

**Annual
Report**

October 31, 2008

**Advent/Claymore Enhanced
Growth & Income Fund**

LCM





www.claymore.com/lcm

... your bridge to the **LATEST**,
most up-to-date **INFORMATION** about the
Advent/Claymore Enhanced Growth & Income Fund

LCM
LISTED
NYSE

Advent /
Claymore
Enhanced Growth
& Income Fund

 **ADVENT**
CAPITAL MANAGEMENT


CLAYMORE™

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/lcm, you will find:

- *Daily, weekly and monthly data on share prices, net asset values, distributions, 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 Enhanced Growth & Income Fund (the “Fund”). This report covers the Fund’s performance for the fiscal year ended October 31, 2008.

The Fund’s primary investment objective is to seek current income and current gains from trading in securities, with a secondary objective of long term capital appreciation. Under normal market conditions, the Fund invests at least 70% of its managed assets in a diversified portfolio of equity securities and convertible securities of U.S. and non-U.S. issuers and up to 30% of managed assets in non-convertible high-yield securities. Additionally, the Fund intends to engage in an option strategy of writing (selling) covered call options on at least 50% of the securities held in the portfolio of the Fund, thus generating option writing premiums. We seek international investment opportunities in each asset class, with an emphasis on large multinational companies. Appreciation potential is provided by investments in convertibles and common stock, while the allocation to high-yield securities is primarily a source of income. The balance between convertible securities, equities and high-yield securities and the degree to which the Fund engages in a covered call strategy will vary from time to time based on security valuations, interest rates, equity market volatility and other economic and market factors. This flexibility to move among the three asset classes is quite beneficial to the Fund’s ability to balance return and risk.

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 -42.88% and a return of -40.37% based on NAV. As of October 31, 2008, the Fund’s market price of \$8.97 represented a discount of 17.78% to NAV of \$10.91. A year earlier, at October 31, 2007, the Fund’s closing market price was \$17.46 and NAV was \$20.09.

The Fund paid quarterly dividends of \$0.40 per share beginning with its initial dividend in May 2005 through the dividend paid in August 2008. In October 2008, we announced that the next quarterly dividend, to be paid in November 2008, would be \$0.35 per share, reflecting a reduction of \$0.05 per share from the Fund’s most recent quarterly dividend. On December 1, 2008, the Fund announced a further reduction its next quarterly dividend, to be paid in February 2009, which would be \$0.264 per share, reflecting a reduction of \$0.086 per share from the Fund’s most recent quarterly dividend. The Fund’s dividend was reduced in an effort to provide a greater balance between the Fund’s primary investment objective to seek current income and current gains from trading securities and its secondary investment objective of long-term capital appreciation along with seeking to enhance the Fund’s earning power over time. We believe that maintaining and potentially growing the Fund’s net asset value will benefit the Fund’s shareholders over time. There is no guarantee of any future distributions or that the current returns and distribution rate will be maintained.

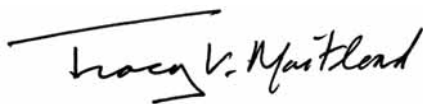
We encourage shareholders to consider the opportunity to reinvest their distributions from the Fund through the Dividend Reinvestment Plan (“DRIP”), which is described in detail on page 29 of this report. When shares trade at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the quarterly 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 market price is depressed than when the price is higher.

The Fund is managed by a team of experienced and seasoned professionals led by myself in my capacity as Chief Investment Officer (as well as President and Founder) of Advent Capital Management, LLC. We encourage you to read the following Questions & Answers section, which provides more information about the factors that impacted the Fund's performance during the past fiscal year.

We thank you for your investment in the Fund and we are honored that you have chosen the Advent/Claymore Enhanced Growth & 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/lcm.

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.

Tracy V. Maitland
President and Chief Executive Officer of the Advent/Claymore Enhanced Growth & Income Fund

December 2, 2008

Questions & Answers

Advent/Claymore Enhanced Growth & 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, the management team discusses the equity, convertible securities and high-yield markets and the performance of the Fund during the Fund’s 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 primary investment objective is to provide current income and current gains from trading in securities, with a secondary objective of long-term capital appreciation. Under normal market conditions, the Fund invests at least 70% of managed assets in a diversified portfolio of equity securities and convertible securities of U.S. and non-U.S. issuers and up to 30% of its managed assets in non-convertible high yield securities. Additionally, the Fund intends to engage in an option strategy of writing (selling) covered call options on at least 50% of the securities held in the portfolio of the Fund, thus generating option writing premiums. We seek international investment opportunities in each asset class, with an emphasis on large multinational companies. Appreciation potential is provided by investments in convertibles and common stock, while the allocation to high-yield securities has primarily been a source of income.

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 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 many 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 below mortgage balances, 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. economy.

Credit markets have become so intolerant of risk that they are essentially frozen. In an attempt 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 Board (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 tough environment, markets have been extremely volatile, and essentially all asset classes had negative returns. The Standard & Poor’s 500 Index¹, 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 Index², which measures performance of world equity markets, returned -41.51%, during the same time period. Among markets in developed economies, Japan was particularly weak; the Nikkei 225 Index³, the major index used for measuring performance of stocks on the Tokyo Stock Exchange, had a negative return of -47.91%. European markets were also quite weak; return of the FTSE EuroTop 100⁴ returned -37.34%.

Convertible securities, which in the past have been less volatile than straight equities, performed almost as badly: return of the Merrill Lynch All U.S. Convertibles Index⁵ was -35.42% for the 12-month period ended October 31, 2008. A major reason for this was selling by hedge funds, which had invested in convertibles while shorting the underlying common stocks. Unable to get the financing they had used in the past, hedge funds had to

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.

3 The Nikkei 225 Index is a stock market index for the Tokyo Stock Exchange (TSE). It has been calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1971. It is a price-weighted average (the unit is Japanese yen), and the components are reviewed once a year. Currently, the Nikkei is used as the major indicator for the Japanese economy, similar to the Dow Jones Industrial Average.

4 FTSE EuroTop 100 is a modified capitalization-weighted index of the most actively traded and highly capitalized stocks in the pan-European markets. The components are determined by those stocks with the highest market capitalization in each country. It has a base date of December 29, 1989 with a base value of 1000.

5 The Merrill Lynch All U.S. Convertibles Index (VXA0) is comprised of approximately 500 issues of convertible bonds and preferred stock of all qualities.

sell convertibles into a market with little demand, and prices dropped precipitously.

In the bond market, we have seen unprecedented spreads between yields of 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 Index⁶ returned 4.13%. The Lehman Brothers Aggregate Bond Index⁷, which measures return of the U.S. bond market as a whole, returned 0.30%, but the return of the Merrill Lynch High Yield Master II Index⁸, which measures performance of the high-yield bond market, was –25.40% 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 –42.88% and a return of –40.37% based on NAV. As of October 31, 2008, the Fund’s market price of \$8.97 represented a discount of 17.78% to NAV of \$10.91. A year earlier, at October 31, 2007, the Fund’s closing market price was \$17.46 and NAV was \$20.09.

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. The current discount to NAV may provide an opportunity for suitable investors to purchase shares of the Fund below the market value of the securities in the underlying portfolio. We believe that, over the long term, the progress of the NAV will be reflected in the market price return to shareholders.

How did you allocate the Fund among asset classes over the last year?

The Fund was designed to be diversified among asset classes but to also have the flexibility to reallocate assets as necessary. Investments are allocated globally among stocks, convertible securities and high-yield bonds. At the beginning of the fiscal year, the Fund’s equity exposure represented approximately 62.7% of total investments; convertible securities represented 20.4%; non-convertible corporate high-yield bonds represented 13.5%; and other assets represented 3.4% of total investments. Over this period we have reduced the exposure to equities, which stood at

29.0% at October 31, 2008, and increased the Fund’s position in convertible securities.

As of the end of the fiscal year, convertible securities represented 52.8% of the portfolio, compared with 20.4% a year earlier. At mid-year, approximately half of our convertible allocation was in convertible preferred stocks, but we have shifted the emphasis to convertible bonds, which we currently find more attractive. With current market prices, it is possible for the convertible bonds of companies with sound financials to provide yields near 20%, a conversion feature to equity should markets rebound, and the right to put the security back to the issuer within two years. In this market, convertible bonds are more desirable compared to convertible preferred stock because bonds are more senior in the company’s capital structure. They have a true bond floor and thus less downside should the common equity continue to fall, but still some upside participation if the equity market improves. We are finding some high quality convertible bonds with very modest premiums for the conversion feature. If the market fails to rebound, many of the bonds we have purchased recently should provide a total return of 10–15%. If the underlying stock moves higher, as we hope it will, the conversion feature provides upside participation. If the market moves even lower, the put feature allows us to sell the security back to the issuer. Low conversion premiums on convertible bonds have also provided the opportunity to write covered call options on these bonds, further increasing the potential income. Also, we have written options more heavily on the common stocks in the portfolio.

Rigorous credit research is especially important in the selection of high-yield bonds for this Fund, and Advent’s proprietary credit research emphasizes cash flow and balance sheets. We focus on the higher-quality segment of the high-yield bond market, avoiding those bonds that we feel are more likely to default.

Approximately 26.9% of the portfolio is in securities of companies headquartered outside the U.S., down from 43.9% a year earlier. We have reduced the position in foreign securities because we believe that there is greater risk in foreign securities than in the U.S. securities. We continue to keep most of the foreign exposure in established markets such as Europe and Japan. We are gaining exposure to emerging markets mainly by owning securities of companies in developed markets that also do business in emerging markets where there is the potential for rapid growth.

⁶ 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.

⁷ 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 but are not eligible for the Global Aggregate Index.

⁸ 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.

Which investment decisions contributed to the Fund's performance?

Over this period, it is very hard to find any securities with positive returns. One equity position that performed reasonably well was Lorillard, Inc. (2.1% of long-term investments), a tobacco company that was spun off by Loews Corporation during 2008. As a spinoff, the stock was misunderstood by investors, allowing the Fund to enter this cash rich, highly cash flow positive company at inexpensive prices, which rose as the company raised its profile on Wall Street and announced a large quarterly dividend. The current dividend yield is over 6%, and we have been able to generate additional income by writing covered call options on the stock.

Also relatively strong was a position Chaoda Modern Agriculture Holding Ltd. (2.0% of long-term investments), a Chinese farming company. Early in the fiscal year, the Fund previously held Chaoda stock on the basis of the company's rapid growth and expanding margins. A few months ago, seeing a better risk/reward profile, we sold some of the stock and invested instead in Chaoda convertible bonds, which have moved up significantly.

In an environment with negative returns from almost all asset classes, the writing of covered call options was the major positive contributor. The Fund's intends to engage in an option strategy of writing (selling) covered call options on at least 50% of the securities held in the portfolio. As of October 31, 2008, we have options written against approximately 72% of the total securities in the Fund, and on 90% of the Fund's equity positions. In this extremely volatile market, option writing has been very profitable. In fact, we have achieved high returns on nearly every option written, since falling prices of securities meant the Fund kept the call premiums while the options expired or were repurchased at lower premium levels.

In the past, we managed our covered call overlay primarily to help us meet distribution goals and, to a lesser extent, to help maintain the Fund's NAV, but recent economic conditions have impacted the effectiveness of this strategy. However, it should also be considered that option premiums, dividends, interest and capital appreciation are all part of the total return. Most of our covered call writing centers on our U.S. equity and convertible exposure, given that the U.S. has a broad and deep options

market, while many international companies that we find attractive do not have options.

What is a covered call?

A call is an option (or contract) that gives its holder the right, but not the obligation, to buy shares of the underlying security at a specified price on or before a pre-determined expiration date. After this predetermined date, the option and its corresponding rights expire. A covered call is when the seller of the call option also owns the security on which the call is written. Covered call strategies are generally used as a hedge—to limit losses by obtaining premium income from the sale of calls, while still maintaining upside potential.

Although we have the ability to write calls on the entire portfolio, covered calls are generally written on no more than 60–65% of the total portfolio. We usually write calls on just a portion of a position so that if the price of the security rises substantially and the call is exercised, we still maintain a portion of the position. Also, we tier the calls with varying maturities and strike prices so that not all expire at the same time or are exercised at the same price.

Which decisions hurt performance?

Ordinarily, we would expect convertibles to hold up better than straight equity securities in a down market. But with both the credit and equity components of the convertible market under extreme pressure, convertibles weakened in line with the equity markets. The entire convertible market performed very poorly, and the Fund's holdings dropped along with the market. Holdings that were major detractors from performance include issuers in the financial and natural resources sectors such as the Bank of America Corp. 7.25% preferred stock (1.7% of long-term investments), the Carrizo Oil & Gas, Inc. 4.375% convertible bond (1.0% of long-term investments), and the SLM Corp. 7.25% preferred stock (1.8% of long-term investments).

The Fund's foreign positions also hurt performance. International securities were more negatively impacted than domestic securities as fears of global economic slowdown affected markets late in the year, the credit crunch had a more pronounced effect on illiquid foreign markets, and the dollar rose sharply late in the fiscal year.

Counteracting this, the Fund raised its currency hedges in the second half of the fiscal year.

An equity position that detracted from performance was Suzuki Motor Corp. (0.8% of long-term investments). Although Suzuki has suffered along with the entire automotive industry, we continue to like the company because its balance sheet is strong, it has positive cash flow, and it has little exposure to the North American auto market. Since Suzuki makes small, economical cars that are popular in India and Eastern Europe, it may benefit from growth in some of these emerging markets. But during this period the macro environment was negative and the strengthening of the Japanese yen further hurt the export business.

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

This Fund has the advantage of the ability to invest in multiple asset classes, adjusting the asset mix according to the opportunities available in various markets around the world. We have constructed a portfolio that we believe will produce positive returns over the next one to two years. In recent months, we have found unprecedented opportunities in the market for convertible bonds and raised our allocation to this asset class seeing better risk/reward profile in this asset class than alternatives. Seeing the satisfactory yields we discussed previously, we have reduced duration within the convertible portfolio to help lessen further risk of corporate bond spread widening. In addition, we continue to write covered call options on a significant portion of the portfolio, helping to take advantage of high premiums in a volatile market.

We believe that, over the long term, our careful security selection and asset allocation will help the Fund's performance by providing favorable returns in rising markets and a level of income that can provide some protection for overall return against down markets.

LCM Additional Risks and Disclosure

The views expressed in his 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.

Equity Securities Risk. Equity risk is the risk that securities held by the Fund will fall due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, and the particular circumstances and performance of particular companies whose securities the Fund holds.

Risks Associated with Options on Securities. There are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of a covered call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in

order to terminate its obligation under the option and must deliver the underlying security at the exercise price.

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.

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.

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.

In addition to the risks described above, the Fund is also subject to: *Interest Rate Risk, Credit Risk, Call Risk, Currency Risks, Management Risk, Strategic Transactions, Anti-Takeover Provisions, and Market Disruption Risk.* Please see www.claymore.com/lcm for a more detailed discussion about Fund risks and considerations.

Fund Summary As of October 31, 2008 (unaudited)

Fund Statistics

Share Price	\$8.97
Common Share Net Asset Value	\$10.91
Premium/Discount to NAV	-17.78%
Net Assets (\$000)	\$148,383

Total Returns

(Inception 1/31/05)	Market	NAV
One Year	-42.88%	-40.37%
Three Year - average annual	-10.97%	-8.59%
Since Inception - average annual	-11.96%	-6.66%

Top Ten Industries

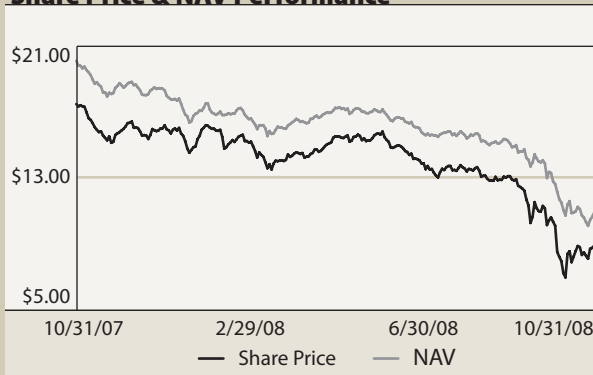
	% of Long-Term Investments
Diversified Financial Services	17.2%
Pharmaceuticals	9.9%
Telecommunications	8.1%
Banks	7.7%
Oil & Gas	5.3%
Oil & Gas Services	4.5%
Agriculture	4.1%
Chemicals	3.9%
Retail	3.8%
Biotechnology	3.7%

Top Ten Issuers

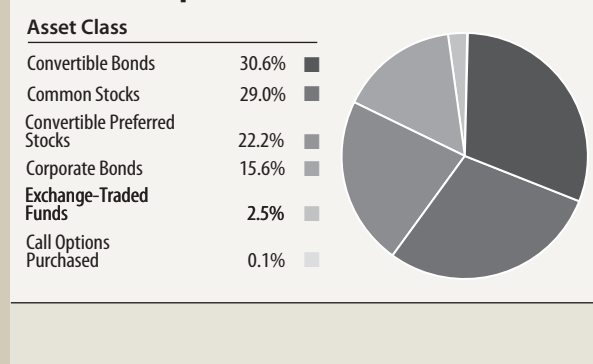
	% of Long-Term Investments
Dow Jones CDX North America High Yield	8.2%
Mylan, Inc.	2.6%
Bank of New York Mellon Corp. (The)	2.3%
Bayer Capital Corp. BV	2.2%
Roche Holding AG	2.2%
Lorillard, Inc.	2.1%
Amgen, Inc.	2.1%
Schering-Plough Corp.	2.0%
Chaoda Modern Agriculture Holdings Ltd.	2.0%
Entergy Corp.	1.9%

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

Share Price & NAV Performance



Portfolio Composition (% of Total Investments)



Country Breakdown

	% of Long-Term Investments
United States	73.1%
Canada	4.7%
Cayman Islands	4.0%
Bermuda	3.1%
Netherlands	2.8%
Switzerland	2.2%
Panama	1.9%
Japan	1.7%
Brazil	1.6%
Netherlands Antilles	1.6%
Guernsey	1.5%
United Kingdom	1.0%
Germany	0.8%

Portfolio of Investments October 31, 2008

Principal Amount	Value	Principal Amount	Value
Long-Term Investments — 89.8%		Insurance - 1.6%	
Convertible Bonds — 27.5%		\$ 2,600,000	Prudential Financial, Inc., A+ 1.189%, 12/15/37(i) \$ 2,356,380
Agriculture - 1.1%		Internet - 0.8%	
HKD 12,500,000	Chaoda Modern Agriculture Holdings Ltd., BB 0.00%, 5/8/11 (Cayman Islands) (g) \$ 1,577,328	\$ 1,500,000	HLTH Corp., NR 1.75%, 6/15/23 1,198,125
Auto Manufacturers - 1.0%		Leisure Time - 1.7%	
\$ 2,228,750	General Motors Corp., Ser. D, CCC+ 1.50%, 6/1/09 (a) 1,448,687	\$ 3,000,000	Carnival Corp., A- 2.00%, 4/15/21 (Panama) (a) 2,508,750
Banks - 1.1%		Miscellaneous Manufacturing - 0.6%	
\$ 1,000,000	Boston Private Financial Holdings, Inc., NR 3.00%, 7/15/27 868,750	\$ 1,000,000	Danaher Corp., A+ 0.00%, 1/22/21 (g) 887,500
\$ 1,000,000	National City Corp., A- 4.00%, 2/1/011 833,750	Oil & Gas - 2.6%	
		\$ 2,500,000	Carrizo Oil & Gas, Inc., NR 4.375%, 6/01/28 1,331,250
		\$ 2,000,000	Transocean, Inc., Ser. A, BBB+ 1.625%, 12/15/37 (Cayman Islands) (a) 1,760,000
		\$ 1,000,000	Transocean, Inc., Ser. C, BBB+ 1.5%, 12/15/37 (Cayman Islands) (a) 761,250
		3,852,500	
Biotechnology - 3.3%		Oil & Gas Services - 0.6%	
\$ 3,000,000	Amgen, Inc., A+ 0.125%, 2/01/11 (a) 2,775,000	\$ 1,000,000	Core Laboratories LP, NR 0.25%, 10/31/11 876,250
\$ 2,000,000	Genzyme Corp., BBB+ 1.25%, 12/01/23 (a) 2,090,000	Pharmaceuticals - 1.3%	
4,865,000		\$ 700,000	Teva Pharmaceutical Finance Co. BV, Ser. D, BBB+ 1.75%, 2/01/26 (Netherlands Antilles) 730,625
Chemicals — 2.9%		\$ 1,250,000	Teva Pharmaceutical Finance LLC, Ser. C, BBB+ 0.25%, 2/01/26 (a) 1,170,313
† 2,000,000	Bayer Capital Corp. BV, BBB 6.625%, 6/01/09 (Netherlands) (a) 2,965,565	1,900,938	
HKD 9,250,000	Sinofert Holdings Ltd., NR 0.00% 8/7/2011 (Bermuda) (g) 1,384,436	REITS - 0.6%	
		\$ 1,500,000	Hospitality Properties Trust, BBB 3.80%, 3/15/27 (a) 847,500
		Retail - 1.1%	
		\$ 2,500,000	Dick's Sporting Goods, Inc., NR 1.606%, 2/18/24 (a)(h) 1,650,000
Coal - 0.5%		Software - 1.0%	
\$ 1,250,000	Massey Energy Co., BB- 3.25%, 8/1/15 (a) 687,500	\$ 1,500,000	CA, Inc., BB+ 1.625%, 12/15/09 (a) 1,513,125
Computers - 1.0%		Total Convertible Bonds - 27.5%	
\$ 1,500,000	EMC Corp., A- 1.75%, 12/1/11 (a) 1,428,750	(Cost \$46,640,602) 40,803,222	
Diversified Financial Services - 2.2%		Number of Shares	
\$ 875,000	Merrill Lynch & Co., Inc., NR 0.00%, 3/13/32 (a)(g) 893,638	Value	
\$ 3,300,000	Nasdaq OMX Group (The), BB+ 2.50%, 8/15/13 (a)(e) 2,458,500	Common Stocks — 26.1%	
3,352,138		Agriculture — 2.6%	
Machinery - Diversified - 0.8%		1,575,000	Chaoda Modern Agriculture Holdings Ltd. (Cayman Islands) \$ 1,075,002
\$ 2,500,000	Allegro Investment Corp., Ser. Nabtesco, ELKS, NR 9.00%, 7/16/09 (Japan) (d) 1,219,000	42,500	Lorillard, Inc. (a) 2,799,050
Healthcare - Products - 1.1%		3,874,052	
\$ 2,000,000	Beckman Coulter, Inc., BBB 2.50%, 12/15/36 1,722,500	Healthcare - Services - 0.6%	
\$ 1,000,000	Laboratory Corp. of America Holdings, BBB- 0.00%, 9/11/21 (a)(g) 858,750		

See notes to financial statements.

Number of Shares		Value
Auto Manufacturers— 0.7%		
74,100	Suzuki Motor Corp. (Japan)	\$ 1,057,818
Banks - 0.8%		
35,000	Bank of New York Mellon Corp. (The) (a)	1,141,000
Chemicals — 0.6%		
1,455,000	Sinofert Holdings Ltd. (Bermuda)	794,102
Computers - 0.3%		
35,000	EMC Corp. (a)(b)	412,300
Diversified Financial Services - 1.7%		
30,000	IntercontinentalExchange, Inc. (a)(b)	2,566,800
Electrical Components and Equipment — 0.4%		
35,000	General Cable Corp. (a)(b)	597,800
Electronics - 0.6%		
50,000	Avnet, Inc. (a)(b)	837,000
Healthcare - Products — 1.3%		
160,000	Hologic, Inc. (a)(b)	1,958,400
Mining - 1.5%		
50,000	Cia Vale do Rio Doce, ADR (Brazil) (a)	656,000
55,000	Freeport-McMoran Copper & Gold, Inc. (a)	1,600,500
		2,256,500
Oil & Gas - 2.2%		
100,000	Advantage Energy Income Fund (Income Trust) (Canada)	616,000
40,000	Bonavista Energy Trust (Income Trust) (Canada)	701,731
45,000	Chesapeake Energy Corp. (a)	988,650
35,000	Enerplus Resources Fund (Income Trust) (Canada)	934,120
		3,240,501
Pharmaceuticals — 3.5%		
67,500	Isis Pharmaceuticals, Inc. (a)(b)	949,050
45,000	Merck & Co., Inc. (a)	1,392,750
19,000	Roche Holding AG (Switzerland) (a)	2,875,904
		5,217,704
Retail — 2.3%		
75,000	GameStop Corp., Class A (a)(b)	2,054,250
95,510	Whitbread PLC (United Kingdom) (a)	1,378,851
		3,433,101
Semiconductors - 2.4%		
40,000	ASML Holding NV (Netherlands) (a)	702,000
325,000	Infineon Technologies AG, ADR (Germany) (a)(b)	1,017,250
400,000	Micron Technology, Inc. (a)(b)	1,884,000
		3,603,250
Telecommunications — 5.2%		
250,000	ADC Telecommunications, Inc. (a)(b)	1,585,000
90,000	Amdocs Ltd. (Guernsey) (a)(b)	2,030,400
200,000	Comverse Technology, Inc. (b)	1,454,000

Number of Shares		Value
Telecommunications (continued)		
200,000	Powerwave Technologies, Inc. (a)(b)	\$ 190,000
500,000	Qwest Communications International, Inc. (a)	1,430,000
500,000	RF Micro Devices, Inc. (b)	995,000
		7,684,400
Total Common Stocks - 26.1%		
	(Cost \$66,049,425)	38,674,728
Convertible Preferred Stocks — 20.0%		
Banks — 5.0%		
3,250	Bank of America Corp., Ser. L, 7.25%, 2049 (a) (f)	2,275,000
40,000	Citigroup, Inc., Ser. T, 6.5%, 2049 (a) (f)	1,288,400
20,250	Keycorp, Ser. A, 7.75%, 12/31/49 (a) (f)	1,983,892
60,000	Wachovia Corp., Ser. Bank of New York Mellon, 10.00%, 2009 (a)(d)(e)	1,901,400
		7,448,692
Diversified Financial Services — 2.1%		
25,000	AMG Capital Trust II, 5.15%, 2037 (a)	381,250
14,495	Legg Mason, Inc., 7.00%, 2011	331,936
4,605	SLM Corp., Ser. C, 7.25%, 2010 (a)	2,369,273
		3,082,459
Electric - 2.6%		
55,000	Entergy Corp., 7.625%, 2009 (a)	2,587,200
6,000	NRG Energy, Inc. 5.75%, 2009 (a)	1,248,750
		3,835,950
Household Products/Wares— 1.5%		
65,000	Avery Dennison Corp., 7.875%, 2020 (a)	2,211,950
Insurance - 0.1%		
13,890	XL Capital Ltd., 10.75%, 2011(Cayman Islands) (a)	209,183
Mining - 2.4%		
72,020	Credit Suisse, Ser. Barrick Gold Corp., 9.00%, 2009 (Canada) (a)(d)	1,685,988
103,680	Deutsche Bank AG, Ser. Cia Vale Do Rio Doce, 10.00%, 2009 (Brazil) (a)(d)(e)	1,540,685
12,199	Hecla Mining Co., 6.50%, 2011 (a)	315,954
		3,542,627
Oil and Gas Services - 1.4%		
25,361	Citigroup Funding, Inc., Ser. Schlumberger, Ltd., 9.00%, 2009 (Netherlands Antilles) (a)(d)	1,349,428
29,875	Merrill Lynch & Co., Inc., Ser. Halliburton Co., 8.00%, 2009 (a)(d)(e)	640,819
		1,990,247
Pharmaceuticals — 4.1%		
6,000	Mylan, Inc., 6.50%, 2010 (a)	3,417,960
20,000	Schering-Plough Corp., 6.00%, 2010 (a)(c)	2,695,600
		6,113,560
Telecommunications— 0.8%		
3,874	Lucent Technologies Capital Trust I, 7.75%, 2017	1,162,200
Total Convertible Preferred Stocks - 20.0%		
	(Cost \$49,605,257)	29,596,868

See notes to financial statements.

Principal Amount	Value	Number of Shares	Value
Corporate Bonds — 14.0%			
Computers - 0.7%			
\$ 1,500,000	SunGard Data Systems, Inc., B- 10.25%, 8/15/15		\$ 1,050,000
Diversified Financial Services - 8.4%			
\$ 1,665,000	Axcan Intermediate Holdings, Inc., B- 12.75%, 3/1/16 (e)		1,365,300
\$ 10,687,499	Dow Jones CDX North America High Yield, Ser. 3-4, NR 10.50%, 12/29/09 (e)		10,894,570
\$ 40,000	GMAC LLC, CCC 4.054%, 5/15/09 (i)		34,856
\$ 125,000	GMAC LLC, CCC 5.625%, 5/15/09		106,001
\$ 125,000	GMAC LLC, CCC 7.75%, 1/19/10		93,624
			12,494,351
Healthcare-Services — 0.3%			
\$ 500,000	HCA, Inc., BB- 9.25%, 11/15/16		425,000
Holding Companies - Diversified — 0.6%			
\$ 1,000,000	Leucadia National Corp., BB+ 8.125%, 9/15/15		885,000
Leisure Time — 0.1%			
\$ 350,000	Travelport LLC, B 9.875%, 9/01/14		166,250
Oil and Gas Services — 1.9%			
\$ 3,000,000	CCS, Inc., B- 11.00%, 11/15/15 (Canada) (e)		2,310,000
\$ 750,000	Forbes Energy Services, Ltd., B 11.00%, 2/15/2015 (Bermuda)		521,250
			2,831,250
Semiconductors — 0.7%			
\$ 1,700,000	Amkor Technology, Inc., B+ 9.25%, 6/1/16		1,011,500
Telecommunications - 1.3%			
\$ 750,000	Fairpoint Communications, Inc., B+ 13.125%, 4/01/18 (e)		528,750
\$ 1,500,000	Intelsat Jackson Holdings Ltd., CCC+ 11.25%, 6/15/16 (Bermuda)		1,282,500
\$ 250,000	Intelsat Ltd., CCC+ 6.50%, 11/01/13 (Bermuda)		125,000
			1,936,250
Total Corporate Bonds — 14.0%			
	(Cost \$23,467,484)		20,799,601
Exchange Traded Funds - 2.2%			
25,000	iShares MSCI EAFE Index Fund (a)		\$ 1,115,500
25,000	ProShares Ultra S&P500 (a)		801,000
40,000	ProShares Ultra QQQ (a)		1,391,200
	(Cost \$3,312,652)		3,307,700
Total Long-Term Investments - 89.8%			
	(Cost \$189,075,420)		133,182,119
Contracts			
(100 shares per contract)	Options Purchased^(b)	Expiration Date	Exercise Price
			Value
Call Options Purchased — 0.0%			
200	Cooper Cos., Inc. (The)	November 2008	\$ 50.00 \$ 1,000
200	Microsemi Corp. (a)	November 2008	30.00 2,000
125	SAP AG (Germany)	November 2008	70.00 625
600	Southwest Airlines Co. (a)	November 2008	12.50 27,000
100	SPDR Gold Trust	November 2008	75.00 25,500
			56,125
Put Options Purchased — 0.1%			
200	Banco Bradesco SA (Brazil)	November 2008	7.50 7,500
50	DIAMONDS Trust Series I (a)	November 2008	84.00 9,000
70	DIAMONDS Trust Series I (a)	November 2008	93.00 36,050
200	Microsemi Corp. (a)	November 2008	20.00 23,000
400	Southwest Airlines Co. (a)	November 2008	10.00 8,000
50	SPDR Trust Series 1	November 2008	90.00 14,000
			97,550
Total Options Purchased - 0.1%			
	(Cost \$262,537)		153,675
Total Investments — 89.9%			
	(Cost \$189,337,957)		133,335,794
	Other assets in excess of liabilities - 11.1%		16,529,041
	Total Options Written (Premiums received \$1,077,416) - (1.0%)		(1,482,141)
Net Assets - 100.0%			
			\$ 148,382,694

See notes to financial statements.

ADR - American Depositary Receipt

AG - Stock Corporation

ELKS - Equity Linked Notes

LLC - Limited Liability Corp.

PLC - Public Limited Company

- (a) All or a portion of this security position represents cover (directly or through conversion rights) for outstanding options written.
- (b) Non-income producing security.
- (c) All or a portion of these securities with an aggregate market value of \$1,617,360 have been physically segregated to collateralize written call options.
- (d) 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.
- (e) 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 14.6% of net assets.
- (f) Security is convertible until December 31, 2049.
- (g) Zero-coupon bond.
- (h) Security is a "step up" bond where the coupon increases or steps up at a predetermined date.
- (i) Variable rate or floating rate security. The rate shown is as of October 31, 2008.

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

Contracts (100 shares per contract)					Contracts (100 shares per contract)				
Call Options Written ^(a)	Expiration Date	Exercise Price	Market Value	Call Options Written ^(a)	Expiration Date	Exercise Price	Market Value		
400 ADC Telecommunications, Inc.	November 2008	\$ 10.00	\$ 4,000	100 Freeport-McMoRan Copper & Gold, Inc.	December 2008	\$ 40.00	\$ 14,400		
100 Amdocs Ltd.	November 2008	25.00	4,250	350 GameStop Corp.	November 2008	40.00	3,500		
40 AMG Capital Trust II	November 2008	65.00	600	400 GameStop Corp.	December 2008	35.00	42,000		
100 AMG Capital Trust II	November 2008	70.00	1,000	100 General Cable Corp.	December 2008	20.00	18,500		
50 AMG Capital Trust II	November 2008	80.00	500	100 General Cable Corp.	December 2008	22.50	11,500		
100 Amgen, Inc.	November 2008	60.00	25,900	150 General Motors Corp.	December 2008	9.00	8,100		
200 ASML Holding NV	November 2008	17.50	23,500	150 Genzyme Corp.	November 2008	75.00	36,000		
50 Avery Dennison Corp.	November 2008	35.00	11,500	100 Hecla Mining Co.	January 2009	5.00	2,500		
100 Avery Dennison Corp.	November 2008	50.00	1,500	150 Hologic, Inc.	November 2008	22.50	1,500		
100 Avnet, Inc.	November 2008	17.50	8,500	250 Hologic, Inc.	December 2008	15.00	18,750		
200 Avnet, Inc.	December 2008	17.50	25,500	25 Hospitality Properties Trust	December 2008	10.00	4,688		
40 Bank of America Corp.	December 2008	25.00	6,320	250 Infineon Technologies AG	December 2008	2.50	22,500		
225 Bank of New York Mellon Corp. (The)	November 2008	37.50	13,500	50 IntercontinentalExchange, Inc.	November 2008	75.00	62,600		
100 Bank of New York Mellon Corp. (The)	December 2008	35.00	27,500	75 IntercontinentalExchange, Inc.	November 2008	80.00	72,750		
25 Bank of New York Mellon Corp. (The)	December 2008	32.50	9,625	50 iShares MSCI EAFE Index Fund	December 2008	50.00	6,250		
50 Bayer Capital Corp. BV	November 2008	49.00	7,798	175 Isis Pharmaceuticals, Inc.	December 2008	15.00	21,438		
50 Bayer Capital Corp. BV	November 2008	58.00	1,648	50 Keycorp	December 2008	12.50	8,250		
75 CA, Inc.	November 2008	17.50	10,875	50 Laboratory Corp. of America Holdings	November 2008	65.00	5,875		
75 Carnival Corp.	January 2009	30.00	10,125	100 Laboratory Corp. of America Holdings	December 2008	67.50	13,500		
75 Carnival Corp.	November 2008	32.50	1,125	225 Lorillard, Inc.	November 2008	70.00	41,850		
75 Chesapeake Energy Corp.	November 2008	27.50	2,025	100 Lorillard, Inc.	December 2008	75.00	15,000		
100 Chesapeake Energy Corp.	December 2008	25.00	19,500	50 Massey Energy Co.	November 2008	35.00	750		
100 Chesapeake Energy Corp.	December 2008	27.50	12,500	75 Massey Energy Co.	November 2008	22.50	21,750		
250 Cia Vale do Rio Doce	November 2008	13.00	35,000	100 Merck & Co., Inc.	November 2008	30.00	26,500		
100 Cia Vale do Rio Doce	November 2008	16.00	3,600	50 Merck & Co., Inc.	November 2008	32.50	4,250		
100 Citigroup Funding, Inc., Ser. Schlumberger, Ltd.	November 2008	65.00	4,000	50 Merck & Co., Inc.	December 2008	30.00	16,000		
50 Citigroup, Inc.	December 2008	15.00	5,800	100 Merck & Co., Inc.	December 2008	32.50	18,000		
75 Credit Suisse, Ser. Barrick Gold Corp.	November 2008	25.00	13,425	50 Merrill Lynch & Co., Inc.	December 2008	20.00	8,050		
100 Deutsche Bank AG, Ser. Cia Vale Do Rio Doce	November 2008	14.00	9,000	100 Merrill Lynch & Co., Inc., Ser. Halliburton Co.	November 2008	25.00	1,900		
50 Dick's Sporting Goods, Inc.	November 2008	20.00	500	100 Merrill Lynch & Co., Inc., Ser. Halliburton Co.	December 2008	22.50	11,400		
50 EMC Corp.	December 2008	12.00	5,100	1,000 Micron Technology, Inc.	November 2008	5.00	25,000		
75 Entergy Corp.	November 2008	95.00	2,625	1,000 Micron Technology, Inc.	December 2008	5.00	60,000		
25 Entergy Corp.	November 2008	100.00	875	500 Micron Technology, Inc.	December 2008	4.00	60,000		
50 Entergy Corp.	December 2008	85.00	16,000	200 Microsemi Corp.	November 2008	22.50	27,000		
25 Entergy Corp.	December 2008	90.00	4,563	50 Mylan, Inc.	November 2008	12.50	250		
100 Freeport-McMoRan Copper & Gold, Inc.	December 2008	35.00	25,400	50 Nasdaq OMX Group (The)	November 2008	35.00	6,750		
				75 Nasdaq OMX Group (The)	November 2008	37.50	4,500		

See notes to financial statements.

Contracts (100 shares per contract)	Call Options Written ^(a)	Expiration Date	Exercise Price	Market Value
50	Nasdaq OMX Group (The)	November 2008	32.50	\$ 14,000
100	NRG Energy, Inc.	November 2008	27.50	5,000
10	Powerwave Technologies, Inc.	January 2009	5.00	50
100	ProShares Ultra QQQ	November 2008	42.00	10,500
25	ProShares Ultra S&P500	November 2008	37.00	2,625
500	Qwest Communications International, Inc.	November 2008	2.50	25,000
50	Roche Holding AG	November 2008	150.00	125,251
50	Roche Holding AG	November 2008	195.00	12,756
50	Schering-Plough Corp.	December 2008	17.50	1,750
10	SLM Corp.	November 2008	12.50	300
50	Teva Pharmaceutical Finance LLC	December 2008	42.50	11,750
100	Transocean, Inc.	November 2008	80.00	80,000
100	Transocean, Inc.	November 2008	95.00	20,500
75	Wachovia Corp., Ser. Bank of New York Mellon	December 2008	32.50	28,875
25	Whitbread PLC	December 2008	1,400.00	404
50	XL Capital Ltd.	December 2008	10.00	8,750
Total Value of Call Options Written				
(Premiums received \$1,023,255)				\$ 1,426,241
Put Options Written ^(a)				
70	DIAMONDS Trust Series I	November 2008	81.00	11,900
400	Southwest Airlines Co.	November 2008	12.50	44,000
Total Value of Put Options Written				
(Premiums received \$54,161)				\$ 55,900
Total Options Written				
(Premiums received \$1,077,416)				\$ 1,482,141

(a) Non-income producing security.

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

Assets	
Investments, at value (cost \$189,337,957)	\$ 133,335,794
Foreign currency, at value (cost \$455,135)	438,798
Cash	26,688,269
Receivable for securities sold	1,409,533
Dividends and interest receivable	1,507,388
Net unrealized appreciation on forward exchange currency contracts	665,130
Reclaims receivable	87,290
Other assets	55,553
Total assets	164,187,755
Liabilities	
Payable for securities purchased	13,322,684
Options written, at value (premiums received of \$1,077,416)	1,482,141
Net unrealized depreciation on forward exchange currency contracts	652,979
Investment Management fee payable	66,389
Investment Advisory fee payable	63,786
Accrued expenses and other liabilities	217,082
Total liabilities	15,805,061
Net Assets	\$ 148,382,694
Composition of Net Assets	
Common stock, \$0.001 par value per share; unlimited number of shares authorized, 13,603,025 shares issued and outstanding	\$ 13,603
Additional paid-in capital	249,757,745
Accumulated net realized loss on investments, options and foreign currency transactions	(45,567,868)
Accumulated net unrealized depreciation on investments, options and foreign currency translation	(56,423,523)
Accumulated undistributed net investment income	602,737
Net Assets	\$ 148,382,694
Net Asset Value	
(based on 13,603,025 common shares outstanding)	\$ 10.91

See notes to financial statements.

Statement of Operations

For the year ended October 31, 2008

Investment Income

Dividends (net of foreign withholding taxes of \$132,339)	\$	4,689,887	
Interest (net of foreign withholding taxes of \$1,406)		4,682,415	
Total income			\$ 9,372,302

Expenses

Investment Management fee		1,125,312	
Investment Advisory fee		1,081,183	
Professional fees		225,720	
Trustees' fees and expenses		128,750	
Printing expense		88,326	
Custodian fee		81,811	
Fund accounting		76,046	
Administration fee		66,260	
Insurance		22,201	
NYSE listing fee		19,564	
Transfer agent fee		17,208	
Federal taxes		5,691	
Miscellaneous		16,117	
Total expenses			2,954,189
Net investment income			6,418,113

Realized and Unrealized Gain (Loss) on Investments, Options and Foreign Currency Transactions

Net realized gain (loss) on:			
Investments		(49,383,089)	
Options		4,649,816	
Foreign currency transactions		65,030	
Net change in unrealized appreciation (depreciation) on:			
Investments		(64,543,019)	
Options		(314,252)	
Foreign currency translation		(33,243)	
Net realized and unrealized loss on investments, options and foreign currency transactions			(109,558,757)
Net Decrease in Net Assets Resulting from Operations			\$ (103,140,644)

See notes to financial statements.

Statement of **Changes in Net Assets**

	For the Year Ended October 31, 2008	For the Year Ended October 31, 2007
Change in Net Assets from Operations		
Net investment income	\$ 6,418,113	\$ 5,934,940
Net realized gain (loss) on investments, options and foreign currency transactions	(44,668,243)	20,909,185
Net change in unrealized appreciation (depreciation) on investments, options and foreign currency translation	(64,890,514)	4,103,545
Net increase (decrease) in net assets resulting from operations	(103,140,644)	30,947,670
Distributions to Common Shareholders from		
Net investment income	(12,263,004)	(21,746,612)
Return of capital	(9,501,836)	—
Total dividends and distributions to common shareholders	(21,764,840)	(21,746,612)
Capital Share Transactions		
Reinvestment of dividends	—	439,291
Net increase from capital share transactions	—	439,291
Total increase (decrease) in net assets	(124,905,484)	9,640,349
Net Assets		
Beginning of year	273,288,178	263,647,829
End of year (including accumulated undistributed net investment income of \$602,737 and \$767,805)	\$ 148,382,694	\$ 273,288,178

See notes to financial statements.

Financial Highlights

Per share operating performance for a common share 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 Period January 31, 2005* through October 31, 2005
Net asset value, beginning of period	\$ 20.09	\$ 19.41	\$ 18.51	\$ 19.10 ^(a)
Income from investment operations				
Net investment income ^(b)	0.47	0.44	0.58	0.47
Net realized and unrealized gain (loss) on investments, options and foreign currency transactions	(8.05)	1.84	1.92	(0.22)
Total from investment operations	(7.58)	2.28	2.50	0.25
Common shares' offering expenses charged to paid-in capital	—	—	—	(0.04)
Distributions to Common Shareholders				
Net investment income	(0.90)	(1.60)	(1.60)	(0.80)
Return of capital	(0.70)	—	—	—
Total dividends and distributions to common shareholders	(1.60)	(1.60)	(1.60)	(0.80)
Net asset value, end of period	\$ 10.91	\$ 20.09	\$ 19.41	\$ 18.51
Market value, end of period	\$ 8.97	\$ 17.46	\$ 18.78	\$ 16.83
Total investment return ^(d)				
Net asset value	-40.37%	12.24%	14.11%	1.12%
Market value	-42.88%	1.08%	22.20%	-12.08%
Ratios and supplemental data				
Net assets, end of period (thousands)	\$ 148,383	\$ 273,288	\$ 263,648	\$ 251,349
Ratio of net expenses to average net assets	1.34%	1.26%	1.29%	1.38% ^(d)
Ratio of net investment income to average net assets	2.91%	2.21%	3.09%	3.37% ^(d)
Portfolio turnover rate	192%	181%	415%	246%

* Commencement of investment operations.

(a) Before deduction of offering expenses charged to capital.

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

(c) 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.

(d) Annualized.

Notes to Financial Statements | October 31, 2008

Note 1 – Organization:

Advent/Claymore Enhanced Growth & Income Fund (the “Fund”) was organized as a Delaware statutory trust on January 30, 2004. The Fund is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended.

The Fund’s primary investment objective is to provide current income and current gains from trading in securities, with a secondary objective of long-term capital appreciation. The Fund will pursue its investment objectives by investing its assets in dividend and interest paying equity securities, convertible securities and non-convertible high-yield securities. Also, in pursuit of the Fund’s primary investment objective, the Fund intends to engage in an option strategy of writing (selling) covered call options on at least 50% of the securities held in the portfolio. There can be no assurance the Fund will achieve its investment objectives.

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 closing bid prices for such securities or, if such prices are not available, at prices for securities of comparable maturity, quality and type. Futures contracts are valued using the settlement price established each day on the exchange on which they are traded. Exchange-traded options are valued at the closing price, if traded that day. If not traded, they are valued at the mean of the bid and asked prices on the primary exchange on which they are traded. 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. Short-term securities with remaining maturities of 60 days or less are valued at amortized cost, which approximates market value.

The Fund values synthetic convertible securities based on quotations obtained from unaffiliated brokers who are the principal market-makers in such securities. Such valuations are derived by the brokers from proprietary models which are generally based on readily available market information including valuations of the common stock underlying the synthetic security, and the volatility observed in the market on such common stocks. Because of the inherent uncertainty in the valuation process, it is reasonably possible that the estimated values may differ from the values that would have been used had a more active market for the investments existed, and such differences could be material. As of October 31, 2008, approximately \$8,337,320, representing 6.3% of total fund investments, are invested in these synthetic convertible securities.

(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 corporate 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 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 actually received compared to the amount shown in the 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) Options

The Fund intends to pursue its primary objective by employing an option strategy of writing (selling) covered call options on at least 50% of the securities held in the portfolio of the Fund. The Fund seeks to produce a high level of current income and gains generated from option writing premiums and, to a lesser extent, from dividends.

An option on a security is a contract that gives the holder of the option, in return for a premium, the right to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the security underlying the option at a specified exercise or "strike" price. The writer of an option on a security has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price (in the case of a call) or to pay the exercise price upon delivery of the underlying security (in the case of a put).

There are several risks associated with transactions in options on securities. As the writer of a covered call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price.

When an option is written, the premium received is recorded as an asset with an equal liability and is subsequently marked to market to reflect the current market value of the option written. These liabilities are reflected as options written in the Statement of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded on the expiration date as a realized gain. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transactions, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss.

(e) Forward Exchange Currency Contracts

The Fund may enter into forward exchange currency contracts in order to hedge its exposure to the change in foreign currency exchange rates on its foreign portfolio holdings, to hedge certain firm purchases and sales commitments denominated in foreign currencies and for investment purposes. A forward exchange currency contract is a commitment to purchase or sell a foreign currency on a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts would be included in net realized gain or loss on foreign currency transactions.

Fluctuations in the value of open forward exchange currency contracts are recorded for financial reporting purposes as unrealized appreciation and depreciation by the Fund.

Risk may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. The face or contract amount, in U.S. dollars, reflects the total exposure the Fund has in that particular currency contract. Forward exchange currency contracts involve elements of both market and credit risk in excess of the amounts reflected on the Statement of Assets and Liabilities.

(f) Distributions to Shareholders

The Fund declares and pays quarterly 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 Advisory Agreement, Investment Management Agreement and Other Agreements:

Pursuant to an Investment Advisory Agreement (the "Agreement") between Claymore Advisors, LLC (the "Adviser") and the Fund, the Adviser furnishes offices, necessary facilities and equipment, provides administrative services to the Fund, oversees the activities of Advent Capital Management, LLC (the "Investment Manager"), provides personnel and pays the compensation of all Trustees and Officers of the Fund who are its affiliates. As compensation for these services, the Fund pays the Adviser an annual fee, payable monthly in arrears, at an annual rate equal to 0.49% of the average Managed Assets during such month. Managed Assets means the total of assets of the Fund (including any assets attributable to any preferred shares or otherwise attributable to the use of financial leverage, if any) less the sum of accrued liabilities.

Pursuant to an Investment Management Agreement between the Investment Manager and the Fund, the Fund has agreed to pay the Investment Manager an annual fee, payable monthly in arrears, at an annual rate equal to 0.51% of the average Managed Assets during such month for the services and facilities provided by the Investment Manager to the Fund. These services include the day-to-day management of the Fund's portfolio of securities, which includes buying and selling securities for the Fund and investment research. The Investment Manager also provides personnel to the Fund and pays the compensation of all Trustees and Officers of the Fund who are its affiliates.

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

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 Adviser or Investment Manager. 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 \$5,691.

In order to present paid-in-capital in excess of par, undistributed net investment income and accumulated 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 realized gains or losses on investments. A permanent book and tax difference relating to a distribution of capital gains for tax purposes in the amount of \$5,497,655 was reclassified from accumulated undistributed net investment income to accumulated net realized gain. A permanent book and tax difference relating to the distributions received from real estate investment trusts, royalty trusts and trust preferred securities totaling \$111,447 was reclassified from accumulated undistributed net investment income to accumulated realized gain. A permanent book and tax difference relating to gains on foreign currency transactions in the amount of \$65,030 were reclassified from net realized gain to net investment income. Finally, excise taxes are not deductible for federal income tax purposes and therefore have been reclassified from accumulated undistributed net investment income to capital.

At October 31, 2008, the cost and related gross unrealized appreciation and depreciation on investments for tax purposes, excluding written options and foreign currency translations are as follows:

Cost of Investments for Tax Purposes	Gross Tax Unrealized Appreciation	Gross Tax Unrealized Depreciation	Net Tax Unrealized Depreciation on Investments	Net Tax Unrealized Depreciation on Derivatives and Foreign Currency	Undistributed Ordinary Income/(Accumulated Ordinary Loss)	Undistributed Long-Term Gains/(Accumulated Capital Loss)
\$191,567,812	\$1,497,971	\$(59,729,989)	\$(58,232,018)	\$(433,574)	—	\$(42,678,271)

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

At October 31, 2008, for federal income tax purposes, the Fund had a capital loss carryforward of \$42,678,271 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 \$10,938,810 and \$21,746,612 was ordinary income, \$1,324,194 and \$0 was long-term capital gain, and \$9,501,836 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 benefit or expense in the current year. Management has evaluated the implications 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, 2005, 2006, 2007 and 2008. The Fund does not have an examination in progress.

Note 5 – Investments in Securities:

For the year ended October 31, 2008, purchases and sales of investments, excluding options and short-term securities, were \$411,531,654 and \$432,017,054, respectively.

The Fund entered into written option contracts for the year ended October 31, 2008.

Details of the transactions were as follows:

	Number of Contracts	Premiums Received
Options outstanding, beginning of year	10,435	\$ 1,530,278
Options written during the year	108,719	13,313,724
Options expired during the year	(30,428)	(3,354,549)
Options closed during the year	(61,042)	(7,814,810)
Options assigned during the year	(15,839)	(2,597,227)
Options outstanding, end of year	11,845	\$ 1,077,416

Note 6 – Derivatives:

At October 31, 2008, the following forward exchange currency contracts were outstanding:

Short Contracts	Current Value	Unrealized Appreciation/Depreciation
Canadian Dollar, 1,400,000 expiring 12/17/08	\$ 1,151,449	\$ 165,455
EURO, 1,400,000, expiring 12/17/08	1,772,621	209,359
Hong Kong Dollar, 5,502,520 expiring 11/3/08 to 11/4/08	709,961	63
Japanese Yen, 558,400,000 expiring 12/17/08	5,689,860	(365,172)
Pound Sterling, 1,150,000 expiring 12/17/08	1,852,975	195,980
Swiss Franc, 2,300,000 expiring 12/17/08	1,970,637	94,273
		\$ 299,958

Long Contracts	Current Value	Unrealized Appreciation/Depreciation
Hong Kong Dollar, 10,252,500 expiring 11/4/08 to 11/5/08	\$ 1,322,826	\$ (126)
Japanese Yen, 350,000,000, expiring 12/17/08	3,558,719	(271,441)
Pound Sterling, 500,000, expiring 12/17/08	309,454	(8,612)
Swiss Franc, 500,000, expiring 12/17/08	428,064	(7,628)
		(287,807)
Total Unrealized Appreciation/Depreciation on forward exchange currency contracts		\$ 12,151

Note 7 – Capital:

Common Shares

The Fund has an unlimited amount of common shares, \$0.001 par value, authorized and 13,603,025 issued and outstanding. In connection with the Fund's dividend reinvestment plan, the Fund did not issue shares during the year ended October 31, 2008 but issued 22,785 shares during the year ended October 31, 2007.

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 1, 2008, the Board of Trustees declared a quarterly dividend of \$0.35 per common share. This dividend was payable on November 28, 2008 to shareholders of record on November 14, 2008. On December 1, 2008, the Board of Trustees declared a quarterly dividend of \$0.264 per common share. This dividend is payable on February 27, 2009 to shareholders of record on February 13, 2009.

Note 10 – New Accounting Pronouncements:

In September 2006, the FASB released Statement of Financial Accounting Standards 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 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 Enhanced Growth & 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 and the financial highlights present fairly, in all material respects, the financial position of the Advent/Claymore Enhanced Growth & Income Fund (the "Fund") at October 31, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the 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 \$2,834,302 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 \$1,324,194 as long-term capital gains distributions pursuant to IRS Section 852(b)(3)(C).

For corporate shareholders \$1,013,865 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.

With regard to the election of the following Class I Trustees by common shareholders of the Fund:

	# of Shares	
	In Favor	Withheld
Daniel L. Black	10,963,898	143,958
Ronald A. Nyberg	10,964,993	142,863
Michael A. Smart	10,965,602	142,254

Trustees

The Trustees of the Advent/Claymore Enhanced Growth & 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
Independent Trustees:				
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 2004	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 2004	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 2004	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 2004	Managing Partner, Cordova, Smart & Williams LLC, Advisor to 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, a private placement firm (1991-1992). Former 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. Board of Directors, Sprint Industrial Holdings. Co-chair of the Board of H2O plus.

+ 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. Smart, Nyberg and Black, as Class I Trustees, are expected to stand for re-election at the Fund's 2011 annual meeting of shareholders.

- Messrs. Maitland and Dalmaso, as Class II Trustees, are expected to stand for re-election at the Fund's 2009 annual meeting of shareholders.

- Messrs. Seizert, Medina and Barnes, as Class III Trustees, are expected to stand for re-election at the Fund's 2010 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.

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
Interested Trustees:				
Tracy V. Maitland + 0 Year of birth: 1960 Trustee, President and Chief Executive Officer	Since 2004	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 + + 00 Year of Birth: 1965 Trustee	Since 2004	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.

0 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 Investment Manager.

00 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 Adviser and certain of its affiliates.

Officers

The Officers of the Advent/Claymore Enhanced Growth & 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
Officers:		
F. Barry Nelson Year of birth: 1943 Vice President	Since 2005	Co-Portfolio Manager at Advent Capital Management, LLC (2001-present). Prior to 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 (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 2005	General Counsel, Advent Capital Management, LLC (2002-present); Formerly, Director and Senior Counsel, SG Cowen Securities Corp. (1998-2002).
Steven M. Hill 2455 Corporate West Drive Lisle, IL 60532 Year of birth: 1964 Assistant Treasurer	Since 2005	Senior Managing Director and Chief Financial Officer of Claymore Advisors, LLC and Claymore Securities, Inc. (2005-present). Formerly, Chief Financial Officer (2005-2006) of Claymore Group, Inc., Managing Director of Claymore Advisors, LLC and Claymore Securities, Inc. (2003-2005). Previously, Treasurer of Henderson Global Funds and Operations Manager for Henderson Global Investors (North America) Inc., (2002-2003); Managing Director, FrontPoint Partners LLC (2001-2002); Vice President, Nuveen Investments (1999-2001); Chief Financial Officer, Skyline Asset Management LP (1999); Vice President, Van Kampen Investments and Assistant Treasurer, Van Kampen mutual funds (1989-1999).

* Address for all Officers unless otherwise noted: 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 Bank of New York Mellon (the "Plan Administrator"), all dividends declared on common shares of the Fund will be automatically reinvested by the Plan 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.

(This page is intentionally left blank)

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 Adviser 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

Investment Adviser and Administrator

Claymore Advisors, LLC
Lisle, Illinois

Custodian and Transfer 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 adviser 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 Enhanced Growth & 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 Enhanced Growth 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 or 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 or 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.

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 239(c) of the Investment Company Act of 1940, as amended, that the Fund may purchase at market prices from time to time shares of its common stock in the open market.

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

LCM
LISTED
NYSE

LCM-AR-1008