

**Annual  
Report**

October 31, 2008

**Advent Claymore Convertible  
Securities and Income Fund**

**AVK**




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**Advent Claymore Convertible Securities and Income Fund**

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Convertible Securities  
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 **ADVENT**  
CAPITAL MANAGEMENT

  
**CLAYMORE**<sup>SM</sup>

There can be no assurance the Fund will achieve its investment objective. The value of the Fund will fluctuate with the value of the underlying securities. Historically, closed-end funds often trade at a discount to their net asset value.

NOT FDIC-INSURED • NOT BANK-GUARANTEED • MAY LOSE VALUE

The shareholder report you are reading right now is just the beginning of the story. Online at [www.claymore.com/avk](http://www.claymore.com/avk), you will find:

- *Daily, weekly and monthly data on share prices, net asset values, dividends and more*
- *Portfolio overviews and performance analyses*
- *Announcements, press releases and special notices*
- *Fund and adviser contact information*

Advent Capital Management and Claymore are continually updating and expanding shareholder information services on the Fund's website, in an ongoing effort to provide you with the most current information about how your Fund's assets are managed, and the results of our efforts. It is just one more small way we are working to keep you better informed about your investment in the Fund.

Dear **Shareholder**

**Tracy V. Maitland**  
*President and Chief Executive Officer*

We thank you for your investment in the Advent Claymore Convertible Securities and Income Fund (the “Fund”). This report covers the Fund’s performance for the fiscal year ended October 31, 2008.

The Fund’s investment objective is to provide total return through a combination of capital appreciation and current income. Under normal market conditions, the Fund will invest at least 80% of its managed assets in a diversified portfolio of convertible securities and non-convertible income securities. Under normal market conditions, the Fund will invest at least 60% of its managed assets in convertible securities and up to 40% in lower grade, non-convertible income securities. Convertible securities represented 73.7% of the portfolio as of October 31, 2008.

All Fund returns cited—whether based on net asset value (“NAV”) or market price—assume the reinvestment of all distributions. For the 12-month period ending October 31, 2008, the Fund provided a total return based on market price of -41.96% and a return of -51.06% based on NAV. As of October 31, 2008, the Fund’s market price of \$13.11 represented a premium of 4.71% to NAV of \$12.52.

The Fund currently implements its leverage strategy primarily through issuance of Auction Market Preferred Shares (“AMPS”) and additionally through total return swaps on bank loans. The broad auction-rate preferred securities market remains essentially frozen. The auctions for nearly all auction-rate preferred shares, including AMPS such as those issued by the Fund, are failing. We believe that this increase in failed auctions is simply a liquidity issue. Investors need to be aware that a failed auction is not a default, nor does it require the redemption of a fund’s auction-rate preferred shares. Provisions in the offering documents of the Fund’s AMPS provide a mechanism to set a maximum rate in the event of a failed auction, and, thus, investors will continue to be entitled to receive payment for holding these AMPS. This maximum rate is determined based upon a multiple of or a spread to LIBOR—whichever is greater.

The Fund has six series of AMPS, three that auction each week and three that auction every 28 days. The auctions for the Fund’s AMPS have failed since mid-February 2008, as have auctions of most AMPS. The established maximum rates during this period were based on a spread of 125 basis points over the applicable LIBOR rates, with the maximum rates ranging from 3.27% to 5.94%. From mid-October 2008 and into November, LIBOR declined dramatically. As a result, recent maximum rates have been below 2.50%. Subsequent to the reporting period on December 1, 2008, the Fund announced a redemption of \$13 million of its AMPS. These redemptions are scheduled to take place between December 23, 2008 and January 14, 2009. We will continue to evaluate the benefits and impacts of leverage on the Fund, as well as explore other methods of utilizing leverage.

On December 1, 2008, the Fund declared its December monthly dividend of \$0.0939 per share, reflecting a reduction of \$0.0779 per share from the previous monthly distribution rate of \$0.1718 per share, which was maintained throughout the Fund’s fiscal year ended October 31, 2008. The Fund’s management believes that reducing the distribution is a necessary step to enhance our ability to maintain and potentially grow the Fund’s net asset value—which should benefit the Fund’s shareholders over time. This reduced dividend represents an annualized distribution rate of 8.59% based upon the closing market price of \$13.11 on October 31, 2008.

There is no guarantee of any future distributions or that the current returns and distribution rate will be maintained.

We encourage shareholders to consider the opportunity to reinvest their distributions from the Fund through the Dividend Reinvestment Plan (“DRIP”), which is described in detail on page 27 of this report. When shares trade at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the monthly dividend distribution in common shares of the Fund purchased in the market at a price less than NAV. Conversely, when the market price of the Fund’s common shares is at a premium above NAV, the DRIP reinvests participants’ dividends in newly-issued common shares at NAV, subject to an IRS limitation that the purchase price cannot be more than 5% below the market price per share. The DRIP provides a cost-effective means to accumulate additional shares and enjoy the benefits of compounding returns over time. The DRIP plan effectively provides an income-averaging technique, which causes shareholders to accumulate a larger number of Fund shares when the share price is depressed rather than when the price is higher.

The following *Questions & Answers* section provides more information about the factors that affected the Fund’s performance during the past twelve months.

We are honored that you have chosen the Advent Claymore Convertible Securities and Income Fund as part of your investment portfolio. For the most up-to-date information on your investment, please visit the Fund’s website at [www.claymore.com/avk](http://www.claymore.com/avk).

Sincerely,

A handwritten signature in black ink that reads "Tracy V. Maitland". The signature is written in a cursive style with a horizontal line above the first name and a checkmark-like flourish at the end.

Tracy V. Maitland  
*President and Chief Executive Officer of the Advent Claymore Convertible Securities and Income Fund*  
December 2, 2008

## Questions & Answers

*Advent Claymore Convertible Securities and Income Fund (the “Fund”) is managed by a team of seasoned professionals at Advent Capital Management, LLC, (“Advent”), led by Tracy V. Maitland, Advent’s President and Chief Investment Officer. In the following interview, Mr. Maitland discusses the convertible securities and high-yield markets and the performance of the Fund during its fiscal year ended October 31, 2008.*

### **Will you remind us of this Fund’s objectives and how you seek to achieve them?**

The Fund’s investment objective is to provide total return through a combination of capital appreciation and current income. Under normal market conditions, the Fund will invest at least 80% of its managed assets in a diversified portfolio of convertible securities and non-convertible income securities. Under normal market conditions, the Fund will invest at least 60% of its managed assets in convertible securities and may invest up to 40% in lower grade, non-convertible income securities. Historically, convertible securities have generally provided returns similar to equity returns with lower risk. This is possible because a significant portion of the return of convertible securities generally comes from yield. Moreover, movement in the price of the convertible security tends to be more sensitive to appreciation of the underlying stock than to setbacks in the price of the stock.

More than half of the convertible market and a large portion of the Fund’s convertible investments are in securities issued by growth companies—particularly companies within the healthcare, financial and technology sectors. Growth companies generally issue convertible bonds or convertible preferred stocks as a means of raising capital to build their businesses. Convertibles represent something of a compromise between equity and debt as a way to raise capital for growth; convertibles generally have a lower interest rate than straight bonds, but entail less dilution than issuing common stock. Financial companies, while not presently considered growth companies, also issue a fair amount of convertible securities—typically convertible preferreds with more attractive yields and higher credit ratings. By offering preferreds, companies can raise capital while helping to keep their credit ratings higher than if they offered bonds. This is because issuing bonds would increase the proportion of debt on an issuing company’s balance sheet, making a downgrade in credit rating more likely, while preferred stock is classified as equity. Credit ratings are especially important to financial companies, since a lower credit rating generally results in higher borrowing costs.

The Fund’s flexibility to shift between convertibles and high-yield bonds helps provide diversification on an asset, sector and security level. Among the attractions of convertible securities are that they generally offer a yield advantage over common stocks; they have tended to move up in tandem with equities in strong markets; and

the yield advantage has historically provided inherent downside protection in weaker markets.

### **Please tell us about the economic and market environment over the last 12 months.**

In the mid-year report for this Fund, we described the six-month period ended April 30, 2008, as a time of economic uncertainty and turmoil in capital markets. Since that time, there has been pronounced further deterioration in the economy and in equity and debt markets throughout the world.

The U.S. economy, as measured by real gross domestic product, contracted in the third quarter of 2008, and most economists are now predicting several quarters of negative real growth. Unemployment has risen sharply; consumer spending has dropped; and business investment has weakened as even those firms in healthy financial condition have become reluctant to expand in an environment of heightened uncertainty and tighter credit.

The present crisis originated with the end of a housing boom fueled by excessively easy credit. As the prices of houses fell, losses on mortgage-based securities mounted, eroding the capital of financial institutions and initiating a vicious cycle of deleveraging. The process began in late 2007 as a correction in the sub-prime mortgage market, but it has intensified markedly, with profound implications for the entire U.S. economy and related effects on global markets and economies. In fact, many foreign economies, especially those that depend on exports for growth, have weakened more than the U.S.

Credit markets have become so intolerant of risk that they are essentially frozen. In an effort to alleviate the financial crisis, the U.S. government has taken unprecedented actions, including instituting temporary insurance on money market funds, expanding access by financial institutions to the Federal Reserve (the “Fed”), and investing directly in some financial institutions. Some large financial firms have been allowed to fail, while others were rescued, and takeovers of troubled financial firms have been arranged. Other central banks have also taken robust action to support banking systems and stimulate economic growth.

In this very difficult environment, markets have been extremely volatile, and essentially all asset classes except U.S. Treasury securities have had negative returns. The Standard & Poor’s 500 Index<sup>1</sup>, which is generally regarded as a good indicator of the broad stock market, returned -36.10% for the 12-month period ended October 31, 2008. World equity markets performed even worse: the MSCI World Index<sup>2</sup>, which measures performance of world equity markets, returned -41.51% during the same time period.

1 Standard and Poor’s 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries

2 MSCI World Index is a free float-adjusted market capitalization index that measures global developed market equity performance of the developed market country indices of Europe, Australasia, the Far East, the U.S. and Canada.

Convertible securities, which in the past have been less volatile than straight equities, performed almost as poorly: the return of the Merrill Lynch All U. S. Convertibles Index<sup>3</sup> was -35.42% for the same time period. A major reason for negative performance was selling by hedge funds, which had made leveraged investments in convertibles while shorting the underlying common stocks. Unable to get the financing they had used in the past, hedge funds had to sell convertibles into a market with little demand, and prices dropped precipitously.

In the bond market, we have seen unprecedented spreads between yields of investment grade and high-yield corporate bonds and U.S. Treasury securities, which are considered not to carry credit risk. In this disastrous market, the only bonds with positive returns were those with little or no credit risk: the Lehman 10-20 Year U.S. Treasury Index<sup>4</sup> returned 4.13%. The Lehman Brothers Aggregate Bond Index<sup>5</sup>, which measures return of the high-quality U.S. bond market as a whole, returned 0.30%, but the return of the Merrill Lynch High Yield Master II Index<sup>6</sup>, which measures performance of the high-yield bond market, was -25.40%. All Index returns are for the 12-month period ended October 31, 2008.

#### How did the Fund perform in this environment?

All Fund returns cited—whether based on net asset value (“NAV”) or market price—assume the reinvestment of all distributions. For the 12-month period ending October 31, 2008, the Fund provided a total return based on market price of -41.96% and a return of -51.06% based on NAV. As of October 31, 2008, the Fund’s market price of \$13.11 represented a premium of 4.71% to NAV of \$12.52. A year earlier, at October 31, 2007, the Fund’s closing market price was \$25.15 and NAV was \$28.23. The market value of the Fund’s shares fluctuates from time to time, and it may be higher or lower than the Fund’s NAV.

#### What were the major investment decisions that affected the Fund’s performance?

In recent months convertibles have experienced the greatest setback in recorded history. Records don’t exist for the period of the market crash of the late 1920s and early 1930s, but today’s conditions have been much worse than in the worst periods of the 1970s and 1980s. In a severe bear market, convertibles barely outperformed equities. So the Fund’s 73.7% position in convertibles was an impediment to performance.

Many convertibles, even those with short maturities, have been trading at higher yields than the straight bonds of the same

companies. This is an anomaly that apparently reflects forced selling of convertibles by hedge funds and in our opinion suggests superior returns from convertibles in the future.

Within the convertibles portion of the portfolio, a significant position in the health care industry helped performance. The relative strength in health care was more than offset by large exposure to the financial sector, which had been a good source of relatively high income and equity appreciation potential for the Fund over the years. Indeed, health care and financials typically are the two largest sectors in the Fund.

While health care investments did relatively well, the definition of relatively good performance in the second half of the Fund’s fiscal year was a small loss—rather than a strong gain. Our largest healthcare investment is in Teva Pharmaceutical Finance LLC (3.6% of long-term investments), the world’s largest generic drug company; we swapped out of the 1.75% convertible bond for the 0.25% “C” series convertible bond, which offered potential downside protection without sacrificing upside potential. We raised Teva to the largest position in the Fund on October 31. We also did relatively well with our investment in Watson Pharmaceuticals, Inc. (1.6% of long-term investments), another generic drug company, which declined only modestly during the market rout. We began to reduce our position in Watson, however, because the convertible appeared to no longer offer sufficient appreciation potential.

Unfortunately, financial stocks were hard hit, especially in the second half of the Fund’s fiscal year. We accumulated a small position in Lehman Brothers Holdings Inc. (no securities were held in portfolio at period end) as the firm appeared to be turning around—and consequently we were caught in the bankruptcy filing, which drove the price of the Lehman convertible to pennies on the dollar. We also suffered further losses in our reduced position in XL Capital Ltd. (0.3% of long-term investments), a reinsurance company that appeared to be turning around under new management, but continued to fall into disfavor in the market.

We sold our small positions in Federal National Mortgage Association (“Fannie Mae”) and Federal Home Loan Mortgage Corporation (“Freddie Mac”) before the convertible preferreds of these two entities became essentially worthless. (No securities of these entities were held in the portfolio at period end.) The lack of protection for the preferreds in the government rescues of these two companies was reflected in lower prices of other

3 The Merrill Lynch All U.S. Convertibles Index (VXAQ) is comprised of approximately 500 issues of convertible bonds and preferred stock of all qualities.

4 The Lehman 10-20 Year U.S. Treasury Index is comprised of securities in the Treasury Index (i.e., public obligations of the U.S. Treasury) with a maturity from 10 up to (but not including) 20 years.

5 The Lehman Brothers Aggregate Bond Index covers the U.S. dollar-denominated, investment-grade, fixed rate, taxable bond market of SEC-registered securities. The Index includes bonds from the Treasury, government-related, corporate, mortgage-backed securities (agency fixed-rate and hybrid ARM passthroughs), asset-backed securities and collateralized mortgage-backed securities sectors. U.S. Agency Hybrid Adjustable Rate Mortgage (ARM) securities were added to the U.S. Aggregate Index on April 1, 2007.

6 The Merrill Lynch High Yield Master II Index is a commonly used benchmark index for high yield corporate bonds. It is a measure of the broad high yield market.

These indices are unmanaged and it is not possible to invest directly in any index.

convertible preferreds—particularly convertible preferreds in the financial sector—which are a major investment of the Fund.

All was not woe in the financial sector, however. We began accumulating convertible bonds of Merrill Lynch & Co., Inc. (1.1% of long-term investments) in mid-July. The September 14 announcement that Merrill Lynch would be acquired by Bank of America Corporation (1.6% of long-term investments) caused these preferreds to move up, helping to add to performance.

The Fund also made a modest profit on Boston Private Financial Holdings, Inc. (0.5% of long-term investments) as the market began to recognize that the convertible bonds—puttable July 15, 2009—are highly likely to prove “money good” and as the company announced that it had bought back some of the convertibles.

Our allocation to high-yield bonds was also a negative impact as credit spreads widened dramatically, though not quite so negative as convertibles. Since high-yield bonds are more difficult to hedge than convertibles, they are less appealing to hedge funds, thus have not felt the extreme selling pressure experienced by convertibles. Over this period, the Fund was underweight high yield relative to its history. At inception, approximately 40% of the Fund’s assets were invested in high-yield bonds; high-yield bonds represented 10.4% of total investments as of October 31, 2007, and 11.4% as of October 31, 2008. The Fund would have fared better over this period with a greater weight in high-yield bonds.

The Fund has also had some exposure to leveraged bank loans, which were under pressure. Like convertibles, bank loans were widely held by hedge funds, often with considerable leverage. And, like convertibles, they have been subject to forced selling as hedge funds have found it necessary to raise cash. We believe that the current prices of some bank loans still in the portfolio are attractive, and such holdings are likely to perform better as different types of investment entities begin to identify investment opportunities in these instruments.

#### **How has the Fund’s leverage strategy affected performance?**

The Fund utilizes leverage (borrowing) as part of its investment strategy. The purpose of leverage is to finance the purchase of additional securities that provide increased income and potentially greater appreciation potential to common shareholders than could be achieved from a portfolio that is not leveraged. The Fund currently implements its leverage strategy primarily through the issuance of Auction Market Preferred Shares (“AMPS”).

Through the fiscal year ended October 31, 2008, the Fund’s AMPS leverage was maintained at a constant level of \$275 million. We were conservative in not maximizing leverage at times when the Fund’s NAV was much higher than it is now. In retrospect, this was a wise move because the recent setback has caused the Fund’s leverage to increase as a percentage of asset value.

The broad auction-rate preferred securities market remains essentially frozen. The auctions for nearly all auction-rate preferred shares, including AMPS such as those issued by the Fund, are failing. We believe that this increase in failed auctions is simply a liquidity issue. Investors need to be aware that a failed auction is not a default, nor does it require the redemption of a fund’s auction-rate preferred shares. Provisions in the offering documents of the Fund’s AMPS provide a mechanism to set a maximum rate in the event of a failed auction, and, thus, investors will continue to be entitled to receive payment for holding these AMPS. This maximum rate is determined based upon a multiple of or a spread to LIBOR—whichever is greater.

The Fund has six series of AMPS, three that auction each week and three that auction every 28 days. The auctions for the Fund’s AMPS have failed since mid-February 2008, as have auctions of most AMPS. The established maximum rates during this period were based on a spread of 125 basis points over the applicable LIBOR rates, with the maximum rates ranging from 3.27% to 5.94%. From mid-October and into November, LIBOR declined dramatically. As a result, recent maximum rates have been below 2.50%. We will continue to evaluate the benefits and impacts of leverage on the Fund, as well as exploring other methods of utilizing leverage. On December 1, 2008, the Fund announced a partial at-par redemption of its outstanding AMPS, liquidation preference \$25,000 per share. The Fund will redeem \$13 million of its outstanding AMPS. The redemption price will be equal to the liquidation preference per share, plus accumulated but unpaid dividends as of the applicable redemption date. See the Fund’s website for redemption schedule.

Subsequent to the reporting period, on December 1, 2008, the Fund announced a partial redemption of its AMPS. The Fund will redeem \$13 million of its outstanding AMPS between December 23, 2008 and January 14, 2009. The redemption price will be equal to the liquidation preference per share, plus accumulated but unpaid dividends as of the redemption date.

There is no guarantee that the Fund’s leverage strategy will be successful, and the Fund’s use of leverage may cause the Fund’s NAV and market price of common shares to be more volatile. During the recent market volatility, leverage has been a handicap. Leverage adds value only when the return on securities purchased exceeds the cost of leverage.

We believe that it seems more likely that leverage will again add to performance, given the current relatively low rates on AMPS—and the relatively low prices and high yields on our investments. Although the use of Financial Leverage by the Fund may create an opportunity for increased return for the common shares, it also results in additional risks and can magnify the effect of any losses. If the income and gains earned on securities purchased with the Financial Leverage proceeds are greater than the cost of the Financial Leverage, the common shares’ return will be greater

than if Financial Leverage had not been used. Conversely, if the income or gains from the securities purchased with the Financial Leverage proceeds are less than the cost of the Financial Leverage, the return of the common shares will be less than if Financial Leverage had not been used. There is no assurance that a Financial Leveraging strategy will be successful.

#### What is your current outlook for the markets and the Fund?

It is always disappointing to report a negative return, as nearly all funds have in the recent market setback. As difficult as the market has been over the last year, we believe that current market conditions provide many attractive opportunities for this Fund, which has the ability to invest at a time when many other investors are forced to sell holdings regardless of value.

A major advantage of investing in convertible securities is the feature of asymmetry in the convertible market: convertibles tend to capture more of the upside in a positive market than they lost on the downside in a negative market. This feature makes convertibles very attractive to hedge funds, which, as mentioned above, have invested heavily in these securities, providing a huge source of liquidity in this market for the past few years. However, in recent months, with many hedge funds in trouble, forced selling has put significant pressure on the market for convertibles.

The positive aftermath of the disappointing performance in the recent convertible market is that, we believe, the upside potential from convertibles is now greater. Yields are higher, most issues are trading at discounts from par, and conversion premiums are reasonable. We feel confident that over time our diligence in security selection will continue to help the Fund's performance both by providing favorable returns in rising markets and by providing protection against down markets. Our two key asset classes—convertibles and high-yield securities—historically have had much lower volatility and downside risk than common stocks. Our proprietary credit analysis is intended to enable us to invest in companies with what we believe are stable-to-improving fundamentals and to avoid deteriorating situations that could be especially dangerous during weak economic environments. Over time, convertible securities have historically provided equity-like returns at lower risk by capturing much of the appreciation of common stocks, while yielding more than equities and experiencing less price deterioration during market corrections.

*The conversion premium reflects the market price of a convertible relative to the market value of the common shares into which the convertible security can be converted. For example, a bond trading at a par value of \$1,000 that is convertible into 20 shares trading at \$40 would have a conversion premium of 25% over its conversion value of \$800. The lower the conversion premium, the more upside there is for convertible investors. If the stock performs poorly, the convertible normally provides downside protection based on its yield and its fixed-income value.*

#### AVK Risks and Other Considerations

The views expressed in this report reflect those of the Portfolio Managers only through the report period as stated on the cover. These views are subject to change at any time, based on market and other conditions and should not be construed as a recommendation of any kind. The material may also contain forward-looking statements that involve risk and uncertainty, and there is no guarantee they will come to pass. There can be no assurance that the Fund will achieve its investment objectives. The value of the Fund will fluctuate with the value of the underlying securities. Historically, closed-end funds often trade at a discount to their net asset value. The Fund is subject to investment risk, including the possible loss of the entire amount that you invest. Past performance does not guarantee future results.

**Convertible Securities.** The Fund is not limited in the percentage of its assets that may be invested in convertible securities. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, the convertible security's market value tends to reflect the market price of the common stock of the issuing company when that stock price is greater than the convertible's "conversion price," which is the predetermined price at which the convertible security could be exchanged for the associated stock.

**Synthetic Convertible Securities.** The value of a synthetic convertible security will respond differently to market fluctuations than a convertible security because a synthetic convertible security is composed of two or more separate securities, each with its own market value. In addition, if the value of the underlying common stock or the level of the index involved in the convertible component falls below the exercise price of the warrant or option, the warrant or option may lose all value.

**Lower Grade Securities.** The Fund may invest an unlimited amount in lower grade securities. Investing in lower grade securities (commonly known as "junk bonds") involves additional risks, including credit risk. Credit risk is the risk that one or more securities in the Fund's portfolio will decline in price, or fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status.

**Leverage Risk.** Certain risks are associated with the leveraging of common stock. Both the net asset value and the market value of shares of common stock may be subject to higher volatility and a decline in value.

**Interest Rate Risk.** In addition to the risks discussed above, convertible securities and non-convertible income securities are subject to certain risks, including:

- if interest rates go up, the value of convertible securities and nonconvertible income securities in the Fund's portfolio generally will decline;
- during periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding securities. This is known as call or prepayment risk. Lower grade securities have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem a lower grade security if the issuer can refinance the security at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer; and

- during periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security's duration (the estimated period until the security is paid in full) and reduce the value of the security. This is known as extension risk.

**Illiquid Investments.** The Fund may invest without limit in illiquid securities. The Fund may also invest without limit in Rule 144A Securities. Although many of the Rule 144A Securities in which the Fund invests may be, in the view of the Investment Manager, liquid, if qualified institutional buyers are unwilling to purchase these Rule 144A Securities, they may become illiquid. Illiquid securities may be difficult to dispose of at a fair price at the times when the Fund believes it is desirable to do so. The market price of illiquid securities generally is more volatile than that of more liquid securities, which may adversely affect the price that the Fund pays for or recovers upon the sale of illiquid securities.

**Foreign Securities and Emerging Markets Risk.** Investing in non-U.S. issuers may involve unique risks, such as currency, political, economic and market risk. In addition, investing in emerging markets entails additional risk including, but not limited to (1) news and events unique to a country or region (2) smaller market size, resulting in lack of liquidity and price volatility (3) certain national policies which may restrict the Fund's investment opportunities.

**Strategic Transactions.** The Fund may use various other investment management techniques that also involve certain risks and special considerations, including engaging in hedging and risk management transactions, including interest rate and foreign currency transactions, options, futures, swaps, caps, floors, and collars and other derivatives transactions.

**Auction Market Preferred Shares (AMPS) Risk.** The AMPS are redeemable, in whole or in part, at the option of the Fund on any dividend payment date for the AMPS, and are subject to mandatory redemption in certain circumstances. The AMPS are not listed on an exchange. You may buy or sell AMPS only through an order placed at an auction with or through a broker-dealer that has entered into an agreement with the auction agent and the Fund or in a secondary market maintained by certain broker dealers. These broker-dealers are not required to maintain this market, and it may not provide you with liquidity.

In addition to the risks described above, the Fund is also subject to: *Management Risk, Market Disruption Risk and Anti-Takeover Provisions*. Please see [www.claymore.com/avk](http://www.claymore.com/avk) for a more detailed discussion about Fund risks and considerations.

# Fund Summary | As of October 31, 2008 (unaudited)

## Fund Statistics

Share Price	\$13.11
Common Share Net Asset Value	\$12.52
Premium/Discount to NAV	4.71%
Net Assets Applicable to Common Shares (\$000)	\$295,101

## Total Returns

(Inception 4/30/03)	Market	NAV
One Year	-41.96%	-51.06%
Three Year - average annual	-8.96%	-13.31%
Five Year - average annual	-2.93%	-5.16%
Since Inception - average annual	-2.07%	-2.51%

## Top Ten Industries

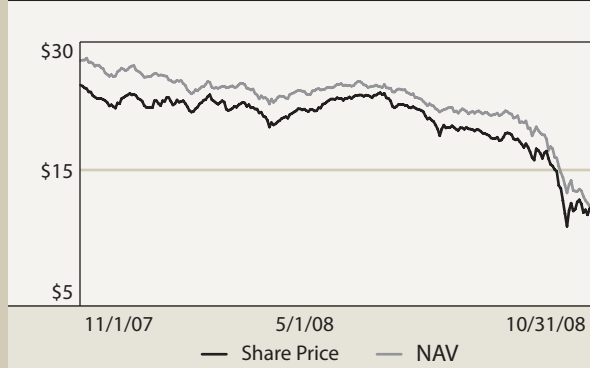
	% of Long-Term Investments
Pharmaceuticals	12.0%
Banks	11.8%
Telecommunications	8.1%
Oil & Gas and Oil & Gas Services	7.6%
Health Care Products and Healthcare Services	7.1%
Biotechnology	6.9%
Diversified Financial Services	5.8%
Insurance	5.0%
Electric, Electronics and Electrical Components and Equipment	4.2%
Mining	3.8%

## Top Ten Issuers

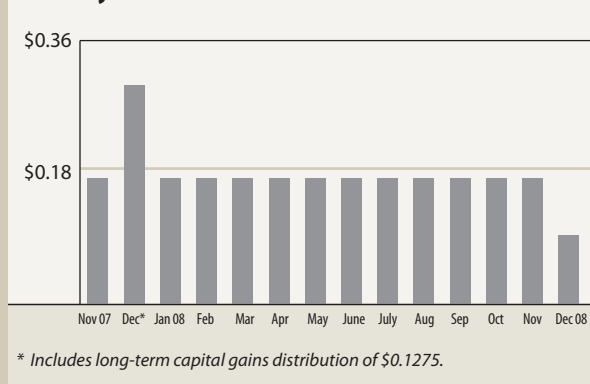
	% of Long-Term Investments
Teva Pharmaceutical Finance LLC	3.6%
Transocean, Inc.	3.5%
New York Community Capital Trust V	3.3%
Medtronic, Inc.	2.9%
Prudential Financial, Inc.	2.3%
SLM Corp.	2.3%
Intel Corp.	2.2%
Schering-Plough Corp.	2.2%
Mylan, Inc.	2.1%
Genzyme Corp.	2.1%

Past performance does not guarantee future results. All portfolio data is subject to change daily. For more current information, please visit [www.claymore.com](http://www.claymore.com). The above summaries are provided for informational purposes only and should not be viewed as recommendations.

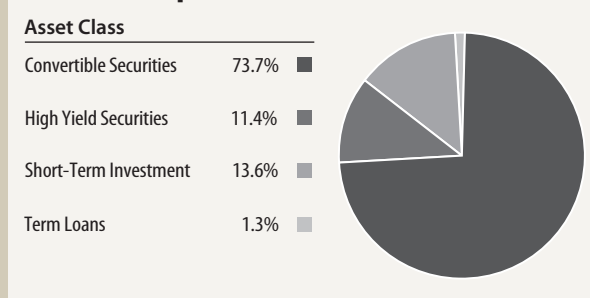
## Share Price & NAV Performance



## Monthly Dividends Per Share



## Portfolio Composition (% of Total Investments)



## Portfolio of Investments | October 31, 2008

Number of Shares	Value	Number of Shares	Value
<b>Long-Term Investments – 163.3%</b>		<b>Transportation – 2.6%</b>	
<b>Convertible Preferred Stocks – 52.4%</b>			
<b>Advertising – 1.2%</b>			
335,800	Interpublic Group Cos., Elf Special Financing Ltd., 3.169%, 2009 (Cayman Islands) (a)(b)	200,000	Bristow Group, Inc. 5.50%, 2009
	\$ 3,628,400	1,000	Kansas City Southern, 5.125%, 2049
<b>Banks – 8.6%</b>			
12,500	Bank of America Corp., Ser.L, 7.25%, 2049		
125,000	Citigroup, Inc., Ser.T, 6.50%, 2015		
80,500	Keycorp, Ser.A, 7.75%, 2049		
7,000	Wachovia Corp., Ser.L, 7.50%, 2049		
	25,317,835		
<b>Diversified Financial Services – 4.6%</b>		<b>Total Convertible Preferred Stocks - 52.4%</b>	
60,000	AMG Capital Trust II, 5.15%, 2037 (a)		(Cost \$237,753,190)
77,076	Legg Mason, Inc., 7.00%, 2011		154,612,578
21,310	SLM Corp., Ser.C, 7.25%, 2010		
	13,644,035		
<b>Electric – 4.1%</b>		<b>Principal Amount</b>	
150,660	Entergy Corp., 7.625%, 2009		
24,000	NRG Energy, Inc., 5.75%, 2009		
	12,088,046		
<b>Healthcare Services – 1.0%</b>		<b>Convertible Bonds – 86.9%</b>	
7,000	HealthSouth Corp., 6.50%, 2049 (a)		
<b>Household Products/Housewares – 3.1%</b>		<b>Auto Manufacturers – 1.7%</b>	
271,379	Avery Dennison Corp., 7.875%, 2020	\$ 7,813,750	General Motors Corp., B-, Ser.D, 1.50%, 6/01/09
	9,235,027		\$ 5,157,075
<b>Insurance – 4.4%</b>		<b>Banks – 9.4%</b>	
70,000	Aspen Insurance Holdings, Ltd., 5.625%, 2049 (Bermuda)	10,000,000	BES Finance Ltd., Ser. EMTN, A, 1.25%, 2/26/11 (Portugal)
640,903	MetLife, Inc., Ser.B, 6.375%, 2009 (d)	2,900,000	Boston Private Financial Holdings, Inc., NR, 3.00%, 7/15/27
70,000	Reinsurance Group of America, Equity Security Unit, 5.75%, 2051	4,000,000	National City Corp., A-, 4.00%, 2/01/11
111,135	XL Capital Ltd., 10.75%, 2011 (Cayman Islands)	7,000,000	PrivateBancorp, Inc., NR, 3.625%, 3/15/27
	13,072,522	8,000,000	US Bancorp, AA, 1.454%, 9/20/36 (b)
<b>Mining – 6.2%</b>			27,630,625
186,000	Credit Suisse, Ser. Barrick Gold Corp., 9.00%, 2009 (Switzerland) (c)	<b>Biotechnology – 11.2%</b>	
1,500	Freeport-McMoRan Copper & Gold, Inc., Ser.B, 5.50%, 2049	8,750,000	Amgen, Inc., A+, 0.125%, 2/01/11
70,000	Freeport-McMoRan Copper & Gold, Inc., 6.75%, 2010	9,500,000	Genzyme Corp., BBB+, 1.25%, 12/01/23
38,463	Hecla Mining Co., 6.50%, 2011	7,000,000	Gilead Sciences, Inc., NR, 0.50%, 5/01/11
300,000	Vale Capital Ltd., Ser. RIO, 5.50%, 2010 (Brazil)	8,000,000	Invitrogen Corp., BB+, 3.25%, 6/15/25
	18,247,302		33,086,250
<b>Oil &amp; Gas Services – 1.1%</b>		<b>Coal – 0.3%</b>	
149,250	Merrill Lynch & Co., Inc., Ser. Halliburton Co., 8.00%, 2009 (a)(c)	1,500,000	Massey Energy Co., BB-, 3.25%, 8/01/15
	3,201,413		832,500
<b>Pharmaceuticals – 7.1%</b>		<b>Commercial Services – 1.5%</b>	
18,000	Mylan, Inc., 6.50%, 2010	4,600,000	Quanta Services, Inc., NR, 3.75%, 4/30/26
78,291	Schering-Plough Corp., 6.00%, 2010		4,479,250
	20,805,941	<b>Computers – 1.6%</b>	
<b>Savings &amp; Loans – 5.3%</b>		5,000,000	EMC Corp., A-, 1.75%, 12/01/11
402,200	New York Community Capital Trust V, 6.00%, 2051		4,787,500
<b>Telecommunications – 3.1%</b>		<b>Diversified Financial Services – 4.5%</b>	
128,095	Crown Castle International Corp., 6.25%, 2012	6,250,000	Merrill Lynch & Co. Inc., NR, 0.00%, 3/13/32 (e)
14,179	Lucent Technologies Capital Trust I, 7.75%, 2017	7,000,000	Nasdaq OMX Group, BB+, 2.50%, 8/15/13 (a)
	4,253,700	3,000,000	National Financial Partners Corp., NR, 0.75%, 2/01/12
	9,049,257		13,153,125
		<b>Electrical Components and Equipment – 0.2%</b>	
		1,100,000	Suntech Power Holdings Co. Ltd., NR, 0.25%, 2/15/12 (China)
			694,375
		<b>Electronics – 2.5%</b>	
		9,000,000	Flextronics International Ltd., BB-, 1.00%, 8/01/10 (Singapore)
			7,335,000
		<b>Healthcare Products – 6.7%</b>	
		11,355,000	Hologic, Inc., B+, 2.00%, 12/15/37 (f)
		16,000,000	Medtronic, Inc., AA-, 1.625%, 4/15/13
			13,880,000
			19,812,988
		<b>Insurance – 3.8%</b>	
		5,000,000	Prudential Financial, Inc., A+, 0.419%, 12/12/36 (b)(d)
		7,000,000	Prudential Financial, Inc., A+, 1.189%, 12/15/37 (b)
			4,884,500
			6,379,100
			11,263,600

See notes to financial statements.

Principal Amount		Value	Principal Amount		Value
<b>Leisure Time – 2.6%</b>			<b>Banks – 1.4%</b>		
\$ 9,000,000	Carnival Corp., A-, 2.00%, 4/15/21 (Panama)	\$ 7,571,250	\$ 5,000,000	JPMorgan Chase & Co., A, 7.90%, 04/29/49	\$ 4,062,630
<b>Miscellaneous Manufacturing – 3.9%</b>			<b>Communications, Media &amp; Entertainment – 0.9%</b>		
9,000,000	Eastman Kodak Co., B, 3.375%, 10/15/33	7,436,250	3,000,000	Rainbow National Services LLC, BB, 8.75%, 9/01/12 (a)	2,655,000
8,000,000	Trinity Industries, Inc., BB-, 3.875%, 6/01/36	4,100,000	<b>Computers – 1.1%</b>		
		11,536,250	4,500,000	SunGard Data Systems, Inc., B-, 10.25%, 8/15/15	3,172,500
<b>Oil &amp; Gas— 10.1%</b>			<b>Diversified Financial Services – 0.3%</b>		
5,000,000	Carrizo Oil & Gas, Inc., NR, 4.375%, 6/01/28	2,687,500	125,000	GMAC LLC, B-, 4.054%, 5/15/09 (b)	108,940
1,800,000	Chesapeake Energy Corp., BB, 2.25%, 12/15/38	902,250	625,000	GMAC LLC, B-, 5.625%, 5/15/09	530,063
2,900,000	Chesapeake Energy Corp., BB, 2.75%, 11/15/35	2,019,125	375,000	GMAC LLC, B-, 7.75%, 1/19/10	280,943
5,000,000	Nabors Industries, Inc., BBB+, 0.94%, 5/15/11	3,962,500	<b>Healthcare Products – 1.9%</b>		
5,000,000	Petroplus Finance Ltd., Ser. PPHN, BB-, 3.375%, 3/26/13 (Switzerland)	3,471,995	6,100,000	Hanger Orthopedic Group, Inc., CCC+, 10.25%, 6/01/14	5,581,500
12,500,000	Transocean, Inc., Ser. A, BBB+, 1.625%, 12/15/37 (Cayman Islands)	11,062,500	<b>Healthcare Services – 0.9%</b>		
7,000,000	Transocean, Inc., Ser. B, BBB+, 1.50%, 12/15/37 (Cayman Islands)	5,635,000	3,000,000	HCA, Inc., BB-, 9.25%, 11/15/16	2,557,500
		29,740,870	<b>Holding Companies - Diversified – 1.8%</b>		
<b>Pharmaceuticals – 11.3%</b>			6,000,000	Leucadia National Corp., BB+, 8.125%, 9/15/15	5,340,000
5,000,000	Allergan, Inc., NR, 1.50%, 4/01/26	4,531,250	<b>Leisure Time – 0.2%</b>		
4,000,000	Medicis Pharmaceutical Corp., NR, 2.50%, 6/04/32	2,700,000	1,400,000	Travelport LLC, B, 9.875%, 9/01/14	672,000
18,250,000	Teva Pharmaceutical Finance LLC, Ser. C, BBB+, 0.25%, 2/01/26 (Israel) (d)	17,177,812	<b>Media – 0.4%</b>		
10,000,000	Watson Pharmaceuticals, Inc., BB+, 1.75%, 3/15/23	8,837,500	1,500,000	Nielsen Finance LLC/Co., B-, 10.00%, 8/01/14	1,095,000
		33,246,562	<b>Office/Business Equipment – 0.9%</b>		
<b>Real Estate Investment Trusts – 4.0%</b>			3,500,000	Xerox Capital Trust I, BB+, 8.00%, 2/01/27	2,607,752
7,000,000	Hospitality Properties Trust, BBB, 3.80%, 3/15/27	3,990,000	<b>Oil &amp; Gas Services – 1.2%</b>		
11,300,000	Host Hotels & Resorts LP, BBB-, 2.625%, 4/15/27 (a)	7,076,625	4,500,000	CCS, Inc., B-, 11.00%, 11/15/15 (Canada) (a)	3,487,500
1,500,000	Prologis, BBB+, 2.25%, 4/01/37	690,000	250,000	Forbes Energy Services Ltd., B, 11.00%, 2/15/15 (Bermuda)	175,000
		11,756,625	<b>Pharmaceuticals – 1.3%</b>		
<b>Semiconductors – 3.7%</b>			4,760,000	Axcan Intermediate Holdings, Inc., B-, 12.75%, 3/01/16 (a)	3,927,000
15,000,000	Intel Corp., A-, 2.95%, 12/15/35	10,781,250	<b>Pipelines – 0.9%</b>		
<b>Software – 4.4%</b>			3,000,000	Williams Cos., Inc., BB+, 8.125%, 3/15/12	2,745,000
3,369,000	Novell, Inc., NR, 0.50%, 7/15/24	3,251,085	<b>Semiconductors – 1.2%</b>		
10,000,000	Red Hat, Inc., BB-, 0.50%, 1/15/24	9,837,500	5,900,000	Amkor Technology, Inc., B+, 9.25%, 6/01/16	3,540,000
		13,088,585	<b>Telecommunications – 5.9%</b>		
<b>Telecommunications – 2.9%</b>			4,500,000	Broadview Networks Holdings, Inc., CCC+, 11.375%, 9/01/12	3,262,500
8,600,000	NII Holdings, Inc., NR, 3.125%, 6/15/12	4,773,000	6,173,000	Centennial Cellular Co., B, 10.125%, 6/15/13	5,493,970
5,000,000	Qwest Communications International, Inc., B+, 3.50%, 11/15/25	3,825,000	2,750,000	Fairpoint Communications, Inc., B+, 13.125%, 4/01/18 (a)	1,952,500
		8,598,000	5,500,000	Intelsat Jackson Holdings Ltd., CCC+, 11.25%, 6/15/16 (Bermuda)	4,730,000
<b>Transportation – 0.6%</b>			1,000,000	Intelsat Ltd., CCC+, 6.50%, 11/01/13 (Bermuda)	505,000
3,189,000	YRC Worldwide, Inc., B+, 5.00%, 8/08/23	1,817,730	2,000,000	Sprint Capital Corp., BB, 8.375%, 3/15/12	1,611,100
<b>Total Convertible Bonds - 86.9%</b> (Cost \$307,962,236)			<b>Transportation – 0.3%</b>		
		256,369,410	1,400,000	USF Corp., B+, 8.50%, 4/15/10	826,000
<b>Corporate Bonds – 21.6%</b>			<b>Total Corporate Bonds - 21.6%</b> (Cost \$78,829,260)		
<b>Agriculture – 0.5%</b>					63,869,398
2,000,000	Vector Group Ltd., NR, 11.00%, 8/15/15	1,570,000	<b>Auto Parts &amp; Equipment – 0.5%</b>		
1,000,000	Tenneco, Inc., Ser. B, BB, 10.25%, 7/15/13	855,000	1,000,000	Tenneco, Inc., Ser. B, BB, 10.25%, 7/15/13	855,000
1,000,000	Tenneco, Inc., BB-, 8.125%, 11/15/15	525,000			1,380,000
		1,380,000			

See notes to financial statements.

Principal Amount		Value	Number of Shares		Value
	<b>Term Loans (Funded) – 2.4%</b>			<b>Money Market Funds – 20.6%</b>	
	<b>Healthcare Services – 1.1%</b>			15,000,000 Dreyfus Treasury & Agency Cash Management - Investor Shares	\$ 15,000,000
\$ 3,930,000	HCA, Inc., Term Loan B, NR, 6.012%, 11/16/13 (b)	\$ 3,253,058	45,909,445	Goldman Sachs Financial Prime Obligations	45,909,445
	<b>Telecommunications – 1.3%</b>			(Cost \$60,909,445)	60,909,445
4,000,000	ALLTEL Communications LLC, BB-, 4.388%, 5/15/15 (b)	3,828,752		<b>Total Short-Term Investments – 25.7%</b>	
	<b>Total Term Loans (Funded) – 2.4%</b>			(Cost \$75,905,702)	75,894,040
	(Cost \$7,861,502)	7,081,810		<b>Total Investments – 189.0%</b>	
	<b>Total Long-Term Investments – 163.3%</b>			(Cost \$708,311,890)	557,827,236
	(Cost \$632,406,188)	481,933,196		Other assets in excess of liabilities – 4.2%	12,274,259
	<b>Short-Term Investments – 25.7%</b>			Preferred Stock, at redemption value – (-93.2% of Net Assets	
	<b>U.S. Government and Agency Securities – 5.1%</b>			Applicable to Common Shareholders or -49.3% of Total Investments)	(275,000,000)
15,000,000	U.S. Treasury Bill			<b>Net Assets Applicable to Common Shareholders – 100.0%</b>	<b>\$ 295,101,495</b>
	yielding 0.101%, 1/29/09 maturity (d)				
	(Cost \$14,996,257)	14,984,595			

LLC - Limited Liability Corp.

- (a) Securities are exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At October 31, 2008, these securities amounted to 11.9% of net assets.
- (b) Floating rate security. The rate shown is as of October 31, 2008.
- (c) Synthetic Convertible - A synthetic convertible security is either a bond or preferred security structured by an investment bank that provides exposure to a specific company's common stock.
- (d) All or a portion of these securities have been physically segregated in connection with swap agreements.
- (e) Zero-coupon bond.
- (f) Security is a "step up" bond where the coupon increases or steps up at a predetermined date.

Ratings shown are per Standard & Poor's. Securities classified as NR are not rated by Standard & Poor's. (unaudited)

All percentages shown in the Portfolio of Investments are based on Net Assets Applicable to Common Shareholders unless otherwise noted.

Statement of **Assets and Liabilities** | October 31, 2008

<b>Assets</b>	
Investments in securities, at value (cost \$708,311,890)	\$ 557,827,236
Cash	753,111
Restricted cash	4,759,864
Receivable for securities sold	26,154,872
Interest receivable	3,811,146
Dividends receivable	1,753,001
Receivable from swap counterparty	241,751
Other assets	37,163
<b>Total assets</b>	<b>595,338,144</b>
<b>Liabilities</b>	
Payable for securities purchased	13,877,826
Net unrealized depreciation on swaps	6,487,876
Payable to swap counterparty	3,849,795
Advisory fee payable	240,956
Dividends payable – preferred shares	411,110
Payable to affiliate (Note 4)	111,082
Servicing fee payable	73,555
Administration fee payable	4,792
Accrued expenses and other liabilities	179,657
<b>Total liabilities</b>	<b>25,236,649</b>
<b>Preferred Stock, at redemption value</b>	
Auction Market Preferred Shares	
\$0.001 par value per share; 11,000 authorized, issued and outstanding at \$25,000 per share liquidation preference	275,000,000
	<b>\$ 295,101,495</b>
<b>Net Assets Applicable to Common Shareholders</b>	
<b>Composition of Net Assets Applicable to Common Shareholders</b>	
Common Stock, \$0.001 par value per share; unlimited number of shares authorized, 23,562,858 shares issued and outstanding	\$ 23,563
Additional paid-in capital	557,888,469
Net unrealized depreciation on investments, swaps and foreign currency translation	(156,998,364)
Accumulated net realized gain (loss) on investments, swaps and foreign currency transactions	(103,329,792)
Distributions in excess of net investment income	(2,482,381)
<b>Net Assets Applicable to Common Shareholders</b>	<b>\$ 295,101,495</b>
<b>Net Asset Value Applicable to Common Shareholders</b>	
(based on 23,562,858 common shares outstanding)	\$ 12.52

See notes to financial statements.

# Statement of Operations

For the year ended October 31, 2008

## Investment Income

Dividends (net of foreign withholding taxes of \$129,383)	\$ 23,185,835
Interest (net of foreign withholding taxes of \$3,262)	22,044,835
Securities lending income (net of foreign withholding tax credits of \$8,817)	627,567
<b>Total income</b>	<b>\$ 45,858,237</b>

## Expenses

Advisory fee	4,445,376
Servicing agent fee	1,728,757
Preferred share maintenance	734,575
Professional fees	166,457
Fund accounting	165,032
Administration fee	149,308
Printing	145,356
Trustees' fees and expenses	140,320
Federal taxes	111,082
Custodian	103,887
Insurance	76,885
ICI dues	32,399
NYSE listing fee	21,693
Transfer agent	18,583
Rating agency fee	9,131
Miscellaneous	19,472
<b>Total expenses</b>	<b>8,068,313</b>
Advisory and Servicing agent fees waived	(1,373,055)
<b>Net expenses</b>	<b>6,695,258</b>
<b>Net investment income</b>	<b>39,162,979</b>

## Realized and Unrealized Gain (Loss) on Investments, Swaps and Foreign Currency Transactions:

Net realized gain (loss) on:	
Investments	(86,543,429)
Swaps	(4,585,234)
Foreign currency transactions	378,688
Net change in unrealized appreciation (depreciation) on:	
Investments	(248,077,211)
Swaps	(6,178,425)
Foreign currency translation	(36,419)
<b>Net realized and unrealized loss on investments, swaps and foreign currency transactions</b>	<b>(345,042,030)</b>

**Distributions to Preferred Shareholders from net investment income and realized gains** (12,207,940)

**Net Decrease in Net Assets Applicable to Common Shareholders Resulting from Operations** \$ (318,086,991)

Statement of **Changes in Net Assets Applicable to Common Shareholders**

	<b>For the Year Ended October 31, 2008</b>	<b>For the Year Ended October 31, 2007</b>
<b>Change in Net Assets Applicable to Common Shareholders Resulting from Operations:</b>		
Net investment income	\$ 39,162,979	\$ 45,710,140
Net realized gain (loss) on investments, swaps and foreign currency transactions	(90,749,975)	22,996,632
Net change in unrealized appreciation (depreciation) on investments, swaps and foreign currency translation	(254,292,055)	39,775,644
<b>Distributions to Preferred Shareholders:</b>		
From net investment income	(11,491,856)	(12,201,859)
From net realized gains	(716,084)	(2,568,713)
	(12,207,940)	(14,770,572)
Net increase/decrease in net assets applicable to Common Shareholders resulting from operations	(318,086,991)	93,711,844
<b>Distributions to Common Shareholders:</b>		
From and in excess of net investment income	(48,148,533)	(48,853,828)
From net realized gains	(3,000,244)	(11,762,566)
Return of capital	(363,640)	—
Total dividends and distributions to common shareholders	(51,512,417)	(60,616,394)
<b>Capital Share Transactions:</b>		
Reinvestment of dividends	395,146	3,827,474
Total increase/decrease in net assets	(369,204,262)	36,922,924
<b>Net Assets Applicable to Common Shareholders</b>		
Beginning of period	664,305,757	627,382,833
End of period (including distributions in excess of net investment income of (\$2,482,381) and undistributed net investment income of \$1,193,236 respectively)	\$ 295,101,495	\$ 664,305,757

See notes to financial statements.

# Financial Highlights

Per share operating performance for a share of common stock outstanding throughout the period	For the Year Ended October 31, 2008	For the Year Ended October 31, 2007	For the Year Ended October 31, 2006	For the Year Ended October 31, 2005	For the Year Ended October 31, 2004	For the Period April 30, 2003 <sup>(a)</sup> through October 31, 2003
<b>Net asset value, beginning of period</b>	\$ 28.23	\$ 26.82	\$ 25.69	\$ 26.10	\$ 26.14 <sup>(b)</sup>	\$ 23.88 <sup>(b)</sup>
<b>Income from investment operations</b>						
Net investment income <sup>(c)</sup>	1.66	1.94	1.99	2.33	2.41	0.93
Net realized and unrealized gain/loss on investments, swaps and foreign currency transactions	(14.66)	2.68	2.28	0.10	0.08	2.28
<b>Distributions to preferred shareholders:</b>						
From net investment income (common share equivalent basis)	(0.49)	(0.52)	(0.56)	(0.35)	(0.15)	(0.03)
From net realized gains (common share equivalent basis)	(0.03)	(0.11)	—	—	—	—
Total preferred distributions (common share equivalent basis)	(0.52)	(0.63)	(0.56)	(0.35)	(0.15)	(0.03)
Total from investment operations	(13.52)	3.99	3.71	2.08	2.34	3.18
<b>Common and preferred shares' offering expenses charged to paid-in-capital in excess of par value</b>	—	—	—*	—	(0.05)	(0.06)
<b>Distributions to Common Shareholders:</b>						
From and in excess of net investment income	(2.05)	(2.08)	(2.58)	(2.49)	(2.15)	(0.86)
From net realized gain	(0.13)	(0.50)	—	—	(0.18)	—
Return of capital	(0.01)	—	—	—	—	—
Total dividends and distributions to Common Shareholders	(2.19)	(2.58)	(2.58)	(2.49)	(2.33)	(0.86)
<b>Net asset value, end of period</b>	\$ 12.52	\$ 28.23	\$ 26.82	\$ 25.69	\$ 26.10	\$ 26.14
<b>Market value, end of period</b>	\$ 13.11	\$ 25.15	\$ 27.03	\$ 23.62	\$ 25.41	\$ 24.95
<b>Total investment return <sup>(d)</sup></b>						
Net asset value	-51.06%	15.63%	15.15%	8.14%	8.93%	13.29%
Market value	-41.96%	2.48%	26.86%	2.52%	11.44%	3.40%
<b>Ratios and supplemental data</b>						
Net assets, applicable to Common Shareholders, end of period (thousands)	\$ 295,101	\$ 664,306	\$ 627,383	\$ 599,998	\$ 609,455	\$ 610,415
Preferred shares, at redemption value (\$25,000 per share liquidation preference) (thousands)	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 215,000
Preferred shares asset coverage per share	\$ 51,827	\$ 85,391	\$ 82,035	\$ 79,545	\$ 80,405	\$ 95,978
<b>Ratios to Average Net Assets applicable to Common Shares:</b>						
Net Expenses, after fee waiver	1.22%	1.08%	1.12%	1.12%	1.05%	0.88% <sup>(e)</sup>
Net Expenses, before fee waiver	1.47%	1.37%	1.41%	1.41%	1.33%	1.12% <sup>(e)</sup>
Net Investment Income, after fee waiver, prior to effect of dividends to preferred shares	7.14%	7.09%	7.62%	8.90%	9.07%	7.51% <sup>(e)</sup>
Net Investment Income, before fee waiver, prior to effect of dividends to preferred shares	6.89%	6.80%	7.33%	8.61%	8.79%	7.27% <sup>(e)</sup>
Net Investment Income, after fee waiver, after effect of dividends to preferred shares	4.92%	4.80%	5.49%	7.56%	8.49%	7.28% <sup>(e)</sup>
Net Investment Income, before fee waiver, after effect of dividends to preferred shares	4.67%	4.51%	5.20%	7.27%	8.21%	7.04% <sup>(e)</sup>
<b>Ratios to Average Managed Assets: <sup>(f)</sup></b>						
Net Expenses, after fee waiver	0.81%	0.76%	0.77%	0.77%	0.75%	0.73% <sup>(e)</sup>
Net Expenses, before fee waiver	0.98%	0.96%	0.97%	0.97%	0.95%	0.93% <sup>(e)</sup>
Net Investment Income, after fee waiver, prior to effect of dividends to preferred shares	4.76%	4.97%	5.26%	6.14%	6.44%	6.27% <sup>(e)</sup>
Net Investment Income, before fee waiver, prior to effect of dividends to preferred shares	4.59%	4.77%	5.06%	5.94%	6.24%	6.07% <sup>(e)</sup>
Portfolio turnover rate	87%	76%	81%	64%	112%	34%

\* Represents less than \$0.01.

(a) Commencement of operations.

(b) Before reimbursement of offering expenses charged to capital during the period.

(c) Based on average shares outstanding during the period.

(d) Total investment return is calculated assuming a purchase of a common share at the beginning of the period and a sale on the last day of the period reported either at net asset value ("NAV") or market price per share. Dividends and distributions are assumed to be reinvested at NAV for NAV returns or the prices obtained under the Fund's Dividend Reinvestment Plan for market value returns. Total investment return does not reflect brokerage commissions. A return calculated for a period of less than one year is not annualized.

(e) Annualized.

(f) Managed assets are equal to net assets applicable to Common Shareholders plus outstanding leverage such as the liquidation value of preferred shares.

See notes to financial statements.

**Note 1 – Organization:**

Advent Claymore Convertible Securities and Income Fund (the “Fund”) was organized as a Delaware statutory trust on February 19, 2003. The Fund is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended.

**Note 2 – Accounting Policies:**

The preparation of the financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

The following is a summary of significant accounting policies followed by the Fund.

**(a) Valuation of Investments**

Equity securities listed on an exchange are valued at the last reported sale price on the primary exchange on which they are traded. Equity securities traded on an exchange for which there are no transactions on a given day are valued at the mean of the closing bid and asked prices. Securities traded on NASDAQ are valued at the NASDAQ Official Closing Price. Equity securities not listed on a securities exchange or NASDAQ are valued at the mean of the closing bid and asked prices. Debt securities are valued by independent pricing services or dealers using the mean of the closing bid and asked prices for such securities or, if such prices are not available, at prices for securities of comparable maturity, quality and type. For those securities where quotations or prices are not available, valuations are determined in accordance with procedures established in good faith by the Board of Trustees. Futures contracts are valued using the settlement price established each day on the exchange on which they are traded. Short-term securities with remaining maturities of 60 days or less are valued at amortized cost, which approximates market value.

**(b) Investment Transactions and Investment Income**

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the respective securities using the effective interest method.

**(c) Currency Translation**

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the mean of the bid and asked price of respective exchange rates on the last day of the period. Purchases and sales of investments denominated in foreign currencies are translated at the exchange rate on the date of the transaction.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Foreign exchange realized gain or loss resulting from the holding of a foreign currency, expiration of a currency exchange contract, difference in exchange rates between the trade date and settlement date of an investment purchased or sold, and the difference between dividends or interest actually received compared to the amount shown in a Fund’s accounting records on the date of receipt is shown as net realized gains or losses on foreign currency transactions in the Fund’s Statement of Operations.

Foreign exchange unrealized gain or loss on assets and liabilities, other than investments, is shown as unrealized appreciation (depreciation) on foreign currency translation in the Fund’s Statement of Operations.

**(d) Swaps**

A swap is an agreement to exchange the return generated by one instrument for the return generated by another instrument. The Fund may enter into swap agreements to manage its exposure to interest rates and/or credit risk or to generate income. Interest rate swap agreements involve the exchange by the Fund with another party of their respective commitments to pay or receive interest. Total return swap agreements involve commitments to receive (and pay) interest over a floating rate (LIBOR) based on a notional amount. To the extent the total return of the security (price changes, interest paid/received, rebate earned on collateral posted by the Fund) is positive, the Fund will receive a payment from the counterparty (or if negative, make a payment to the counterparty). The swaps are valued daily at current market value and any unrealized gain or loss is included in the Statement of Assets and Liabilities. Gain or loss is realized on the termination date of the swap and is equal to the difference between the Fund’s basis in the swap and the proceeds of the closing transaction, including any fees. During the period that the swap agreement is open, the Fund may be subject to risk from the potential inability of the counterparty to meet the terms of the agreement. The swaps involve

elements of both market and credit risk in excess of the amounts reflected on the Statement of Assets and Liabilities. Upon termination of a swap agreement, a payable to or receivable from swap counterparty is established on the Statement of Assets and Liabilities to reflect the net gain/loss, including interest income/expense, on terminated swap positions. This line item is removed upon settlement according to the terms of the swap agreement.

Realized gain (loss) upon termination of swap contracts is recorded on the Statement of Operations. Fluctuations in the value of swap contracts are recorded as a component of net change in unrealized appreciation (depreciation) of swap contracts. Net periodic payments received by the Fund are included as part of realized gains (losses) and, in the case of accruals for periodic payments, are included as part of unrealized appreciation (depreciation) on the Statement of Operations.

#### **(e) Securities Lending**

The Fund may lend its securities to broker-dealers and financial institutions. The loans are collateralized by cash or securities at least equal at all times to the market value of the securities loaned. The Fund may bear the risk of delay in recovery of, or loss of rights in, the securities loaned should the borrower of the securities experience financial difficulty. The Fund receives compensation for lending its securities in the form of fees or it retains a portion of interest on the investment of any cash received as collateral. The Fund also continues to receive interest and dividends on the securities loaned, and any gain or loss in the market price of the securities loaned that may occur during the term of the loan will be for the account of the Fund. During the year ended October 31, 2008, the Fund maintained a securities lending agreement with Lehman Brothers acting as the counterparty. Pursuant to the lending agreement, the Fund had the right to sell or repledge the collateral received, U.S. Treasury Bonds from Lehman Brothers, in the case of default. On September 25, 2008 the outstanding securities on loan were removed from the portfolio, and the collateral received was sold resulting in a loss of \$59,023. As of October 31, 2008, the Fund had no securities on loan.

#### **(f) Concentration of Risk**

It is the Fund's policy to invest a significant portion of its assets in convertible securities. Although convertible securities do derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, certain of the Fund's investments include features which render them more sensitive to price changes in their underlying securities. Consequently, this exposes the Fund to greater downside risk than traditional convertible securities, but still less than that of the underlying common stock.

#### **(g) Distributions to Shareholders**

The Fund declares and pays monthly dividends to common shareholders. These dividends consist of investment company taxable income, which generally includes qualified dividend income, ordinary income and short-term capital gains. Any net realized long-term gains are distributed annually to common shareholders.

Distributions to shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles.

#### **Note 3 – Investment Management Agreement, Servicing Agreement and Other Agreements:**

Pursuant to the Investment Management Agreement (the "Agreement") between the Fund and Advent Capital Management, LLC, the Fund's investment adviser (the "Advisor"), the Advisor is responsible for the daily management for the Fund's portfolio of investments, which includes buying and selling securities for the Fund, as well as investment research. The Advisor will receive an annual fee from the Fund based on the average value of the Fund's Managed Assets, which includes the amount from the issuance of the Preferred Shares. In addition, subject to the approval of the Fund's Board of Trustees, a pro rata portion of the salaries, bonuses, health insurance, retirement benefits and similar employment costs for the time spent on Fund operations (other than the provision of services required under the Agreement) of all personnel employed by the Advisor who devote substantial time to Fund operations may be reimbursed by the Fund to the Advisor. For the year ended October 31, 2008, the Advisor was not reimbursed by the Fund for these items. The annual fee will be determined as follows:

- (a) If the average value of the Fund's Managed Assets (calculated monthly) is greater than \$250 million, the fee will be a maximum amount equal to 0.54% of the average value of the Fund's Managed Assets. In addition, the Advisor has agreed to waive receipt of a portion of the management fee or other expenses of the Fund in the amount of 0.115% of the average value of the Managed Assets for the first five years of the Fund's operations ending April 30, 2008. Effective May 1, 2008, the Advisor is waiving receipt of a portion of the management fee or other expenses of the Fund in the amount of 0.065% of the average value of the Managed Assets for an additional one year. For the year ended October 31, 2008, the Advisor waived advisory fees of \$751,429.

Pursuant to a Servicing Agreement between the Fund and Claymore Securities, Inc., the Fund's servicing agent (the "Servicing Agent"), the Servicing Agent will act as servicing agent to the Fund. The Servicing Agent will receive an annual fee from the Fund, which will be based on the average value of the Fund's Managed Assets. The fee will be determined as follows:

- (a) If the average value of the Fund's Managed Assets (calculated monthly) is greater than \$250 million, the fee will be a maximum amount equal to 0.21% of the average value of the Fund's Managed Assets. In addition, the Servicing Agent has agreed to waive receipt of a portion of the servicing fee of the Fund in the amount of 0.085% of the average value of the Managed Assets for the first five years of the Fund's operations ending April 30, 2008. Effective May 1, 2008, the Servicing Agent is waiving receipt of a portion of the servicing fee of the Fund in the amount of 0.065% of the average value of the Managed Assets for an additional one year. For the year ended October 31, 2008, the Servicing Agent waived fees of \$621,626.

The fee waivers of the Advisor and the Servicing Agent are contractual commitments of more than one year and are not subject to recoupment.

The Bank of New York Mellon ("BNY") acts as the Fund's custodian, accounting agent, auction agent and transfer agent. As custodian, BNY is responsible for the custody of the Fund's assets. As accounting agent, BNY is responsible for maintaining the books and records of the Fund's securities and cash. As auction agent, BNY is responsible for conducting the auction of the preferred shares. As transfer agent, BNY is responsible for performing transfer agency services for the Fund.

Prior to May 1, 2008, BNY provided Fund Administration services to the Fund. Effective May 1, 2008, Claymore Advisors, LLC began providing Fund Administration services to the Fund. As compensation for its services performed under the Administration Agreement, Claymore Advisors, LLC receives an administration fee payable monthly at the annual rate set forth below as a percentage of the average daily managed assets of the Fund:

Managed Assets	Rate
First \$200,000,000	0.0275%
Next \$300,000,000	0.0200%
Next \$500,000,000	0.0150%
Over \$1,000,000,000	0.0100%

Certain officers and trustees of the Fund are also officers and directors of the Advisor or Servicing Agent. The Fund does not compensate its officers or trustees who are officers of the aforementioned firms.

#### Note 4 – Federal Income Taxes:

The Fund intends to continue to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. In addition, by distributing substantially all of its ordinary income and long-term capital gains, if any, during each calendar year, the Fund can avoid a 4% federal excise tax that is assessed on the amount of the under-distribution. For the 2007 calendar year, the Fund was under distributed for excise tax purposes. Therefore, the Fund was subject to a 4% excise tax totaling \$107,961. This amount was initially paid by Claymore Advisors, LLC, an affiliate of the Fund, and will be reimbursed by the Fund.

In order to present paid-in capital in excess of par and accumulated net realized gains or losses on the Statement of Assets and Liabilities that more closely represent their tax character, certain adjustments have been made to undistributed net investment income and accumulated net realized gains or losses on investments. For the year ended October 31, 2008, the adjustments were to decrease accumulated net realized gain on investments by \$16,693,832, decrease paid-in capital by \$107,961 and increase undistributed net investment income by \$16,801,793 due to the difference in the treatment for book and tax purposes of Canadian income trusts, publicly traded partnerships, trust preferreds, distribution reclass, convertible bonds, contingent payment debt instruments, swaps, and foreign currency.

At October 31, 2008, the cost and related gross unrealized appreciation and depreciation on investments for tax purposes, excluding swap agreements are as follows:

<b>Cost of Investments for Tax Purposes</b>	<b>Gross Tax Unrealized Appreciation</b>	<b>Gross Tax Unrealized Depreciation</b>	<b>Net Tax Unrealized Depreciation on Investments</b>
\$716,320,143	\$2,911,459	\$(161,404,366)	\$(158,492,907)
	<b>Net Tax Unrealized Depreciation on Derivatives and Foreign Currency</b>	<b>Undistributed Ordinary Income/(Accumulated Ordinary Loss)</b>	<b>Undistributed Long-Term Gains/(Accumulated Capital Loss)</b>
	\$(7,119,355)	\$0	\$(96,787,165)

The differences between book basis and tax basis unrealized appreciation/(depreciation) are attributable to the tax deferral of losses on wash sales and income adjustments for tax purposes on certain convertible securities.

At October 31, 2008, for federal income tax purposes, the Fund had a capital loss carryforward of \$96,787,165 available to offset possible future capital gains. The capital loss carryforward is set to expire on October 31, 2016.

For the years ended October 31, 2008 and October 31, 2007, the tax character of distributions paid of \$54,863,421 and \$53,996,821 was ordinary income, \$8,493,296 and \$21,390,145 was long-term capital gain, and \$363,640 and \$0 was return of capital, respectively.

On July 13, 2006, the Financial Accounting Standards Board ("FASB") released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. Management has evaluated the implication of FIN 48 and has determined it does not have any impact on the financial statements as of October 31, 2008. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year-end October 31, 2008. The Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in twelve months.

FIN 48 requires the Fund to analyze all open tax years. Open tax years are those years that are open for examination by the relevant income taxing authority. As of October 31, 2008, open Federal and state income tax years include the tax years ended October 31, 2004, 2005, 2006 and 2007. The Fund has no examination in progress.

#### Note 5 – Investments in Securities and Swaps:

For the year ended October 31, 2008, purchases and sales of investments, other than short-term securities, were \$687,542,570 and \$750,380,232, respectively.

The Fund entered into total return and credit default swap agreements during the year ended October 31, 2008 to generate additional income. As of October 31, 2008, the Fund had swaps with a total notional value of \$24,804,168 outstanding. Details of the swap agreements outstanding as of October 31, 2008 were as follows:

#### Total Return Swap Agreements

<b>Counterparty</b>	<b>Underlying Term Loans</b>	<b>Termination Date</b>	<b>Notional Amount (000)</b>	<b>Paying Floating Rate</b>	<b>Unrealized Appreciation/(Depreciation)</b>
JPMorgan Chase & Co.	Bausch & Lomb, US LIBOR + 3.25%, due 04/26/15	04/01/2009	\$3,588	2.07%	\$ (795,635)
JPMorgan Chase & Co.	CCS Corp., US LIBOR + 3.00%, due 11/14/14	04/01/2009	3,841	2.07%	(1,279,961)
JPMorgan Chase & Co.	Community Health Systems, Inc., US LIBOR + 2.25%, due 07/25/14	04/01/2009	1,800	2.07%	(463,910)
JPMorgan Chase & Co.	Energy Future Holdings, US LIBOR + 3.50%, due 10/10/14	04/01/2009	2,048	2.07%	(470,867)
JPMorgan Chase & Co.	Fairpoint Communications, Inc., US LIBOR + 2.75%, due 03/08/15	04/01/2009	1,390	2.07%	(379,206)
JPMorgan Chase & Co.	Lyondell Chemical Co., US LIBOR + 3.25%, due 12/20/14	04/01/2009	3,807	2.07%	(1,952,885)
JPMorgan Chase & Co.	Mac Gen LLC, US LIBOR + 2.00%, due 02/22/12	04/01/2009	5,998	2.07%	(327,519)
JPMorgan Chase & Co.	Virgin Media Investment Holding, GBP LIBOR + 2.125%, due 10/04/13	04/01/2009	2,332	5.57%	(817,893)
					\$(6,487,876)

For each swap noted, the Fund pays a floating rate and receives the total return of the underlying asset, which includes receiving a floating interest rate component. The market value of the swaps outstanding reflects the current receivable and payable for the underlying asset, including the total return and the interest rate component, which may have different payment dates.

**Note 6 – Capital:**

**Common Shares**

The Fund has an unlimited amount of common shares, \$0.001 par value, authorized and 23,562,858 issued and outstanding. In connection with the Fund's dividend reinvestment plan, the Fund issued 31,536 shares during the year ended October 31, 2008, and 141,118 shares during the year ended October 31, 2007. At October 31, 2008, Advent Capital Management LLC, the Fund's investment adviser, owned 6,924 shares of the Fund.

**Preferred Shares**

On June 19, 2003, the Fund's Board of Trustees authorized the issuance of Auction Market Preferred Shares ("AMPS"), as part of the Fund's leverage strategy. AMPS issued by the Fund have seniority over the common shares.

On July 24, 2003, the Fund issued 2,150 shares of Series M7, 2,150 shares of Series T28, 2,150 shares of Series W7 and 2,150 shares of Series TH28, each with a liquidation value of \$25,000 per share plus accrued dividends. In addition, on March 16, 2004, the Fund issued 1,200 shares of Series F7 and 1,200 shares of Series W28 each with a liquidation value of \$25,000 per share plus accrued dividends.

Dividends are accumulated daily at a rate set through an auction process. The broad auction-rate preferred securities market, including the Fund's AMPS, has experienced considerable disruption since mid-February, 2008. The result has been failed auctions on nearly all auction-rate preferred shares, including the Fund's AMPS. A failed auction is not a default, nor does it require the redemption of the Fund's AMPS.

Provisions in the AMPS offering documents establish a maximum rate in the event of a failed auction. The AMPS reference rate is the LIBOR Rate for a dividend period of fewer than 365 days. The maximum rate, for auctions for which the Fund has not given notice that the auction will consist of net capital gains or other taxable income, is the higher of the reference rate times 125% or the reference rate plus 1.25%. Distributions of net realized gains, if any, are made annually.

Management will continue to monitor events in the marketplace and continue to evaluate the Fund's leverage as well as any alternative that may be available.

For the year ended October 31, 2008, the annualized dividend rates ranged from:

	High	Low	At October 31, 2008
Series M7	5.94%	3.39%	3.39%
Series T28	6.19	3.70	4.78
Series W7	5.77	3.27	3.27
Series W28	5.65	3.65	5.54
Series TH28	5.76	3.64	5.76
Series F7	5.94	3.41	3.41

The Fund is subject to certain limitations and restrictions while Preferred Shares are outstanding. Failure to comply with these limitations and restrictions could preclude the Fund from declaring any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Shares at their liquidation value.

Preferred Shares, which are entitled to one vote per share, generally vote with the common stock but vote separately as a class to elect two Trustees and on any matters affecting the rights of the Preferred Shares.

**Note 8 – Indemnifications:**

In the normal course of business, the Fund enters into contracts that contain a variety of representations, which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

**Note 9 – Subsequent Event:**

On October 31, 2008, the Fund declared monthly dividends to common shareholders of \$0.1718 per common share. This dividend is payable on November 28, 2008 to shareholders of record on November 14, 2008. On December 1, 2008, the Fund declared a monthly dividend to common shareholders of \$0.0939 per common share. This dividend is payable on December 31, 2008 to shareholders of record on December 15, 2008.

On December 1, 2008 the Fund announced the redemption of the following preferred shares:

<b>Series</b>	<b>Number of Shares Redeemed</b>	<b>Amount Redeemed</b>	<b>Redemption Date</b>
M7	102	\$2,550,000	December 23, 2008
T28	102	\$2,550,000	January 14, 2009
W7	102	\$2,550,000	December 26, 2008
W28	56	\$1,400,000	January 2, 2009
TH28	102	\$2,550,000	January 2, 2009
F7	56	\$1,400,000	December 29, 2008

**Note 10 – Accounting Pronouncements:**

In September 2006, the FASB released Statement of Financial Accounting Standards (“SFAS”) No. 157, “Fair Value Measurements” (“FAS 157”). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. As of October 31, 2008, the Fund does not believe the adoption of FAS 157 will impact the amounts reported in the financial statements, however, additional disclosure will be required about the inputs used to develop measurements of fair value and the effect of certain of the measurements reported in the statement of operations for a fiscal period.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities.” This standard is intended to enhance financial statement disclosures for derivative instruments and hedging activities and enable investors to understand: a) how and why a fund uses derivative instruments, b) how derivatives instruments and related hedge fund items are accounted for, and c) how derivative instruments and related hedge items affect a fund’s financial position, results of operations and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. In September 2008, the FASB issued a Staff Position amending SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities.” This amendment would require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. This amendment is effective for financial statements issued for fiscal years and interim periods ending after November 15, 2008. As of October 31, 2008, management does not believe the adoption of SFAS No. 161 nor amended SFAS No. 133 will impact the financial statement amounts; however, additional footnote disclosures may be required about the use of derivative instruments and hedging items.

## Report of **Independent Registered Public Accounting Firm**

### **To the Board of Trustees and Shareholders of Advent Claymore Convertible Securities and Income Fund:**

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets applicable to common shareholders and the financial highlights present fairly, in all material respects, the financial position of the Advent Claymore Convertible Securities and Income Fund (the "Fund") at October 31, 2008, the results of its operations for the year then ended, the changes in its net assets applicable to common shareholders for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2008 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
December 26, 2008

# Supplemental Information (unaudited)

## Federal Income Tax Information

Qualified dividend income of as much as \$10,985,341 was received by the Fund through October 31, 2008. The Fund intends to designate the maximum amount of dividends that qualify for the reduced tax rate pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003.

The Fund is designating \$8,493,296 as long-term capital gains distributions pursuant to IRS Section 852(b)(3)(C).

For corporate shareholders \$7,473,564 of investment income (dividend income plus short-term gains, if any) qualified for the dividends-received deduction.

In January 2009, you will be advised on IRS Form 1099 DIV or substitute 1099 DIV as to the federal tax status of the distributions received by you in the calendar year 2008.

## Results of Shareholder Votes

The Annual Meeting of Shareholders of the Fund was held on September 23, 2008. At this meeting, shareholders voted on the election of trustees.

## Trustees

The Trustees of the Advent Claymore Convertible Securities and Income Fund and their principal occupations during the past five years:

Name, Address*, Year of Birth and Position(s) Held with Registrant	Term of Office* and Length of Time Served	Principal Occupations during the Past Five Years and Other Affiliations	Number of Funds in Fund Complex** Overseen by Trustee		Other Directorships Held by Trustee
			In Favor	Withheld	
<b>Independent Trustees:</b>					
Daniel L. Black+ Year of birth: 1960 Trustee	Since 2005	Partner, the Wicks Group of Cos., LLC (2003-present). Formerly, Managing Director and Co-head of the Merchant Banking Group at BNY Capital Markets, a division of The Bank of New York Co., Inc. (1998-2003).	3		Director of Penn Foster Education Group, Inc.
Randall C. Barnes++ Year of birth: 1951 Trustee	Since 2005	Private Investor (2001-present). Formerly, Senior Vice President, Treasurer PepsiCo, Inc. (1993-1997), President, Pizza Hut International (1991-1993) and Senior Vice President, Strategic Planning and New Business Development (1987-1990) of PepsiCo, Inc. (1987-1997).	43		None.
Derek Medina+ Year of birth: 1966 Trustee	Since 2003	Senior Vice President, Business Affairs at ABC News (2008-present). Vice President, Business Affairs and News Planning at ABC News (2003-2008). Formerly, Executive Director, Office of the President at ABC News (2000-2003). Former Associate at Cleary Gottlieb Steen & Hamilton (law firm) (1995-1998). Former associate in Corporate Finance at J.P. Morgan/Morgan Guaranty (1988-1990).	3		Director of Young Scholar's Institute.
Ronald A. Nyberg++ Year of birth: 1953 Trustee	Since 2003	Partner of Nyberg & Cassioppi, LLC., a law firm specializing in corporate law, estate planning and business transactions (2000-present). Formerly, Executive Vice President, General Counsel and Corporate Secretary of Van Kampen Investments (1982-1999).	46		None.
Gerald L. Seizert, CFP+ Year of birth: 1952 Trustee	Since 2003	Chief Executive Officer of Seizert Capital Partners, LLC, where he directs the equity disciplines of the firm and serves as a co-manager of the firm's hedge fund, Proper Associates, LLC (2000-present). Formerly, Co-Chief Executive (1998-1999) and a Managing Partner and Chief Investment Officer-Equities of Munder Capital Management, LLC (1995-1999). Former Vice President and Portfolio Manager of Loomis, Sayles & Co., L.P. (asset manager) (1984-1995). Former Vice President and Portfolio Manager at First of America Bank (1978-1984).	3		Former Director of Loomis, Sayles and Co., L.P.
Michael A. Smart+ Year of birth: 1960 Trustee	Since 2003	Managing Partner, Cordova, Smart & Williams, LLC, Advisor First Atlantic Capital Ltd., (2001-present). Formerly, a Managing Director in Investment Banking-The Private Equity Group (1995-2001) and a Vice President in Investment Banking-Corporate Finance (1992-1995) at Merrill Lynch & Co. Founding Partner of The Carpediem Group, (1991-1992). Associate at Dillon, Read and Co. (investment bank) (1988-1990).	3		Director, Country Pure Foods. Chairman, Board of Directors, Berkshire Blanket, Inc. President and Chairman, Board of Directors, Sqwincher Holdings. Director, Sprint Industrial Holdings. Co-chairman, Board of Directors, H2O Plus.

With regard to the election of the following trustee by common shareholders of the Fund:

	# of Shares	
	In Favor	Withheld
Daniel L. Black	19,470,152	482,428

With regard to the election of the following trustees by preferred shareholders of the Fund:

	# of Shares	
	In Favor	Withheld
Ronald A. Nyberg	9,044	421
Michael A. Smart	9,157	308

The other trustees of the Fund whose terms did not expire in 2008 are Randall C. Barnes, Nicholas Dalmaso, Tracy V. Maitland, Derek Medina, and Gerald L. Seizert.

Name, Address*, Year of Birth and Position(s) Held with Registrant	Term of Office* and Length of Time Served	Principal Occupations during the Past Five Years and Other Affiliations	Number of Funds in Fund Complex** Overseen by Trustee	Other Directorships Held by Trustee
<b>Interested Trustees:</b>				
Tracy V. Maitland+ <sup>o</sup> Year of birth: 1960 Trustee, President and Chief Executive Officer	Since 2003	President of Advent Capital Management, LLC, which he founded in 1995. Prior to June, 2001, President of Advent Capital Management, a division of Utendahl Capital.	3	None.
Nicholas Dalmaso++ <sup>oo</sup> Year of Birth: 1965 Trustee	Since 2003	Attorney. Formerly, Senior Managing Director and Chief Administrative Officer (2007-2008) and General Counsel (2001-2007) of Claymore Advisors, LLC and Claymore Securities, Inc. Formerly, Assistant General Counsel, John Nuveen and Company Inc. (1999-2000). Former Vice President and Associate General Counsel of Van Kampen Investments, Inc. (1992-1999).	45	None.

+ Address for all Trustees noted: 1065 Avenue of the Americas, 31st Floor, New York, NY 10018.

++ Address for all Trustees noted: 2455 Corporate West Drive, Lisle, IL 60532.

\* After a Trustee's initial term, each Trustee is expected to serve a three-year term concurrent with the class of Trustees for which he serves:

- Messrs. Maitland and Dalmaso, as a Class III Trustees, are expected to stand for re-election at the Fund's 2009 annual meeting of shareholders.
- Messrs. Seizert, Medina and Barnes, as Class I Trustees, are expected to stand for re-election at the Fund's 2010 annual meeting of shareholders.
- Messrs. Smart, Nyberg and Black, as Class II Trustees, are expected to stand for re-election at the Fund's 2011 annual meeting of shareholders.

\*\* The Claymore Fund Complex consists of U.S. registered investment companies advised or serviced by Claymore Advisors, LLC or Claymore Securities, Inc. The Claymore Fund Complex is overseen by multiple Boards of Trustees.

<sup>o</sup> Mr. Maitland is an "interested person" (as defined in section 2(a)(19) of the 1940 Act) of the Fund because of his position as an officer of Advent Capital Management, LLC, the Fund's Advisor.

<sup>oo</sup> Mr. Dalmaso is an "interested person" (as defined in section 2(a)(19) of the 1940 Act) of the Fund because of his former position as an officer of, and his equity ownership in, the Fund's Servicing Agent and certain of its affiliates.

## Officers

The Officers of the Advent Claymore Convertible Securities and Income Fund and their principal occupations during the past five years:

Name, Address*, Year of Birth and Position(s) Held with Registrant	Term of Office** and Length of Time Served	Principal Occupation During the Past Five Years and Other Affiliations
<b>Officers:</b>		
F. Barry Nelson Year of birth: 1943 Vice President and Assistant Secretary	Since 2003	Co-Portfolio Manager at Advent Capital Management, LLC (June 2001- present). Prior to June 2001, Mr. Nelson held the same position at Advent Capital Management, a division of Utendahl Capital.
Robert White Year of birth: 1965 Treasurer and Chief Financial Officer	Since 2005	Chief Financial Officer, Advent Capital Management, LLC (July 2005-present). Previously, Vice President, Client Service Manager, Goldman Sachs Prime Brokerage (1997-2005).
Rodd Baxter Year of birth: 1950 Secretary and Chief Compliance Officer	Since 2003	General Counsel, Advent Capital Management, LLC (2002-present). Formerly, Director and Senior Counsel, SG Cowen Securities Corp. (1998-2002).

\* Address for all Officers: 1065 Avenue of the Americas, 31st Floor, New York, NY 10018

\*\* Officers serve at the pleasure of the Board of Trustees and until his or her successor is appointed and qualified or until his or her earlier resignation or removal.

## Dividend Reinvestment Plan (unaudited)

Unless the registered owner of common shares elects to receive cash by contacting the Plan Administrator, all dividends declared on common shares of the Fund will be automatically reinvested by The Bank of New York Mellon (the "Plan Administrator"), Administrator for shareholders in the Fund's Dividend Reinvestment Plan (the "Plan"), in additional common shares of the Fund. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution. Some brokers may automatically elect to receive cash on your behalf and may re-invest that cash in additional common shares of the Fund for you. If you wish for all dividends declared on your common shares of the Fund to be automatically reinvested pursuant to the Plan, please contact your broker.

The Plan Administrator will open an account for each common shareholder under the Plan in the same name in which such common shareholder's common shares are registered.

Whenever the Fund declares a dividend or other distribution (together, a "Dividend") payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in common shares. The common shares will be acquired by the Plan Administrator for the participants' accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized common shares from the Fund ("Newly Issued Common Shares") or (ii) by purchase of outstanding common shares on the open market ("Open-Market Purchases") on the New York Stock Exchange or elsewhere. If, on the payment date for any Dividend, the closing market price plus estimated brokerage commission per common share is equal to or greater than the net asset value per common share, the Plan Administrator will invest the Dividend amount in Newly Issued Common Shares on behalf of the participants. The number of Newly Issued Common Shares to be credited to each participant's account will be determined by dividing the dollar amount of the Dividend by the net asset value per common share on the payment date; provided that, if the net asset value is less than or equal to 95% of the closing market value on the payment date, the dollar amount of the Dividend will be divided by 95% of the closing market price per common share on the payment date. If, on the payment date for any Dividend, the net asset value per common share is greater than the closing market value plus estimated brokerage commission, the Plan Administrator will invest the Dividend amount in common shares acquired on behalf of the participants in Open-Market Purchases.

If, before the Plan Administrator has completed its Open-Market Purchases, the market price per common share exceeds the net asset value per common share, the average per common share purchase price paid by the Plan Administrator may exceed the net asset value of the common shares, resulting in the acquisition of fewer common shares than if the Dividend had been paid in Newly Issued Common Shares on the Dividend payment date. Because of the foregoing difficulty with respect to Open-Market Purchases, the Plan provides that if the Plan Administrator is unable to invest the full Dividend amount in Open-Market Purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Administrator may cease making Open-Market Purchases and may invest the uninvested portion of the Dividend amount in Newly Issued Common Shares at net asset value per common share at the close of business on the Last Purchase Date provided that, if the net asset value is less than or equal to 95% of the then current market price per common share; the dollar amount of the Dividend will be divided by 95% of the market price on the payment date.

The Plan Administrator maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common shares in the account of each Plan participant will be held by the Plan Administrator on behalf of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instruction of the participants.

There will be no brokerage charges with respect to common shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commission incurred in connection with Open-Market Purchases. The automatic reinvestment of Dividends will not relieve participants of any Federal, state or local income tax that may be payable (or required to be withheld) on such Dividends.

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; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence or questions concerning the Plan should be directed to the Plan Administrator, The Bank of New York Mellon, Attention: Stock Transfer Department, 101 Barclay 11E, New York, NY 10286, Phone Number: (866) 488-3559.

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## Fund Information

### Board of Trustees

Randall C. Barnes

Daniel Black

Nicholas Dalmaso\*

Tracy V. Maitland\*\*  
*Chairman*

Derek Medina

Ronald A. Nyberg

Gerald L. Seizert

Michael A. Smart

\*Trustee is an “interested person” of the Fund as defined in the Investment Company Act of 1940, as amended, because of his former position as an officer of, and his equity ownership in, the Servicing Agent and certain of its affiliates.

\*\*Trustee is an “interested person” of the Fund as defined in the Investment Company Act of 1940, as amended.

### Officers

Tracy V. Maitland  
*President and Chief Executive Officer*

F. Barry Nelson  
*Vice President and Assistant Secretary*

Robert White  
*Treasurer and Chief Financial Officer*

Rodd Baxter  
*Secretary and Chief Compliance Officer*

### Investment Manager

Advent Capital Management, LLC  
New York, New York

### Servicing Agent

Claymore Securities, Inc.  
Lisle, Illinois

### Custodian and Transfer Agent

The Bank of New York Mellon  
New York, New York

### Administrator

Claymore Advisors, LLC  
Lisle, Illinois

### Preferred Stock- Dividend Paying Agent

The Bank of New York Mellon  
New York, New York

### Legal Counsel

Skadden, Arps, Slate,  
Meagher & Flom LLP  
New York, New York

### Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
New York, New York

### Privacy Principles of the Fund

The Fund is committed to maintaining the privacy of its shareholders and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information the Fund collects, how the Fund protects that information and why, in certain cases, the Fund may share information with select other parties.

Generally, the Fund does not receive any non-public personal information relating to its shareholders, although certain non-public personal information of its shareholders may become available to the Fund. The Fund does not disclose any non-public personal information about its shareholders or former shareholders to anyone, except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator).

The Fund restricts access to non-public personal information about its shareholders to employees of the Fund’s investment advisor and its affiliates with a legitimate business need for the information. The Fund maintains physical, electronic and procedural safeguards designed to protect the non-public personal information of its shareholders.

### Questions concerning your shares of Advent Claymore Convertible Securities and Income Fund?

- If your shares are held in a Brokerage Account, contact your Broker.
- If you have physical possession of your shares in certificate form, contact the Fund’s Custodian and Transfer Agent:  
*The Bank of New York Mellon, 101 Barclay 11E, New York, NY 10286; (866) 488-3559.*

This report is sent to shareholders of Advent Claymore Convertible Securities and Income Fund for their information. 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 this report.

A description of the Fund’s proxy voting policies and procedures related to portfolio securities is available without charge, upon request, by calling the Fund at (866) 274-2227.

Information regarding how the Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request by calling the Fund at (866) 274-2227 or by accessing the Fund’s Form N-PX on the U.S. Securities & Exchange Commission’s (“SEC”) website at [www.sec.gov](http://www.sec.gov) or [www.claymore.com](http://www.claymore.com).

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund’s Form N-Q is available on the SEC website at [www.sec.gov](http://www.sec.gov) or [www.claymore.com](http://www.claymore.com). The Fund’s Form N-Q may also be viewed and copied at the SEC’s Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330 or at [www.sec.gov](http://www.sec.gov).

In October 2008, the Fund submitted a CEO annual certification to the New York Stock Exchange (“NYSE”) in which the Fund’s principal executive officer certified that he was not aware, as of the date of the certification, of any violation by the Fund of the NYSE’s Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Fund’s principal executive and principal financial officers have made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q, relating to, among other things, the Fund’s disclosure controls and procedures and internal control over financial reporting.

### Notice to Shareholders

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

**Advent Capital Management, LLC**  
1065 Avenue of the Americas  
New York, New York 10018

**AVK**  
**LISTED**  
**NYSE**

AVK-AR-1008