418</u>	<b>REAL ESTATE — 4.47%</b>		
<b>GLOBAL INCOME — 0.74%</b>			Alpine Global Premier Properties Fund	739,072	4,685,716
Legg Mason BW Global Income Opportunities Fund Inc.	214,990	2,844,318	CBRE Clarion Global Real Estate Income Fund	959,364	7,406,290
<b>INCOME &amp; PREFERRED STOCK — 0.69%</b>			Cohen & Steers Preferred Securities and Income Fund, Inc.	107,905	2,242,266
LMP Capital and Income Fund Inc.	184,870	2,628,858	RMR Real Estate Income Fund	127,145	2,778,117
					<u>17,112,389</u>

See accompanying notes to financial statements.

**CORNERSTONE STRATEGIC VALUE FUND, INC.****SCHEDULE OF INVESTMENTS – JUNE 30, 2017 (UNAUDITED) (CONTINUED)**

Description	No. of Shares	Value	Description	No. of Shares	Value
<b>SECTOR EQUITY — 0.79%</b>			<b>CONSUMER DISCRETIONARY (CONTINUED)</b>		
Gabelli Healthcare & Wellness <sup>Rx</sup> Trust	139,347	\$ 1,511,915	Target Corporation	11,300	\$ 590,877
Nuveen Real Asset Income and Growth Fund	75,809	1,333,480	Twenty-First Century Fox, Inc. - Class A	24,000	680,160
Tekla Healthcare Opportunities Fund	10,463	<u>191,891</u>	V.F. Corporation	9,000	518,400
		<u>3,037,286</u>	Viacom, Inc. - Class B	10,000	335,700
			Walt Disney Company (The)	34,200	<u>3,633,750</u>
<b>UTILITY — 1.32%</b>					<u>32,957,547</u>
Brookfield Global Listed Infrastructure Income Fund Inc.	159,986	2,199,807	<b>CONSUMER STAPLES — 6.12%</b>		
Gabelli Global Utility & Income Trust (The)	60,072	1,215,857	Archer-Daniels-Midland Company	9,000	372,420
Macquarie Global Infrastructure Total Return Fund Inc.	65,869	<u>1,644,090</u>	Colgate-Palmolive Company	10,000	741,300
		<u>5,059,754</u>	ConAgra Foods, Inc.	7,500	268,200
<b>TOTAL CLOSED-END FUNDS</b>		<u>126,133,034</u>	Constellation Brands, Inc.	4,000	774,920
			CVS Health Corporation	21,000	1,689,660
<b>CONSUMER DISCRETIONARY — 8.61%</b>			Estée Lauder Companies Inc. (The) - Class A	4,000	383,920
Amazon.com, Inc. *	9,000	8,712,000	General Mills, Inc.	6,900	382,260
Carnival Corporation	5,000	327,850	Kellogg Company	8,700	604,302
Charter Communications, Inc. *	5,600	1,886,360	Kimberly-Clark Corporation	7,300	942,503
Comcast Corporation - Class A	50,000	1,946,000	Kraft Heinz Company (The)	4,000	342,560
Delphi Automotive PLC	6,000	525,900	Kroger Company (The)	10,000	233,200
Ford Motor Company	86,200	964,578	Molson Coors Brewing Company - Class B	2,000	172,680
General Motors Company	24,000	838,320	Monster Beverage Corporation *	12,000	596,160
Home Depot, Inc. (The)	23,600	3,620,240	PepsiCo, Inc.	20,900	2,413,741
Lowe's Companies, Inc.	11,000	852,830	Procter & Gamble Company (The)	56,000	4,880,400
McDonald's Corporation	19,700	3,017,252	Reynolds American Inc.	27,000	1,756,080
Netflix, Inc. *	6,000	896,460	Sysco Corporation	5,000	251,650
Newell Brands Inc.	10,000	536,200	Tyson Foods, Inc.	8,000	501,040
NIKE, Inc.	20,000	1,180,000	Wal-Mart Stores, Inc.	57,900	4,381,872
Royal Caribbean Cruises Ltd.	4,000	436,920	Walgreens Boots Alliance, Inc.	22,000	<u>1,722,820</u>
Starbucks Corporation	25,000	1,457,750			<u>23,411,688</u>

See accompanying notes to financial statements.

**CORNERSTONE STRATEGIC VALUE FUND, INC.****SCHEDULE OF INVESTMENTS – JUNE 30, 2017 (UNAUDITED) (CONTINUED)**

Description	No. of Shares	Value	Description	No. of Shares	Value
<b>ENERGY — 3.04%</b>			<b>FINANCIALS (CONTINUED)</b>		
Apache Corporation	8,000	\$ 383,440	Franklin Resources, Inc.	15,000	\$ 671,850
Baker Hughes Incorporated	9,000	490,590	Goldman Sachs Group, Inc. (The)	11,000	2,440,900
Concho Resources Inc. *	2,500	303,825	JPMorgan Chase & Co.	25,000	2,285,000
ConocoPhillips	23,000	1,011,080	Loews Corporation	8,000	374,480
Enbridge Inc.	4,723	188,022	Marsh & McLennan Companies, Inc.	8,000	623,680
EOG Resources, Inc.	8,600	778,472	MetLife, Inc.	25,500	1,400,970
Exxon Mobil Corporation	84,636	6,832,664	Moody's Corporation	4,000	486,720
Occidental Petroleum Corporation	14,400	862,128	Morgan Stanley	42,000	1,871,520
Pioneer Natural Resources Company	3,000	478,740	S&P Global Inc.	5,000	729,950
Williams Companies, Inc. (The)	10,000	302,800	State Street Corporation	10,000	897,300
		<u>11,631,761</u>	Travelers Companies, Inc. (The)	4,000	506,120
<b>EXCHANGE-TRADED FUNDS — 0.64%</b>			Wells Fargo & Company	56,800	<u>3,147,288</u>
iShares Core S&P 500 ETF	10,000	<u>2,434,100</u>			<u>37,863,066</u>
<b>FINANCIALS — 9.90%</b>			<b>HEALTH CARE — 9.81%</b>		
Aflac Incorporated	6,000	466,080	Abbott Laboratories	37,000	1,798,570
Allstate Corporation (The)	8,000	707,520	Aetna Inc.	7,000	1,062,810
American Express Company	20,000	1,684,800	Allergan plc	4,400	1,069,596
Aon plc	5,000	664,750	Amgen Inc.	15,000	2,583,450
Bank of America Corporation	148,300	3,597,758	Anthem, Inc.	7,000	1,316,910
Bank of New York Mellon Corporation (The)	18,500	943,870	Baxter International Inc.	12,000	726,480
BB&T Corporation	18,000	817,380	Becton, Dickinson and Company	6,000	1,170,660
Berkshire Hathaway Inc. - Class B *	34,000	5,758,580	Bristol-Myers Squibb Company	34,000	1,894,480
BlackRock, Inc. - Class A	3,000	1,267,230	Cardinal Health, Inc.	3,000	233,760
Charles Schwab Corporation (The)	20,000	859,200	Cigna Corporation	5,000	836,950
Chubb Limited	10,000	1,453,800	Edwards Lifesciences Corporation *	5,000	591,200
Citigroup Inc.	47,000	3,143,360	Eli Lilly and Company	18,000	1,481,400
CME Group Inc.	6,000	751,440	Express Scripts Holding Company *	12,000	766,080
Fifth Third Bancorp	12,000	311,520	Gilead Sciences, Inc.	28,000	1,981,840
			HCA Healthcare, Inc.	8,000	697,600
			Humana Inc.	3,000	721,860

See accompanying notes to financial statements.

**CORNERSTONE STRATEGIC VALUE FUND, INC.****SCHEDULE OF INVESTMENTS – JUNE 30, 2017 (UNAUDITED) (CONTINUED)**

Description	No. of Shares	Value	Description	No. of Shares	Value
<b>HEALTH CARE (CONTINUED)</b>			<b>INDUSTRIALS (CONTINUED)</b>		
Johnson & Johnson	61,700	\$ 8,162,293	United Parcel Service, Inc. - Class B	17,000	\$ 1,880,030
McKesson Corporation	6,000	987,240	Union Pacific Corporation	17,000	1,851,470
Medtronic Plc	28,000	2,485,000	Waste Management, Inc.	11,000	806,850
Mylan N.V. *	13,000	504,660			<u>27,367,610</u>
Thermo Fisher Scientific Inc.	10,000	1,744,700	<b>INFORMATION TECHNOLOGY — 14.95%</b>		
UnitedHealth Group Incorporated	20,000	3,708,400	Activision Blizzard, Inc.	9,400	541,158
Vertex Pharmaceuticals Incorporated *	5,000	644,350	Alphabet Inc. - Class A *	2,000	1,859,360
Zimmer Biomet Holdings, Inc.	3,000	385,200	Alphabet Inc. - Class C *	13,005	11,818,034
		<u>37,555,489</u>	Apple Inc.	65,000	9,361,300
<b>INDUSTRIALS — 7.15%</b>			Applied Materials, Inc.	19,000	784,890
3M Company	13,000	2,706,470	Cisco Systems, Inc.	64,000	2,003,200
Boeing Company (The)	13,000	2,570,750	Cognizant Technology Solutions Corporation	6,000	398,400
Caterpillar Inc.	12,000	1,289,520	Corning Incorporated	22,900	688,145
CSX Corporation	20,000	1,091,200	Facebook, Inc. - Class A *	45,500	6,869,590
Cummins Inc.	4,000	648,880	Intel Corporation	84,300	2,844,282
Danaher Corporation	17,000	1,434,630	International Business Machines	5,000	769,150
Deere & Company	10,000	1,235,900	Microsoft Corporation	156,000	10,753,080
Eaton Corporation plc	9,000	700,470	Oracle Corporation	87,272	4,375,818
Fortive Corporation	6,500	411,775	PayPal Holdings, Inc. *	20,000	1,073,400
General Dynamics Corporation	3,000	594,300	Symantec Corporation	10,400	293,800
General Electric Company	110,000	2,971,100	TE Connectivity Ltd.	8,000	629,440
Honeywell International Inc.	15,000	1,999,350	Visa, Inc. - Class A	23,000	2,156,940
Illinois Tool Works Inc.	6,900	988,425			<u>57,219,987</u>
Ingersoll-Rand Plc	5,000	456,950	<b>MATERIALS — 2.00%</b>		
Norfolk Southern Corporation	6,000	730,200	Dow Chemical Company (The)	29,500	1,860,565
Northrop Grumman Corporation	5,000	1,283,550	E. I. du Pont de Nemours and Company	17,000	1,372,070
PACCAR Inc	7,000	462,280	Ecolab Inc.	6,000	796,500
Raytheon Company	5,000	807,400	Freeport-McMoRan Inc. *	25,000	300,250
Republic Services, Inc.	7,000	446,110	LyondellBasell Industries N.V.	8,000	675,120
			Monsanto Company	5,000	591,800
			Nucor Corporation	7,200	416,664

See accompanying notes to financial statements.

**CORNERSTONE STRATEGIC VALUE FUND, INC.**  
**SCHEDULE OF INVESTMENTS – JUNE 30, 2017 (UNAUDITED) (CONCLUDED)**

Description	No. of Shares	Value	Description	No. of Shares	Value
<b>MATERIALS (CONTINUED)</b>			<b>SHORT-TERM INVESTMENT — 1.54%</b>		
Praxair, Inc.	7,000	\$ 927,850	<b>MONEY MARKET FUND — 1.54%</b>		
Sherwin-Williams Company (The)	2,000	<u>701,920</u>	Fidelity Institutional		
		<u>7,642,739</u>	Money Market		
			Government Portfolio		
<b>REAL ESTATE — 0.35%</b>			- Class I, 0.81%^		
American Tower Corporation	9,000	1,190,880	(cost - \$5,904,767)		
Weyerhaeuser Company	5,000	<u>167,500</u>	5,904,767	\$	<u>5,904,767</u>
		<u>1,358,380</u>	<b>TOTAL INVESTMENTS — 100.50%</b>		
			(cost - \$353,857,214)		
			<u>384,589,787</u>		
<b>TELECOMMUNICATION SERVICES — 1.60%</b>			<b>LIABILITIES IN EXCESS OF</b>		
AT&T, Inc.	87,568	3,303,941	<b>OTHER ASSETS — (0.50)%</b>		
Verizon Communications, Inc.	63,000	<u>2,813,580</u>	<u>(1,929,491)</u>		
		<u>6,117,521</u>	<b>NET ASSETS — 100.00%</b>		
			<u>\$ 382,660,296</u>		
<b>UTILITIES — 1.83%</b>					
American Electric Power Company, Inc.	9,200	639,124	* Non-income producing security.		
Consolidated Edison, Inc.	2,000	161,640	^ The rate shown is the 7-day effective yield as of June 30, 2017.		
Dominion Resources, Inc.	14,000	1,072,820			
DTE Energy Company	4,000	423,160			
Duke Energy Corporation	13,300	1,111,747			
Edison International	6,800	531,692			
NextEra Energy, Inc.	10,000	1,401,300			
PG&E Corporation	11,000	730,070			
PPL Corporation	6,000	231,960			
Public Service Enterprises Group, Inc.	6,500	279,565			
Sempra Energy	2,000	225,500			
Xcel Energy Inc.	4,000	<u>183,520</u>			
		<u>6,992,098</u>			
<b>TOTAL EQUITY SECURITIES</b>					
(cost - \$347,952,447)		<u>378,685,020</u>			

See accompanying notes to financial statements.

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**CORNERSTONE STRATEGIC VALUE FUND, INC.**  
**STATEMENT OF ASSETS AND LIABILITIES – JUNE 30, 2017 (UNAUDITED)**

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**ASSETS**

Investments, at value (cost – \$353,857,214) (Notes B and C)	\$384,589,787
Cash	11,170
Receivables:	
Investments sold	1,821,476
Dividends	305,955
Prepaid expenses	31,697
Total Assets	<u>386,760,085</u>

**LIABILITIES**

Payables:	
Investments purchased	3,564,702
Investment management fees (Note D)	348,991
Directors' fees and expenses	45,236
Administration fees (Note D)	22,968
Other accrued expenses	117,892
Total Liabilities	<u>4,099,789</u>

NET ASSETS (applicable to 29,001,925 shares of common stock) \$382,660,296

NET ASSET VALUE PER SHARE ( $\$382,660,296 \div 29,001,925$ ) \$ 13.19

**NET ASSETS CONSISTS OF**

Common stock, \$0.001 par value; 29,001,925 shares issued and outstanding (100,000,000 shares authorized)	\$ 29,002
Paid-in capital	352,363,659
Accumulated net realized loss on investments	(464,938)
Net unrealized appreciation in value of investments	<u>30,732,573</u>
Net assets applicable to shares outstanding	<u>\$382,660,296</u>

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**CORNERSTONE STRATEGIC VALUE FUND, INC.****STATEMENT OF OPERATIONS – FOR THE SIX MONTHS ENDED JUNE 30, 2017 (UNAUDITED)**

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**INVESTMENT INCOME**

## Income:

Dividends	\$ 6,804,976
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## Expenses:

Investment management fees (Note D)	1,910,272
Administration fees (Note D)	147,082
Directors' fees and expenses	92,043
Printing	38,553
Custodian fees	35,767
Accounting fees	34,189
Legal and audit fees	27,339
Transfer agent fees	17,257
Stock exchange listing fees	7,748
Insurance	5,767
Miscellaneous	8,729

Total Expenses	<u>2,324,746</u>
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Net Investment Income	<u>4,480,230</u>
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**NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS**

Net realized gain from investments	18,188,715
Capital gain distributions from regulated investment companies	149,630
Net change in unrealized appreciation in value of investments	<u>15,971,492</u>
Net realized and unrealized gain on investments	<u>34,309,837</u>

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 38,790,067</u>
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**CORNERSTONE STRATEGIC VALUE FUND, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	For the Six Months Ended June 30, 2017 <u>(Unaudited)</u>	For the Year Ended December 31, 2016 <u></u>
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income	\$ 4,480,230	\$ 5,246,295
Net realized gain from investments	18,338,345	15,455,728
Net change in unrealized appreciation in value of investments	<u>15,971,492</u>	<u>10,778,334</u>
Net increase in net assets resulting from operations	<u>38,790,067</u>	<u>31,480,357</u>
Dividends and distributions to stockholders (Note B):		
Net investment income	(4,480,230)	(5,036,752)
Net realized gains	(17,309,774)	(16,123,155)
Return-of-capital	<u>(18,427,322)</u>	<u>(56,300,130)</u>
Total dividends and distributions to stockholders	<u>(40,217,326)</u>	<u>(77,460,037)</u>
Common stock transactions:		
Proceeds from rights offering of 0 and 6,783,942 shares of newly issued common stock, respectively	—	95,721,421
Offering expenses associated with rights offering	—	(170,894)
Proceeds from 304,676 and 505,893 shares newly issued in reinvestment of dividends and distributions, respectively	<u>4,063,156</u>	<u>6,976,348</u>
Net increase in net assets from common stock transactions	<u>4,063,156</u>	<u>102,526,875</u>
Total increase in net assets	<u>2,635,897</u>	<u>56,547,195</u>
<b>NET ASSETS</b>		
Beginning of period	<u>380,024,399</u>	<u>323,477,204</u>
End of period	<u>\$ 382,660,296</u>	<u>\$ 380,024,399</u>

See accompanying notes to financial statements.



**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, 2017 (Unaudited)	For the Years Ended December 31,				
		2016	2015	2014*	2013*	2012*
<b>PER SHARE OPERATING PERFORMANCE</b>						
Net asset value, beginning of period	\$ 13.24	\$ 15.11	\$ 20.54	\$ 22.72	\$ 22.72	\$ 24.52
Net investment income #	0.16	0.23	0.17	0.32	0.40	0.44
Net realized and unrealized gain/(loss) on investments	1.19	1.01	(1.18)	2.10	3.80	2.76
Net increase/(decrease) in net assets resulting from operations	1.35	1.24	(1.01)	2.42	4.20	3.20
Dividends and distributions to stockholders:						
Net investment income	(0.16)	(0.22)	(0.17)	(0.32)	(0.40)	(1.48)
Net realized capital gains	(0.60)	(0.71)	(0.44)	(1.52)	(1.76)	(0.76)
Return-of-capital	(0.64)	(2.47)	(3.81)	(2.76)	(2.76)	(3.08)
Total dividends and distributions to stockholders	(1.40)	(3.40)	(4.42)	(4.60)	(4.92)	(5.32)
Common stock transactions:						
Anti-dilutive effect due to shares issued:						
Rights offering	—	0.29	—	—	0.72	0.32
Reinvestment of dividends and distributions	0.00 <sup>+</sup>	0.00 <sup>+</sup>	0.00 <sup>+</sup>	0.00 <sup>+</sup>	0.00 <sup>+</sup>	0.00 <sup>+</sup>
Total common stock transactions	0.00 <sup>+</sup>	0.29	0.00 <sup>+</sup>	0.00 <sup>+</sup>	0.72	0.32
Net asset value, end of period	\$ 13.19	\$ 13.24	\$ 15.11	\$ 20.54	\$ 22.72	\$ 22.72
Market value, end of period	\$ 15.17	\$ 15.17	\$ 15.66	\$ 20.02	\$ 26.40	\$ 24.00
Total investment return <sup>(a)</sup>	16.12%	23.73%	0.21%	(6.29)%	36.67%	13.33%
<b>RATIOS/SUPPLEMENTAL DATA</b>						
Net assets, end of period (000 omitted)	\$382,660	\$380,024	\$323,477	\$168,287	\$180,372	\$105,704
Ratio of expenses to average net assets, net of fee waivers and fees paid indirectly, if any <sup>(b)</sup>	1.22% <sup>(c)</sup>	1.25%	1.31% <sup>(e)</sup>	1.33%	1.33%	1.40%
Ratio of expenses to average net assets, excluding fee waivers and fees paid indirectly, if any <sup>(b)</sup>	1.22% <sup>(c)</sup>	1.25%	1.31% <sup>(e)</sup>	1.33%	1.33%	1.40%
Ratio of net investment income to average net assets <sup>(d)</sup>	2.35% <sup>(c)</sup>	1.66%	0.97% <sup>(e)</sup>	1.47%	1.69%	1.83%
Portfolio turnover rate	43% <sup>(f)</sup>	88%	88%	51%	48%	41%

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

# Based on average shares outstanding.

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

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

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

(c) Annualized.

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

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

(f) Not annualized.

See accompanying notes to financial statements.

**NOTE A. ORGANIZATION**

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

**NOTE B. SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Portfolio Valuation:** Investments are stated at value in the accompanying financial statements. Readily marketable portfolio securities listed on the New York Stock Exchange (“NYSE”) are valued, except as indicated below, at the last sale price reflected on the consolidated tape at the close of the NYSE on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the

mean of the closing bid and asked prices on such day. If no bid or asked prices are quoted on such day or if market prices may be unreliable because of events occurring after the close of trading, then the security is valued by such method as the Board of Directors shall determine in good faith to reflect its fair market value. Readily marketable securities not listed on the NYSE but listed on other domestic or foreign securities exchanges are valued in a like manner. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined as reflected on the consolidated tape at the close of the exchange representing the principal market for such securities. Securities trading on the Nasdaq Stock Market, Inc. (“NASDAQ”) are valued at the NASDAQ Official Closing Price.

Readily marketable securities traded in the over-the-counter market, including listed securities whose primary market is believed by Cornerstone Advisors, Inc. (the “Investment Manager” or “Cornerstone”) to be over-the-counter, are valued at the mean of the current bid and asked prices as reported by the NASDAQ or, in the case of securities not reported by the NASDAQ or a comparable source, as the Board of Directors deem appropriate to reflect their fair market value. Where securities are traded on more than one exchange and also over-the-counter, the securities will generally be valued using the quotations the Board of Directors believes reflect most closely the value of such securities. At June 30, 2017, the Fund held no securities valued in good faith by the Board of Directors.

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

The Fund is exposed to financial market risks, including the valuations of its investment portfolio. During for the six months ended June 30, 2017, the Fund did not invest in derivative instruments or engage in hedging activities.

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

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

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

The Accounting for Uncertainty in Income Taxes Topic of the FASB Accounting Standards Codification defines the threshold for recognizing the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realized. The Fund's policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of June 30, 2017, the Fund does not have any interest or penalties associated with the under-payment of any income taxes. Management reviewed any uncertain tax positions for open tax years 2014 through 2016, and for the six months ended June 30, 2017. There was no material impact to the financial statements.

**Distributions to Stockholders:** Effective June 25, 2002, the Fund initiated a fixed, monthly distribution to stockholders. On November 29, 2006, this distribution policy was updated to provide for the Semi-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 Semi-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 stockholders and to disclose that portion of the distribution that is classified as ordinary income. Although it has no current intention to do so, the Board may terminate this distribution policy at any time and such termination may have an adverse effect on the market price for the Fund's common shares. The Fund determines Semi-Annually whether to distribute any net realized long-term capital gains in excess of net realized short-term capital losses, including capital loss carryovers, if any. To the extent that the Fund's taxable income in any calendar year exceeds the aggregate amount distributed pursuant to this distribution policy, an additional distribution may be made to avoid the payment of a 4% U.S. federal excise tax, and to the extent that the aggregate amount distributed in any calendar year exceeds the Fund's taxable income, the amount of that excess may constitute a return-of-capital for tax purposes. A return-of-capital distribution reduces the cost basis of an investor's

shares in the Fund. Dividends and distributions to stockholders are recorded by the Fund on the ex-dividend date.

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

**NOTE C. FAIR VALUE**

As required by the Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification, the Fund has performed an analysis of all assets and liabilities measured at fair value to determine the significance and character of all inputs to their fair value determination.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories.

- Level 1 – quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement.

- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- Level 3 – model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund’s own assumptions that market participants would use to price the asset or liability based on the best available information.

The following is a summary of the inputs used as of June 30, 2017 in valuing the Fund’s investments carried at value:

Valuation Inputs	Investments in Securities	Other Financial Instruments*
Level 1 – Quoted Prices		
Equity Investments	\$ 378,685,020	\$ —
Short-Term Investments	5,904,767	—
Level 2 – Other Significant Observable Inputs	—	—
Level 3 – Significant Unobservable Inputs	—	—
Total	\$ 384,589,787	\$ —

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

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

During the six months ended June 30, 2017 the Fund did not have any transfers in and out of any Level.

The Fund did not have any assets or liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at June 30, 2017.

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

In October 2016, the U.S. Securities and Exchange Commission adopted new rules and amended existing rules (together, final rules) intended to modernize the reporting and disclosure of information by registered investment companies. In part, the final rules amend Regulation S-X and require standardized, enhanced disclosures about derivatives in investment company financial statements, as well as other amendments. The compliance date for the amendments to Regulation S-X is August 1, 2017. Management has evaluated the impacts to the financial statement disclosures, which do not have a material impact on such disclosures.

In December 2016, the FASB released an Accounting Standards Update ("ASU") that makes technical changes to various sections of the Accounting Standards Codification ("ASC"), including Topic 820, Fair Value Measurement. The changes to Topic 820 are intended to clarify the difference between a valuation approach and a valuation technique. The changes to ASC 820-10-50-2 require a reporting entity to disclose, for Level 2 and Level 3 fair value measurements, a change in either or both a valuation approach and a valuation technique and the reason(s) for the change. The changes to Topic 820 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Management has evaluated the implications of ASU 820-10-50-2 and does not expect the adoption of the ASU to have an effect on the Fund.

**NOTE D. AGREEMENTS WITH AFFILIATES**

At June 30, 2017, certain officers of the Fund are also officers of Cornerstone or AST Fund Solutions, LLC ("AFS"). Such officers are paid no fees by the Fund for serving as officers of the Fund.

*Investment Management Agreement*

Cornerstone serves as the Fund's Investment Manager with respect to all investments. As compensation for its investment management services, Cornerstone receives from the Fund an annual fee, calculated weekly and paid monthly, equal to 1.00% of the Fund's average weekly net assets. For the six months ended June 30, 2017, Cornerstone earned \$1,910,272 for investment management services.

*Administration Agreement*

Under the terms of the administration agreement, AFS supplies executive, administrative and regulatory services for the Fund. AFS supervises the preparation of reports to shareholders for the Fund, reports to and filings with the Securities and Exchange Commission and materials for meetings of the Board of Directors. For these services, the Fund pays AFS a monthly fee at an annual rate of 0.075% of its average daily net assets, subject to annual minimum fee of \$50,000. For the six months ended June 30, 2017, AFS earned \$147,082 as administrator.

**NOTE E. INVESTMENT IN SECURITIES**

For the six months ended June 30, 2017, purchases and sales of securities, other than short-term investments, were \$163,083,150 and \$194,675,829, respectively.

**NOTE F. SHARES OF COMMON STOCK**

The Fund has 100,000,000 shares of common stock authorized and 29,001,925 shares issued and outstanding at June 30, 2017. Transactions in common stock for the six months ended June 30, 2017 were as follows:

Shares at beginning of period	28,697,249
Shares newly issued in reinvestment of dividends and distributions	<u>304,676</u>
Shares at end of period	<u>29,001,925</u>

**NOTE G. FEDERAL INCOME TAXES**

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

The tax character of dividends and distributions paid to stockholders during the year ended December 31, 2016 for the Fund was ordinary income of \$7,994,909, long-term capital gains of \$13,164,998 and return of capital of \$56,300,130.

GAAP requires that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. Under current tax law, certain capital losses realized after October 31 within a taxable year may be deferred and treated as occurring on the first day of the following tax year ("Post-October losses"). The Fund incurred no such losses during the six months ended June 30, 2016.

Under the Regulated Investment Company Modernization Act of 2010 (the "Act"), net capital losses recognized after December 31, 2010 may be carried forward indefinitely, and their character is retained as short-term and/or long-term losses. Under the law in effect prior to the Act, pre-enactment net capital losses were carried forward for eight years and treated as short-term losses. As a transition rule, the Act requires that post-enactment net capital losses be used before pre-enactment net capital losses. Therefore, there may be a greater likelihood that all or a portion of the Funds' pre-enactment capital loss carryovers may expire without being utilized.

The following information is computed on a tax basis for each item as of June 30, 2017:

Cost of portfolio investments	<u>\$ 354,322,153</u>
Gross unrealized appreciation	\$ 37,889,121
Gross unrealized depreciation	<u>(7,621,487)</u>
Net unrealized appreciation	<u>\$ 30,267,634</u>

## RESULTS OF ANNUAL MEETING OF STOCKHOLDERS (UNAUDITED)

On April 18, 2017, the Annual Meeting of Stockholders of the Fund was held and the following matter were voted upon based on 28,740,771 shares of common stock outstanding on the record date of February 21, 2017:

(1) To approve the election of two directors to hold office until the year 2020 Annual Meeting of Stockholders.

<u>Name of Directors</u>	<u>For</u>	<u>Withhold</u>	<u>Broker Non-Votes</u>
Ralph W. Bradshaw	21,788,346	1,499,246	0
Edwin Meese III	21,706,947	1,580,645	0

## 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 continuation 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 continuation of the Agreement occurred at an in person meeting of the Board held on February 10, 2017.

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 the Board’s review of the materials and information as well as discussions with management of the Investment Manager, the Board determined that the approval of the continuation of the Agreement was consistent with the best interests of the Fund and its stockholders. The Board decided that the continuation of the Agreement 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 stockholders. The Board made these determinations on the basis of the following factors, among others: (1) the nature, extent, 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.

In response to a questionnaire distributed by Fund counsel to the Investment Manager in accordance with Section 15c of the Investment Company Act of 1940, as amended, the Investment Manager provided certain information to the independent members of the Board in advance of the meeting held

on February 10, 2017. The materials provided by the Investment Manager described the services offered 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 noted that the Investment Manager provides quarterly reviews of the performance of the Fund and the Investment Manager’s services for the Fund. The Board also discussed the experience and 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 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 of 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.

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. The Board met in executive session to discuss the information provided and was advised by independent legal counsel with respect to its deliberations and its duties when considering the Agreement’s continuance. 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 closed-end funds in the Fund’s peer group, and the level of quality of the investment management personnel. The Board determined that the Agreement is consistent with the best interests



## **INVESTMENT MANAGEMENT AGREEMENT APPROVAL DISCLOSURE (UNAUDITED) (CONCLUDED)**

of the Fund and its stockholders, 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 stockholders. 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 Board members present in person at the meeting) approved the continuance of the Agreement with respect to the Fund.

## DESCRIPTION OF DIVIDEND REINVESTMENT PLAN (UNAUDITED)

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

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

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

The method for determining the number of Newly Issued Shares received when Distributions are reinvested will be determined by dividing the amount of the Distribution either by the Fund’s last reported net asset value per share or by a price equal to the average closing price of the Fund over the five trading days preceding the payment date of the Distribution, whichever is lower. However, if the last reported net asset value of the Fund’s shares is higher than the average closing price of the Fund over the five trading days preceding the payment date of the Distribution (i.e., the Fund is selling at a discount), shares may be acquired by the Agent in Open Market Purchases and allocated to the reinvesting stockholders based on the average cost of such Open Market Purchases. Upon notice from

the Fund, the Agent will receive the distribution in cash and will purchase shares of common stock in the open market, on the NYSE American or elsewhere, for the participants’ accounts, except that the Agent will endeavor to terminate purchases in the open market and cause the Fund to issue the remaining shares if, following the commencement of the purchases, the market value of the shares, including brokerage commissions, exceeds the net asset value at the time of valuation. These remaining shares will be issued by the Fund at a price equal to the net asset value at the time of valuation.

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

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

## DESCRIPTION OF DIVIDEND REINVESTMENT PLAN (UNAUDITED) (CONCLUDED)

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

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

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

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

Neither the Agent nor the Fund shall have any responsibility or liability beyond the exercise of ordinary care for any action taken or omitted pursuant to the Plan, nor shall they have any duties, responsibilities or liabilities except such as

expressly set forth herein. Neither shall they be liable hereunder for any act done in good faith or for any good faith omissions to act, including, without limitation, failure to terminate a 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. 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.

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

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

## **PROXY VOTING AND PORTFOLIO HOLDINGS INFORMATION (UNAUDITED)**

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

- without charge, upon request, by calling toll-free (866) 668-6558; and
- on the website of the Securities and Exchange Commission, <http://www.sec.gov>.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent period ended June 30, 2017 is available without charge, upon request, by calling toll-free (866) 668-6558, and on the SEC's website at <http://www.sec.gov> or on the Fund's website at [www.cornerstonestrategicvaluefund.com](http://www.cornerstonestrategicvaluefund.com) (See Form N-PX).

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

## **SUMMARY OF GENERAL INFORMATION (UNAUDITED)**

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

## **STOCKHOLDER INFORMATION (UNAUDITED)**

The Fund is listed on the NYSE American (symbol "CLM"). The previous week's net asset value per share, market price, and related premium or discount are available on the Fund's website at [www.cornerstonestrategicvaluefund.com](http://www.cornerstonestrategicvaluefund.com).

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

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This report, including the financial statements herein, is sent to the stockholders of the Fund for their information. The financial information included herein is taken from the records of the Fund without examination by the 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.**