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## Directors and Corporate Officers

Ralph W. Bradshaw	Chairman of the Board of Directors and President
Robert E. Dean	Director
Marcia E. Malzahn	Director
Matthew W. Morris	Director
Scott B. Rogers	Director
Andrew A. Strauss	Director
Glenn W. Wilcox, Sr.	Director
Rachel L. McNabb	Chief Compliance Officer
Hoyt M. Peters	Secretary and Assistant Treasurer
Theresa M. Bridge	Treasurer

## Investment Manager

Cornerstone Advisors, LLC  
1075 Hendersonville Road  
Suite 250  
Asheville, NC 28803

## Stock Transfer Agent and Registrar, LLC

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

## Administrator

Ultimus Fund Solutions, LLC  
225 Pictoria Drive, Suite 450  
Cincinnati, OH 45246

## Independent Registered Public Accounting Firm

Tait, Weller & Baker LLP  
Two Liberty Place  
50 South 16th Street  
Suite 2900  
Philadelphia, PA 19102

## Custodian

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

## Legal Counsel

Blank Rome LLP  
1271 Avenue of the Americas  
New York, NY 10020

## Executive Offices

225 Pictoria Drive, Suite 450  
Cincinnati, OH 45246

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

Please visit us on the web at

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

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**LISTED**  

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**NYSE AMERICAN**

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## CORNERSTONE TOTAL RETURN FUND, INC.

### DECEMBER 31, 2019

This update contains the following two documents:

- Letter from the Fund's President
- Annual Report to Stockholders

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the Fund's stockholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you have already elected to receive stockholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive stockholder reports and other communications from the Fund electronically by contacting the Fund at 1-866-668-6558 or, if you own these shares through a financial intermediary, by contacting your financial intermediary.

You may elect to receive all future reports in paper free of charge. You can inform the Fund that you wish to continue receiving paper copies of your stockholder reports by contacting the Fund at 1-866-668-6558. If you own shares through a financial intermediary, you may contact your financial intermediary or follow instructions included with this document to elect to continue to receive paper copies of your stockholder reports. Your election to receive reports in paper will apply to all funds held with the fund complex or at your financial intermediary.

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## **LETTER FROM THE FUND'S PRESIDENT**

January 31, 2020

Dear Fellow Stockholders:

Following is the annual report for Cornerstone Total Return Fund, Inc. (the "Fund") for the year ended December 31, 2019. At the end of the year, the Fund's net assets were \$415.6 million and the Net Asset Value per share ("NAV") was \$10.46. The share price closed at \$10.99. After reflecting the reinvestment of monthly distributions totaling \$2.38 per share, the Fund achieved a total investment return at market value of 23.68% for the year ended December 31, 2019.

### **Economic and Market Summary**

Last year was strong for domestic stock market returns. Job growth continued at a solid pace and most indices posted new records. In 2019, employers added 2.1 million jobs, which was a decline from the 2.7 million jobs added in 2018. Despite the pullback, December 2019 was the 111th consecutive month of job growth which continued the longest streak of job growth in US history. The unemployment rate began the year at 4.0% and ended at 3.6%. GDP numbers still lagged behind the 3% goal established by the Trump Administration in 2017 but continued to be positive, ending the fourth quarter at an annualized 2.1%. The current economic expansion, which began in mid-2009, became the longest on record in 2019. The Federal Reserve cut its benchmark interest rate three times during the year before indicating that the existing monetary policy was appropriate for the current economic climate. Many economists expect the Fed to maintain interest rates at current levels through 2020 to fuel economic growth and incentivize business investments. Global growth was more subdued last year due to multiple geopolitical considerations including Brexit, the US-China trade agreement, Hong Kong protests, and a revamp of the North American Free Trade Agreement. Energy prices also had an effect on markets as supply outpaced demand causing some countries to curtail production to raise prices.

### **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. Pursuant to the Fund's distribution policy, the monthly distribution amount for the year 2020 was reset to \$0.1796 per share. The Board of Directors again approved a distribution percentage of 21% of net assets for the calendar year 2020. Under this policy the annual percentage rate was applied to the Fund's NAV at the end of October 2019 in order to determine the monthly distribution amount for 2020. 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 by the Board throughout the year and are subject to change at their discretion. In addition, be sure to note the Fund's reinvestment plan which may provide additional benefit to participating stockholders, as explained further below. Please read the disclosure notes in the Fund's report for details on the Fund's distribution policy and reinvestment plan. As in previous years, 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 is 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

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

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. In both cases, 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 they desire.

### Distribution Reinvestment Considerations

The Fund's distribution 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 determining 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, as it has in recent history, stockholders may find that reinvestments through the plan provide potential advantages worth considering.

### Outlook

Most investors have a positive outlook on the stock market for 2020. Job growth continues to be a bright spot in the economic outlook and informs many policy decisions from the Federal Reserve as well as individual companies. Forecasters expect the labor market to remain strong in 2020 with employers continuing to add jobs. They expect stronger monthly job growth in the first half of 2020 followed by slower growth in the second half. Economists predict the unemployment rate will likely stay below 4% through the year which may put upward pressure on wage growth as well. We expect continued growth in the domestic markets will counterbalance ongoing volatility in the international markets and create new opportunities for 2020. Despite a possible slowdown in the global market, we believe the Fund is well-positioned to benefit from a continued rally in domestic stocks.

The Fund's Board of Directors, its officers, and its investment adviser appreciate your ongoing support. We are all aware that investors have placed their trust in us. We know you have a choice, and we all remain committed to continuing to provide our service to you.



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 Annual Report to Stockholders that follows.**

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**CORNERSTONE TOTAL  
RETURN FUND, INC.**

**ANNUAL REPORT  
DECEMBER 31, 2019**

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**CORNERSTONE TOTAL RETURN FUND, INC.**  
**PORTFOLIO SUMMARY – AS OF DECEMBER 31, 2019 (UNAUDITED)**

**SECTOR ALLOCATION**

Sector	Percent of Net Assets
Information Technology	20.4
Closed-End Funds	20.1
Health Care	10.5
Financials	10.3
Communication Services	9.5
Consumer Discretionary	8.0
Industrials	6.9
Consumer Staples	6.1
Utilities	2.5
Exchange-Traded Funds	1.6
Energy	1.3
Materials	1.2
Real Estate	0.8
Other	0.8

**TOP TEN HOLDINGS, BY ISSUER**

Holding	Sector	Percent of Net Assets
1. Microsoft Corporation	Information Technology	5.6
2. Alphabet Inc. - Class C	Communication Services	3.9
3. JPMorgan Chase & Co.	Financials	3.4
4. Amazon.com, Inc.	Consumer Discretionary	3.1
5. Apple Inc.	Information Technology	2.7
6. Visa, Inc. - Class A	Information Technology	2.4
7. Procter & Gamble Company (The)	Consumer Staples	2.1
8. Tekla Healthcare Investors	Closed-End Funds	1.7
9. Verizon Communications Inc.	Communication Services	1.7
10. Comcast Corporation - Class A	Communication Services	1.7

\* Excludes short-term investments

**CORNERSTONE TOTAL RETURN FUND, INC.**  
**SCHEDULE OF INVESTMENTS – DECEMBER 31, 2019**

Description	No. of Shares	Value	Description	No. of Shares	Value
<b>EQUITY SECURITIES — 99.17%</b>			<b>EMERGING MARKETS (CONTINUED)</b>		
<b>CLOSED-END FUNDS — 20.14%</b>			<b>HERZFELD CARIBBEAN BASIN</b>		
<b>CORE — 4.43%</b>			Fund, Inc. (The) *		
Adams Diversified Equity Fund, Inc.	355,279	\$ 5,602,750	44,680	\$	295,781
General American Investors Company, Inc.	142,313	5,370,893	<b>MEXICO EQUITY AND INCOME</b>		
Royce Micro-Cap Trust, Inc.	197,749	1,688,776	Fund, Inc. (The)		
Royce Value Trust, Inc.	60,955	900,305	Mexico Fund, Inc. (The)		
Source Capital, Inc.	59,114	2,287,121	Morgan Stanley China A Share Fund, Inc.		
Tri-Continental Corporation	90,977	<u>2,565,551</u>	Morgan Stanley India Investment Fund, Inc. *		
		<u>18,415,396</u>	Taiwan Fund, Inc. (The)		
<b>DEVELOPED MARKET — 0.99%</b>			Templeton Dragon Fund, Inc.		
Aberdeen Japan Equity Fund, Inc.	53,708	417,848	99,296		
European Equity Fund, Inc. (The)	27,208	255,211	Templeton Emerging Markets Fund		
Japan Smaller Capitalization Fund, Inc.	205,355	1,836,901	80,746		
New Germany Fund, Inc. (The)	44,381	695,894	<u>1,258,830</u>		
New Ireland Fund, Inc. (The) *	43,689	432,958	<u>9,502,119</u>		
Swiss Helvetia Fund, Inc. (The)	58,622	<u>493,011</u>	<b>ENERGY MLP FUNDS — 0.80%</b>		
		<u>4,131,823</u>	ClearBridge MLP and Midstream Total Return Fund Inc.		
<b>DIVERSIFIED EQUITY — 0.00% #</b>			113,932		
Sprott Focus Trust, Inc.	156	<u>1,148</u>	Cushing Energy Income Fund (The)		
<b>EMERGING MARKETS — 2.29%</b>			28,358		
Aberdeen Emerging Markets Equity Income Fund, Inc.	17,187	130,965	Kayne Anderson Midstream/Energy Fund, Inc.		
Central and Eastern Europe Fund, Inc. (The)	50,219	1,421,198	122,211		
First Trust/Aberdeen Emerging Opportunity Fund	18,579	265,122	1,285,659		
			Neuberger Berman MLP and Energy Income Fund Inc.		
			34,808		
			Salient Midstream & MLP Fund		
			82,016		
			<u>638,905</u>		
			<u>3,329,108</u>		
			<b>GLOBAL — 3.04%</b>		
			Aberdeen Global Dynamic Dividend Fund		
			103,129		
			1,072,542		
			Aberdeen Total Dynamic Dividend Fund		
			523,273		
			4,683,293		
			Clough Global Opportunities Fund		
			49,300		
			465,392		
			Gabelli Global Small and Mid Cap Value Trust (The)		
			121,475		
			1,438,264		

See accompanying notes to financial statements.

**CORNERSTONE TOTAL RETURN FUND, INC.****SCHEDULE OF INVESTMENTS – DECEMBER 31, 2019 (CONTINUED)**

Description	No. of Shares	Value	Description	No. of Shares	Value
<b>GLOBAL (CONTINUED)</b>			<b>OPTION ARBITRAGE/OPTIONS STRATEGIES (CONTINUED)</b>		
GDL Fund (The)	191,987	\$ 1,785,479	Madison Covered Call & Equity Strategy Fund	792	\$ 5,251
John Hancock Tax-Advantaged Global Shareholder Yield Fund	31,237	220,846	Voya Asia Pacific High Dividend Equity Income Fund	46,446	394,791
Lazard Global Total Return and Income Fund, Inc.	10,357	171,408	Voya Global Equity Dividend and Premium Opportunity Fund	299,425	<u>1,853,441</u>
Royce Global Value Trust, Inc.	79,060	924,211			<u>3,409,380</u>
Voya Infrastructure, Industrials and Materials Fund	163,585	<u>1,882,864</u>	<b>PACIFIC EX JAPAN — 0.06%</b>		
		<u>12,644,299</u>	Korea Fund, Inc. (The)	8,504	<u>253,674</u>
<b>GLOBAL INCOME — 0.12%</b>			<b>REAL ESTATE — 1.83%</b>		
BrandywineGLOBAL - Global Income Opportunities Fund Inc.	40,277	<u>508,699</u>	Aberdeen Global Premier Properties Fund	79,670	516,262
<b>INCOME &amp; PREFERRED STOCK — 0.08%</b>			CBRE Clarion Global Real Estate Income Fund	585,517	4,695,846
Eagle Growth and Income Opportunities Fund	18,311	<u>311,836</u>	RMR Real Estate Income Fund	117,758	<u>2,378,712</u>
<b>NATURAL RESOURCES — 1.90%</b>					<u>7,590,820</u>
Adams Natural Resources Fund, Inc.	234,266	3,856,019	<b>SECTOR EQUITY — 3.19%</b>		
BlackRock Resources & Commodities Strategy Trust	422,503	3,409,599	Gabelli Healthcare & Wellness <sup>Rx</sup> Trust (The)	126,394	1,456,059
Tortoise Pipeline & Energy Fund, Inc.	37,414	481,518	Tekla Healthcare Investors	344,424	7,191,573
Voya Natural Resources Equity Income Fund	34,424	<u>141,827</u>	Tekla Healthcare Opportunities Fund	179,367	3,420,529
		<u>7,888,963</u>	Tekla Life Sciences Investors	67,391	<u>1,174,625</u>
<b>OPTION ARBITRAGE/OPTIONS STRATEGIES — 0.82%</b>					<u>13,242,786</u>
BlackRock Enhanced Global Dividend Trust	99,516	1,093,681	<b>UTILITY — 0.59%</b>		
BlackRock Enhanced International Dividend Trust	10,563	62,216	Duff & Phelps Utility and Infrastructure Fund Inc.	36,474	554,405
			Macquarie Global Infrastructure Total Return Fund Inc.	76,491	<u>1,898,506</u>
					<u>2,452,911</u>
			<b>TOTAL CLOSED-END FUNDS</b>		<u>83,682,962</u>

See accompanying notes to financial statements.

**CORNERSTONE TOTAL RETURN FUND, INC.****SCHEDULE OF INVESTMENTS – DECEMBER 31, 2019 (CONTINUED)**

Description	No. of Shares	Value	Description	No. of Shares	Value
<b>COMMUNICATION SERVICES — 9.45%</b>			<b>ENERGY — 1.27%</b>		
Alphabet Inc. - Class C *	12,002	\$ 16,046,914	Chevron Corporation	8,000	\$ 964,080
Charter Communications, Inc. - Class A *	5,300	2,570,924	Exxon Mobil Corporation	48,000	3,349,440
Comcast Corporation - Class A	158,000	7,105,260	Marathon Petroleum Corporation	16,000	964,000
Verizon Communications Inc.	117,000	7,183,800			<u>5,277,520</u>
Walt Disney Company (The)	44,000	<u>6,363,720</u>	<b>EXCHANGE-TRADED FUNDS — 1.55%</b>		
		<u>39,270,618</u>	iShares Core S&P 500 ETF	10,000	3,232,400
<b>CONSUMER DISCRETIONARY — 7.99%</b>			SPDR S&P 500 ETF Trust	10,000	<u>3,218,600</u>
Amazon.com, Inc. *	7,000	12,934,880			<u>6,451,000</u>
AutoZone, Inc. *	700	833,917	<b>FINANCIALS — 10.26%</b>		
Dollar General Corporation	7,000	1,091,860	Aflac Incorporated	20,000	1,058,000
Home Depot, Inc. (The)	24,000	5,241,120	American Express Company	16,000	1,991,840
Lowe's Companies, Inc.	9,000	1,077,840	Aon plc	7,000	1,458,030
McDonald's Corporation	13,000	2,568,930	Bank of America Corporation	125,000	4,402,500
NIKE, Inc. - Class B	25,000	2,532,750	Berkshire Hathaway Inc. - Class B *	17,000	3,850,500
Ross Stores, Inc.	10,000	1,164,200	Citigroup Inc.	78,700	6,287,343
Starbucks Corporation	36,000	3,165,120	CME Group Inc.	5,000	1,003,600
Target Corporation	12,000	1,538,520	Intercontinental Exchange, Inc.	16,000	1,480,800
TJX Companies, Inc. (The)	17,000	<u>1,038,020</u>	JPMorgan Chase & Co.	101,000	14,079,400
		<u>33,187,157</u>	PNC Financial Services Group, Inc. (The)	6,000	957,780
<b>CONSUMER STAPLES — 6.10%</b>			Progressive Corporation (The)	20,000	1,447,800
Coca-Cola Company (The)	100,000	5,535,000	S&P Global Inc.	8,000	2,184,400
Costco Wholesale Corporation	14,000	4,114,880	Truist Financial Corporation	12,000	675,840
Estée Lauder Companies, Inc. (The) - Class A	9,000	1,858,860	U.S. Bancorp	30,000	<u>1,778,700</u>
General Mills, Inc.	3,000	160,680			<u>42,656,533</u>
Procter & Gamble Company (The)	71,000	8,867,900	<b>HEALTH CARE — 10.54%</b>		
Sysco Corporation	16,000	1,368,640	Abbott Laboratories	54,000	4,690,440
Walmart Inc.	29,000	<u>3,446,360</u>	Becton, Dickinson and Company	5,000	1,359,850
		<u>25,352,320</u>	Boston Scientific Corporation *	43,000	1,944,460

See accompanying notes to financial statements.

**CORNERSTONE TOTAL RETURN FUND, INC.****SCHEDULE OF INVESTMENTS – DECEMBER 31, 2019 (CONTINUED)**

Description	No. of Shares	Value	Description	No. of Shares	Value
<b>HEALTH CARE (CONTINUED)</b>			<b>INFORMATION TECHNOLOGY — 20.43%</b>		
CVS Health Corporation	31,000	\$ 2,302,990	Accenture plc - Class A	18,000	\$ 3,790,260
Edwards Lifesciences Corporation *	5,000	1,166,450	Adobe Inc. *	9,000	2,968,290
IQVIA Holdings Inc. *	5,300	818,903	Apple Inc.	38,000	11,158,700
Johnson & Johnson	39,000	5,688,930	Automatic Data Processing, Inc.	13,000	2,216,500
Medtronic Public Limited Company	40,000	4,538,000	Broadcom Inc.	12,000	3,792,240
Merck & Co., Inc.	77,000	7,003,150	Cisco Systems, Inc.	137,000	6,570,520
Pfizer Inc.	99,000	3,878,820	Fiserv, Inc. *	14,000	1,618,820
Stryker Corporation	10,000	2,099,400	FleetCor Technologies, Inc. *	2,000	575,440
Thermo Fisher Scientific Inc.	8,000	2,598,960	Intuit Inc.	8,000	2,095,440
UnitedHealth Group Incorporated	14,000	4,115,720	Mastercard Incorporated - Class A	23,000	6,867,570
Zoetis Inc.	12,000	1,588,200	Microsoft Corporation	147,400	23,244,980
		<u>43,794,273</u>	Motorola Solutions, Inc.	4,000	644,560
<b>INDUSTRIALS — 6.93%</b>			Paychex, Inc.	11,000	935,660
Boeing Company (The)	14,000	4,560,640	PayPal Holdings, Inc. *	30,000	3,245,100
Cintas Corporation	3,000	807,240	Texas Instruments Incorporated	30,000	3,848,700
CSX Corporation	26,900	1,946,484	VeriSign, Inc. *	3,000	578,040
Deere & Company	11,000	1,905,860	Visa, Inc. - Class A	53,100	9,977,490
Honeywell International Inc.	11,000	1,947,000	Xilinx, Inc.	8,000	782,160
IHS Markit Ltd. *	10,000	753,500			<u>84,910,470</u>
Ingersoll-Rand Public Limited Company	8,000	1,063,360	<b>MATERIALS — 1.24%</b>		
Lockheed Martin Corporation	10,000	3,893,800	Air Products and Chemicals, Inc.	7,000	1,644,930
Norfolk Southern Corporation	10,000	1,941,300	Dow Inc.	14,273	781,161
Republic Services, Inc.	10,000	896,300	Ecolab Inc.	8,000	1,543,920
Roper Technologies, Inc.	2,500	885,575	Sherwin-Williams Company (The)	2,000	1,167,080
Union Pacific Corporation	18,000	3,254,220			<u>5,137,091</u>
United Parcel Service, Inc. - Class B	28,600	3,347,916	<b>REAL ESTATE — 0.79%</b>		
Waste Management, Inc.	14,000	1,595,440	American Tower Corporation	6,800	1,562,776
		<u>28,798,635</u>	Crown Castle International Corp.	12,000	1,705,800
					<u>3,268,576</u>

See accompanying notes to financial statements.

**CORNERSTONE TOTAL RETURN FUND, INC.**  
**SCHEDULE OF INVESTMENTS – DECEMBER 31, 2019 (CONCLUDED)**

Description	No. of Shares	Value
<b>UTILITIES — 2.48%</b>		
American Electric Power Company, Inc.	13,000	\$ 1,228,630
Dominion Energy, Inc.	15,000	1,242,300
Duke Energy Corporation	17,000	1,550,570
NextEra Energy, Inc.	9,000	2,179,440
Public Service Enterprise Group Incorporated	13,000	767,650
Sempra Energy	7,000	1,060,360
Southern Company (The)	22,000	1,401,400
Xcel Energy Inc.	14,000	888,860
		<u>10,319,210</u>
<b>TOTAL EQUITY SECURITIES</b>		
(cost - \$339,864,397)		<u>412,106,365</u>
<b>SHORT-TERM INVESTMENT — 0.97%</b>		
<b>MONEY MARKET FUND — 0.97%</b>		
Fidelity Institutional Money Market Government Portfolio - Class I, 1.49% ^		
(cost - \$4,012,784)	4,012,784	<u>4,012,784</u>
<b>TOTAL INVESTMENTS — 100.14%</b>		
(cost - \$343,877,181)		<u>416,119,149</u>
<b>LIABILITIES IN EXCESS OF OTHER ASSETS — (0.14%)</b>		
		<u>(559,530)</u>
<b>NET ASSETS — 100.00%</b>		
		<u>\$415,559,619</u>

\* Non-income producing security.

# Percentage rounds to less than 0.01%.

^ The rate shown is the 7-day effective yield as of December 31, 2019.

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**CORNERSTONE TOTAL RETURN FUND, INC.**  
**STATEMENT OF ASSETS AND LIABILITIES – DECEMBER 31, 2019**

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**ASSETS**

Investments, at value (cost – \$343,877,181) (Notes B and C)	\$ 416,119,149
Cash	132,259
Receivables:	
Investments sold	556,114
Dividends	495,016
Prepaid expenses	7,718
Total Assets	<u>417,310,256</u>

**LIABILITIES**

Payables:	
Investments purchased	1,234,859
Investment management fees (Note D)	349,275
Directors' fees and expenses	40,641
Administration fees (Note D)	36,956
Other accrued expenses	88,906
Total Liabilities	<u>1,750,637</u>

NET ASSETS (applicable to 39,742,378 shares of common stock) \$ 415,559,619

NET ASSET VALUE PER SHARE ( $\$415,559,619 \div 39,742,378$ ) \$ 10.46

**NET ASSETS CONSISTS OF**

Common stock, \$0.01 par value; 39,742,378 shares issued and outstanding (100,000,000 shares authorized)	\$ 397,424
Paid-in Capital	343,228,357
Accumulated earnings	<u>71,933,838</u>
Net assets applicable to shares outstanding	<u>\$ 415,559,619</u>

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**CORNERSTONE TOTAL RETURN FUND, INC.**  
**STATEMENT OF OPERATIONS – FOR THE YEAR ENDED DECEMBER 31, 2019**

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**INVESTMENT INCOME**

Income:

Dividends \$ 8,783,760

Expenses:

Investment management fees (Note D) 4,125,584

Administration and fund accounting fees (Note D) 250,023

Directors' fees and expenses 163,060

Proxy solicitation costs (Note D) 76,287

Printing 68,829

Legal and audit fees 66,692

Custodian fees 57,502

Transfer agent fees 42,463

Insurance 18,291

Stock exchange listing fees 7,563

Miscellaneous 19,093

Total Expenses 4,895,387

Expenses reimbursed by the investment manager (Note D) (76,287)

Net Expenses 4,819,100

Net Investment Income 3,964,660

**NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS**

Net realized gain from investments 14,340,375

Long-term capital gain distributions from regulated investment companies 2,349,298

Net change in unrealized appreciation in value of investments 84,005,644

Net realized and unrealized gain on investments 100,695,317

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS \$ 104,659,977

**CORNERSTONE TOTAL RETURN FUND, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	For the Years Ended December 31,	
	<u>2019</u>	<u>2018</u>
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income	\$ 3,964,660	\$ 3,053,183
Net realized gain from investments	16,689,673	8,903,276
Net change in unrealized appreciation (depreciation) in value of investments	<u>84,005,644</u>	<u>(45,729,692)</u>
Net increase/(decrease) in net assets resulting from operations	<u>104,659,977</u>	<u>(33,773,233)</u>
Distributions to stockholders (Note B):		
From earnings	(20,636,861)	(12,273,762)
Return-of-capital	<u>(72,269,142)</u>	<u>(67,642,063)</u>
Total distributions to stockholders	<u>(92,906,003)</u>	<u>(79,915,825)</u>
Common stock transactions:		
Proceeds from rights offering of 0 and 15,050,616 shares of newly issued common stock, respectively	—	197,012,563
Offering expenses associated with rights offering	—	(137,051)
Proceeds from 1,378,617 and 1,113,659 shares newly issued in reinvestment of dividends and distributions, respectively	14,574,367	13,177,893
Payments for 0 and 94,000 shares repurchased, respectively	<u>—</u>	<u>(925,509)</u>
Net increase in net assets from common stock transactions	<u>14,574,367</u>	<u>209,127,896</u>
Total increase in net assets	<u>26,328,341</u>	<u>95,438,838</u>
<b>NET ASSETS</b>		
Beginning of year	<u>389,231,278</u>	<u>293,792,440</u>
End of year	<u>\$415,559,619</u>	<u>\$389,231,278</u>

See accompanying notes to financial statements.

**CORNERSTONE TOTAL RETURN FUND, INC.****FINANCIAL HIGHLIGHTS**

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

	For the Years Ended December 31,				
	2019	2018	2017	2016	2015
<b>PER SHARE OPERATING PERFORMANCE</b>					
Net asset value, beginning of year	\$ 10.15	\$ 13.18	\$ 13.04	\$ 15.05	\$ 18.69
Net investment income #	0.10	0.10	0.13	0.15	0.14
Net realized and unrealized gain/(loss) on investments	2.59	(0.94)	2.40	0.83	(0.25)
Net increase/(decrease) in net assets resulting from operations	2.69	(0.84)	2.54	0.98	(0.11)
Dividends and distributions to stockholders:					
Net investment income	(0.10)	(0.10)	(0.12)	(0.15)	(0.14)
Net realized capital gains	(0.43)	(0.32)	(1.33)	(1.08)	(0.30)
Return-of-capital	(1.85)	(2.34)	(1.30)	(2.12)	(3.54)
Total dividends and distributions to stockholders	(2.38)	(2.76)	(2.75)	(3.35)	(3.98)
Common stock transactions:					
Anti-dilutive effect due to shares issued:					
Rights offering	—	0.57	0.35	0.36	0.45
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>
Common stock repurchases	—	0.00 <sup>+</sup>	—	—	—
Total common stock transactions	0.00 <sup>+</sup>	0.57	0.35	0.36	0.45
Net asset value, end of year	\$ 10.46	\$ 10.15	\$ 13.18	\$ 13.04	\$ 15.05
Market value, end of year	\$ 10.99	\$ 11.11	\$ 15.29	\$ 15.07	\$ 16.89
Total investment return <sup>(a)</sup>	23.68%	(8.89)%	25.13%	13.88%	10.28%
<b>RATIOS/SUPPLEMENTAL DATA</b>					
Net assets, end of year (000 omitted)	\$415,560	\$389,231	\$293,792	\$170,337	\$115,331
Ratio of net expenses to average net assets <sup>(b)</sup>	1.17% <sup>(c)</sup>	1.18%	1.22%	1.33%	1.35%
Ratio of net investment income to average net assets <sup>(d)</sup>	0.96% <sup>(c)</sup>	0.86%	0.99%	1.12%	0.86%
Portfolio turnover rate	46%	57%	71%	64%	53%

# 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) Includes the reimbursement of proxy solicitation costs by the investment manager. If these costs had not been reimbursed by the investment manager, the ratio of expenses to average net assets would have been 1.19%, annualized, for the year ended December 31, 2019.

(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.

**NOTE A. ORGANIZATION**

Cornerstone Total Return Fund, Inc. (the “Fund”) was incorporated in New York on March 16, 1973 and commenced investment operations on May 15, 1973. Its investment objective is to seek capital appreciation with current income as a secondary objective. 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 (“FASB”) Accounting Standards Codification Topic 946, “Financial Services – Investment Companies.”

**NOTE B. SIGNIFICANT ACCOUNTING POLICIES**

**Management Estimates:** 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, LLC (the “Investment Manager” or “Cornerstone”) to be over-the-counter, are valued at the mean of the current bid and asked prices as reported by the NASDAQ or, in the case of securities not reported by the NASDAQ or a comparable source, as the Board of Directors deem appropriate to reflect their fair market value. Where securities are traded on more than one exchange and also over-the-counter, the securities will generally be valued using the quotations the Board of Directors believes reflect most closely the value of such securities. At December 31, 2019, the Fund held no securities valued in good faith by the Board of Directors.

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

The Fund is exposed to financial market risks, including the valuations of its investment portfolio. During the year ended December 31, 2019, the Fund did not invest in derivative instruments or engage in hedging activities.

**Investment Transactions and Investment Income:** Investment transactions are accounted for on the trade date. The cost of investments sold is determined by use of the specific identification

method for both financial reporting and income tax purposes. Interest income is recorded on an accrual basis; dividend income is recorded on the ex-dividend date.

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

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

The Accounting for Uncertainty in Income Taxes Topic of the FASB Accounting Standards Codification defines the threshold for recognizing the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realized. The Fund's policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of December 31, 2019, 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 2016 through 2018, and for the year ended December 31, 2019. There was no material impact to the financial statements.

**Distributions to Stockholders:** Effective January 2002, the Fund initiated a fixed, monthly distribution to stockholders. On November 29, 2006,

this distribution policy was updated to provide for the annual resetting of the monthly distribution amount per share based on the Fund's net asset value on the last business day in each October. The terms of the distribution policy will be reviewed and approved at least annually by the Fund's Board of Directors and can be modified at their discretion. To the extent that these distributions exceed the current earnings of the Fund, the balance will be generated from sales of portfolio securities held by the Fund, which will either be short-term or long-term capital gains, or a tax-free return-of-capital. To the extent these distributions are not represented by net investment income and capital gains, they will not represent yield or investment return on the Fund's investment portfolio. The Fund plans to maintain this distribution policy even if regulatory requirements would make part of a return-of-capital, necessary to maintain the distribution, taxable to stockholders and to disclose that portion of the distribution that is classified as ordinary income. Although it has no current intention to do so, the Board may terminate this distribution policy at any time and such termination may have an adverse effect on the market price for the Fund's common shares. The Fund determines annually whether to distribute any net realized long-term capital gains in excess of net realized short-term capital losses, including capital loss carryovers, if any. To the extent that the Fund's taxable income in any calendar year exceeds the aggregate amount distributed pursuant to this distribution policy, an additional distribution may be made to avoid the payment of a 4% U.S. federal excise tax, and to the extent that the aggregate amount distributed in any calendar year exceeds the Fund's taxable income, the amount of that excess may constitute a return-of-capital for tax purposes. A return-of-capital distribution reduces the cost basis of an investor's shares in the Fund. Dividends and distributions to stockholders are recorded by the Fund on the ex-dividend date.

**Managed Distribution Risk:** Under the managed distribution policy, the Fund makes monthly distributions to stockholders at a rate that may

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

**NOTE C. FAIR VALUE**

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

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

- Level 1 – quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current,

little public information exists or instances where prices vary substantially over time or among brokered market makers.

- Level 3 – model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund’s own assumptions that market participants would use to price the asset or liability based on the best available information.

The following is a summary of the inputs used as of December 31, 2019 in valuing the Fund’s investments carried at value:

Valuation Inputs	Investments in Securities	Other Financial Instruments*
Level 1 – Quoted Prices		
Equity Securities	\$ 412,106,365	\$ —
Short-Term Investment	4,012,784	—
Level 2 – Other Significant Observable Inputs	—	—
Level 3 – Significant Unobservable Inputs	—	—
Total	<u>\$ 416,119,149</u>	<u>\$ —</u>

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

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

The Fund did not have any assets or liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at December 31, 2019.

On October 13, 2016, the Securities and Exchange Commission (the “SEC”) adopted new rules and forms and amended existing rules and forms which are intended to modernize and enhance the reporting and disclosure of information by registered investment companies and to improve the quality of information that funds provide to investors. The

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**CORNERSTONE TOTAL RETURN FUND, INC.**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**

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compliance dates of the new forms was April 2019 for larger fund groups and is April 2020 for smaller fund groups.

**NOTE D. AGREEMENTS WITH AFFILIATES**

At December 31, 2019, certain officers of the Fund are also officers of Cornerstone or Ultimus Fund 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. For the year ended December 31, 2019, Cornerstone and the former investment manager earned \$4,125,584 for investment management services.

At the Fund’s annual meeting of stockholders held on April 16, 2019, stockholders of the Fund approved a new investment agreement with Cornerstone Advisors Asset Management LLC. The new investment management agreement for the Fund became effective May 1, 2019. Effective June 25, 2019, as disclosed in the proxy statement dated March 1, 2019, the investment manager changed its name to Cornerstone Advisors, LLC. For the year ended December 31, 2019, Cornerstone reimbursed the Fund \$76,287 for proxy solicitation costs as disclosed in the proxy statement.

*Fund Accounting and Administration Agreement*

Under the fund accounting and administration agreement with the Fund, Ultimus is responsible for generally managing the administrative affairs of the Fund, including supervising the preparation of reports to Stockholders, reports to and filings with the SEC and materials for meetings of the Board. Ultimus is also responsible for calculating the net asset value per share and maintaining the financial

books and records of the Fund. Ultimus is entitled to receive a fee in accordance with the agreements. For the year ended December 31, 2019, Ultimus earned \$250,023 as fund accounting agent and administrator.

**NOTE E. INVESTMENT IN SECURITIES**

For the year ended December 31, 2019, purchases and sales of securities, other than short-term investments, were \$186,766,397 and \$256,848,553, respectively.

**NOTE F. SHARES OF COMMON STOCK**

The Fund has 100,000,000 shares of common stock authorized and 39,742,378 shares issued and outstanding at December 31, 2019. Transactions in common stock for the year ended December 31, 2019 were as follows:

Shares at beginning of year	38,363,761
Shares issued in reinvestment of dividends and distributions	<u>1,378,617</u>
Shares at end of year	<u>39,742,378</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 years ended December 31, 2019 and 2018 was as follows:

	2019	2018
Ordinary Income	\$ 3,964,660	\$ 3,053,183
Long-Term Capital Gains	16,672,201	9,220,579
Return-of-Capital	<u>72,269,142</u>	<u>67,642,063</u>
Total Distributions	<u>\$ 92,906,003</u>	<u>\$ 79,915,825</u>

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**CORNERSTONE TOTAL RETURN FUND, INC.**  
**NOTES TO FINANCIAL STATEMENT (CONCLUDED)**

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At December 31, 2019, the components of accumulated earnings on a tax basis for the Fund were as follows:

Net unrealized appreciation	<u>\$ 71,933,838</u>
Total accumulated earnings	<u>\$ 71,933,838</u>

Under current tax law, certain capital losses realized after October 31 within a taxable year may be deferred and treated as occurring on the first day of the following tax year (“Post-October losses”). The Fund incurred no such losses during the year ended December 31, 2019.

The following information is computed on a tax basis for each item as of December 31, 2019:

Cost of portfolio investments	<u>\$ 344,185,311</u>
Gross unrealized appreciation	\$ 74,911,991
Gross unrealized depreciation	<u>(2,978,153)</u>
Net unrealized appreciation	<u>\$ 71,933,838</u>

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

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of  
Cornerstone Total Return Fund, Inc.

### OPINION ON THE FINANCIAL STATEMENTS

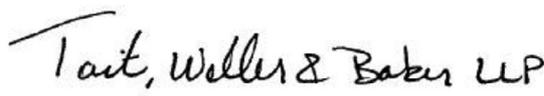
We have audited the accompanying statement of assets and liabilities of Cornerstone Total Return Fund, Inc. (the "Fund"), including the schedule of investments, as of December 31, 2019, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Cornerstone Total Return Fund, Inc. as of December 31, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

### BASIS FOR OPINION

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We have served as the Fund's auditor since 2002.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2019 by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

  
TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
February 14, 2020

## 2019 TAX INFORMATION (UNAUDITED)

This notification along with Form 1099-DIV reflects the amount to be used by calendar year taxpayers on their U.S. federal income tax returns. As indicated in this notice, a portion of the Fund's distributions for 2019 were comprised of a return-of-capital; accordingly these distributions do **not** represent yield or investment return on the Fund's portfolio.

### SOURCES OF DIVIDENDS AND DISTRIBUTIONS (Per Share Amounts)

Payment Dates:	1/31/2019	2/28/2019	3/29/2019	4/30/2019	5/31/2019	6/28/2019
Ordinary Income <sup>(1)</sup>	\$ 0.0084	\$ 0.0084	\$ 0.0084	\$ 0.0084	\$ 0.0084	\$ 0.0084
Return-of-Capital <sup>(2)</sup>	0.1544	0.1544	0.1544	0.1544	0.1544	0.1544
Capital Gain <sup>(3)</sup>	0.0357	0.0357	0.0357	0.0357	0.0357	0.0357
Total	<u>\$ 0.1985</u>					
Payment Dates:	7/31/2019	8/30/2019	9/30/2019	10/31/2019	11/29/2019	12/31/2019
Ordinary Income <sup>(1)</sup>	\$ 0.0084	\$ 0.0084	\$ 0.0084	\$ 0.0084	\$ 0.0084	\$ 0.0084
Return-of-Capital <sup>(2)</sup>	0.1544	0.1544	0.1544	0.1544	0.1544	0.1544
Capital Gain <sup>(3)</sup>	0.0357	0.0357	0.0357	0.0357	0.0357	0.0357
Total	<u>\$ 0.1985</u>					

#### Notes:

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

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

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

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

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

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

**ADDITIONAL INFORMATION REGARDING THE FUND’S DIRECTORS  
AND CORPORATE OFFICERS (UNAUDITED)**

<b>Name and Address* (Birth Date)</b>	<b>Position(s) Held with Fund</b>	<b>Principal Occupation over Last 5 Years</b>	<b>Position with Fund Since</b>
Ralph W. Bradshaw** (Dec. 1950)	Chairman of the Board of Directors and President	President of Cornerstone Advisors, LLC; President of Cornerstone Advisors Asset Management LLC (May 1, 2019 - June 24, 2019); President of Cornerstone Advisors, Inc. (2001 – April 30, 2019); Financial Consultant; President and Director of Cornerstone Strategic Value Fund, Inc.	2001
Robert E. Dean (Apr. 1951)	Director; Audit, Nominating and Corporate Governance Committee Member	Director, National Bank Holdings Corp.; Director of Cornerstone Strategic Value Fund, Inc.	2014
Marcia E. Malzahn (Apr. 1966)	Director; Audit, Nominating and Corporate Governance Committee Member	President and Founder of Malzahn Strategic; President-Elect of National Speakers Association, Minnesota Chapter; Director of Cornerstone Strategic Value Fund, Inc.	2019
Matthew W. Morris (May 1971)	Director; Audit, Nominating and Corporate Governance Committee Member	Director of Stewart Information Services Corporation, Director of Cornerstone Strategic Value Fund, Inc.	2017
Scott B. Rogers (July 1955)	Director; Audit, Nominating and Corporate Governance Committee Member	Chief Executive Office, Asheville Buncombe Community Christian Ministry (“ABCCM”); President, ABCCM Doctor’s Medical Clinic; Director, Faith Partnerships Incorporated; Member of North Carolina’s Council on Homelessness (from July 2014); Director of Cornerstone Strategic Value Fund, Inc.	2001
Andrew A. Strauss (Nov. 1953)	Director; Chairman of Nominating and Corporate Governance Committee and Audit Committee Member	Attorney and senior member of Strauss Attorneys PLLC, Attorneys; Director of Deerfield Charitable Foundation; Director of Cornerstone Strategic Value Fund, Inc.	2001

**ADDITIONAL INFORMATION REGARDING THE FUND’S DIRECTORS  
AND CORPORATE OFFICERS (UNAUDITED) (CONCLUDED)**

<b>Name and Address* (Birth Date)</b>	<b>Position(s) Held with Fund</b>	<b>Principal Occupation over Last 5 Years</b>	<b>Position with Fund Since</b>
Glenn W. Wilcox, Sr. (Dec. 1931)	Director; Chairman of Audit Committee, Nominating and Corporate Governance Committee Member	Chairman of the Board of Tower Associates, Inc.; Chairman of the Board of Wilcox Travel Agency, Inc.; Chairman of the Board, Blue Ridge Printing Co., Inc. (from January 2019); Director of Champion Industries, Inc.; Director of Cornerstone Strategic Value Fund, Inc.	2001
Rachel L. McNabb (April 1980)	Chief Compliance Officer	Chief Financial Officer of Cornerstone Advisors, LLC (from August 2019); Chief Compliance Officer of Cornerstone Advisors, LLC (from June 25, 2019); Chief Compliance Officer of Cornerstone Advisors Asset Management LLC (May 1, 2019 – June 24, 2019); Chief Compliance Officer of Cornerstone Advisors, Inc. (2016 – April 30, 2019); Internal Audit Managing Senior of Camden Property Trust (2006 – 2015) ; Chief Compliance Officer of Cornerstone Strategic Value Fund, Inc.	2018
Hoyt M. Peters (Sep. 1963)	Secretary, and Assistant Treasurer	Vice President of Cornerstone Advisors, LLC (from June 25, 2019; Vice President of Cornerstone Advisors Asset Management LLC (May 1, 2019 – June 24, 2019); Vice President of Cornerstone Advisors, Inc. (January 2019 – April 24, 2019); Associate of Cornerstone Advisors, Inc. (June 2018 – December 2018); Vice President of AST Fund Solutions, LLC (2013 – 2018); Secretary of The Asia Pacific Fund, Inc. (2016 – 2018); Secretary and Assistant Treasurer of Cornerstone Strategic Value Fund, Inc.	2019, 2013
Theresa M. Bridge (December 1969)	Treasurer (Principal Financial Officer)	Director of Financial Administration of Ultimus Fund Solutions, LLC.; Treasurer of Cornerstone Strategic Value Fund, Inc. (since June 2018).	2018

\* The mailing address of each Director and/or Officer with respect to the Fund’s operation is 225 Pictoria Drive, Suite 450, Cincinnati, OH 45246.

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

## DESCRIPTION OF DIVIDEND REINVESTMENT PLAN (UNAUDITED)

Cornerstone Total Return 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.amstock.com](http://www.amstock.com) or through the toll free number. Participants can also use the tear off portion attached to the bottom of their statement and mail the request to American Stock Transfer and Trust Company LLC, P.O. Box 922 Wall Street Station, New York, N.Y. 10269-0560. There is a fee of \$15.00 per transaction and commission of \$0.10 per share.

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

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

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

- without charge, upon request, by calling toll-free (866) 668-6558; and
- on the website of the SEC, [www.sec.gov](http://www.sec.gov).

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling toll-free (866) 668-6558, and on the SEC's website at [www.sec.gov](http://www.sec.gov) or on the Fund's website at [www.cornerstonetotalreturnfund.com](http://www.cornerstonetotalreturnfund.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 [www.sec.gov](http://www.sec.gov).

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

Cornerstone Total Return Fund, Inc. is a closed-end, diversified investment company whose shares trade on the NYSE American. Its investment objective is to seek capital appreciation with current income as a secondary objective. The Fund is managed by Cornerstone Advisors, LLC.

## **STOCKHOLDER INFORMATION (UNAUDITED)**

The Fund is listed on the NYSE American (symbol "CRF"). 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.cornerstonetotalreturnfund.com](http://www.cornerstonetotalreturnfund.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 Total Return Fund, Inc. may from time to time purchase shares of its common stock in the open market.*

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**CORNERSTONE TOTAL RETURN FUND, INC.**