

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
Cornerstone Progressive Return Fund		20-8998485	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Cornerstone Advisers, Inc.	(866)-668-6558	TaxInformation@astfundsolutions.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
c/o AST Fund Solutions, LLC, 48 Wall Street, 22nd Floor		New York, NY 10005	
<b>8</b> Date of action		<b>9</b> Classification and description	
December 29, 2014		Common Stock - Regulated Investment Company	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
21925C200	N/A	CFP	N/A

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Effective as of the start of trading on the NYSE MKT on December 29, 2014, the Issuer affected a one-for-four reverse stock split of its shares of beneficial interest ("Common Stock"). The CUSIP number changed from 21925C101 to 21925C200.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Upon effectiveness, the number of shares of Common Stock held by each shareholder were reduced by dividing the number of shares held immediately before the reverse stock split by the one-for-four exchange ratio. The Issuer did not issue fractional shares. Instead, the Issuer paid cash in lieu of any fractional interest in a share to which such shareholder would otherwise be entitled as a result of the reverse stock split.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶

Post-split (new) basis per share = Pre-split (old) basis per share times four (4).  
While the basis 'per share' is impacted, the basis of the shareholder's total investment remains unchanged.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ The reverse stock split is a non-taxable recapitalization pursuant to Section 368(a)(1)(E) of the Internal Revenue Code. Section 354(a)(1) provides that, in relevant part, no gain or loss shall be recognized if stock in a corporation is exchanged solely for stock in such corporation. Section 358(a) provides that, in relevant part, the tax basis of stock in a corporation received in an exchange will be the same as the tax basis in the stock exchanged. Tax treatment of the receipt of cash in lieu of fractional shares is tested under Section 302 and will depend on each shareholder's specific facts and circumstances.

18 Can any resulting loss be recognized? ▶ Generally not except for shareholders receiving cash in lieu of fractional shares that qualify for sale or exchange treatment pursuant to the tests under Section 302 may qualify for loss recognition where the tax basis allocated to the fractional shares was greater than the cash payments received for those shares, subject to other relevant provisions of the Internal Revenue Code regarding loss recognition limitations.

A shareholder of the Issuer's Common Stock who receives cash in lieu of a fractional share of the Issuer's Common Stock pursuant to the reverse stock split should recognize a capital gain or loss in an amount equal to the difference between the amount of cash received and the holder's tax basis in the shares of the Issuer's Common Stock surrendered that is allocable to such share of the Issuer's Common Stock. Such capital gain or loss should be a long-term capital gain or loss if the shareholder's holding period for the Issuer's Common Stock surrendered exceeded one year at the effective date of the reverse stock split.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year in which the reverse stock split occurred is 2014.

The tax treatment of a shareholder may vary depending upon the particular facts and circumstances of the shareholder. Each shareholder is urged to consult with the shareholder's own tax advisor with respect to the consequences of the reverse stock split.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ Frank J. Maresca Date ▶ 1/8/2015

Print your name ▶ Frank J. Maresca Title ▶ Treasurer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>Leonard J. DiPietro, CPA</u>	<u>Original Signature on File in clients office</u>	<u>01/07/2015</u>		<u>ON FILE</u>
	Firm's name ▶ <u>Tait, Weller &amp; Baker LLP</u>			Firm's EIN ▶	<u>ON FILE</u>
	Firm's address ▶ <u>1818 Market Street, Suite 2400, Philadelphia, PA 19103</u>			Phone no.	<u>ON FILE</u>