ADVENT CLAYMORE CONVERTIBLE SECURITIES & INCOME FUND
Form N-CSR
January 04, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR
CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES
Investment Company Act file number 811-21309
Advent Claymore Convertible Securities and Income Fund
(Exact name of registrant as specified in charter)

888 Seventh Ave, 31st Floor, New York, NY 10019
(Address of principal executive offices) (Zip code)

Robert White, Treasurer
888 Seventh Ave, 31st Floor, New York, NY 10019
(Name and address of agent for service)
Registrant's telephone number, including area code: (212) 482-1600
Date of fiscal year end: October 31
Date of reporting period: November 1, 2016 - October 31, 2017

Item 1. Reports to Stockholders.

The registrant's annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940, as amended (the “Investment Company Act”), is as follows:

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...YOUR BRIDGE TO THE LATEST, MOST UP-TO-DATE INFORMATION ABOUT THE ADVENT CLAYMORE CONVERTIBLE SECURITIES AND INCOME FUND

The shareholder report you are reading right now is just the beginning of the story.
Online at guggenheiminvestments.com/avk, you will find:
• Daily, weekly and monthly data on share prices, net asset values, dividends and more
• Portfolio overviews and performance analyses
• Announcements, press releases and special notices
• Fund and adviser contact information

Advent Capital Management and Guggenheim Investments 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.

(Unaudited) October 31, 2017

DEAR SHAREHOLDER
Tracy V. Maitland
President and Chief Executive Officer

We thank you for your investment in the Advent Claymore Convertible Securities and Income Fund (the "Fund" or "AVK"). This report covers the Fund's performance for the 12 months ended October 31, 2017.

Advent Capital Management, LLC ("Advent" or the "Investment Adviser") serves as the Fund's Investment Adviser. Based in New York, New York, with additional investment personnel in London, England, Advent is a credit-oriented firm specializing in the management of global convertible, high-yield and equity securities across three lines of business—long-only strategies, hedge funds, and closed-end funds. As of October 31, 2017, Advent managed approximately $9.2 billion in assets.

Guggenheim Funds Distributors, LLC (the "Servicing Agent") serves as the servicing agent to the Fund. The Servicing Agent is an affiliate of Guggenheim Partners, LLC, a global diversified financial services firm.

The Fund's investment objective is to provide total return through a combination of capital appreciation and current income. Under normal market conditions, the Fund invests at least 80% of its managed assets in a diversified portfolio of convertible securities and non-convertible income securities. Under normal market conditions, the Fund will invest at least 30% of its managed assets in convertible securities and may invest up to 70% of its managed assets in non-convertible income securities. The Fund may invest without limitation in foreign securities. The Fund also uses a strategy of writing (selling) covered call options on up to 25% of the securities held in the portfolio, thus generating option writing premiums.

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 ended October 31, 2017, the Fund generated a total return based on market price of 24.20% and a total return of 16.55% based on NAV. As of October 31, 2017, the Fund's market price of $16.09 represented a discount of 8.74% to NAV of $17.63.

Past performance is not a guarantee of future results. All NAV returns include the deduction of management fees, operating expenses, and all other Fund expenses. The market price of the Fund's shares fluctuates from time to time, and may be higher or lower than the Fund's NAV.

The monthly distribution for the Fund rose over the period. The most recent monthly distribution, $0.1146, represents an annualized distribution of 8.55% based upon the last closing market price of $16.09 on October 31, 2017. Please see the Q&A for more information on the expected distribution rate for the next 24 months.

DEAR SHAREHOLDER (Unaudited) continued October 31, 2017

There is no guarantee of any future distribution or that the current returns and distribution rate will be maintained. The Fund's distribution rate is not constant and the amount of distributions, when declared by the Fund's Board of Trustees, is subject to change based on the performance of the Fund. Please see Note 2(n) on page 45 for more information on distributions for the period.

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 63 of this report. When shares trade at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the monthly dividend distribution in common shares of the Fund purchased in the market at a price less than NAV. Conversely, when the market price of the Fund's common shares is at a premium above NAV, the DRIP reinvests participants' dividends in newly issued common shares at the greater of NAV per share or 95% of 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 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 additional information regarding the factors that influenced the Fund's performance.

We thank you for your investment in the Fund and we are honored that you have chosen the Advent Claymore Convertible Securities and Income Fund as part of your investment portfolio. For the most up-to-date information regarding your investment, including related investment risks, please visit the Fund's website at guggenheiminvestments.com/avk.

Sincerely,

Tracy V. Maitland
President and Chief Executive Officer of the
Advent Claymore Convertible Securities and Income Fund
November 30, 2017

QUESTIONS & ANSWERS (Unaudited) October 31, 2017

The portfolio managers of Advent Claymore Convertible Securities and Income Fund (the "Fund") are Tracy Maitland, Chief Investment Officer of Advent Capital Management, LLC ("Advent" or the "Investment Manager") and Paul Latronica, Managing Director of Advent. They are primarily responsible for the day-to-day management of the Fund's portfolio. Mr. Maitland and Mr. Latronica are supported by teams of investment professionals who make investment decisions for the Fund's core portfolio of convertible bonds, the Fund's high yield securities investments and the Fund's leverage allocation, respectively. In the following interview, the management team discusses the convertible securities and high-yield markets and Fund performance for the 12-month period ended October 31, 2017.

Please describe the Fund's objective and management strategies.

The Fund's investment objective is to provide total return through a combination of capital appreciation and current income. Under normal market conditions, the Fund invests at least 80% of its managed assets in a diversified portfolio of convertible securities and non-convertible income producing securities. Under normal market conditions, the Fund must invest at least 30% of its managed assets in convertible securities and may invest up to 70% of its managed assets in nonconvertible income securities. The Fund may invest without limitation in foreign securities.

The Fund also uses a strategy of writing (selling) covered call options on up to 25% of the securities held in the portfolio. The objective of this strategy is to generate current gains from option premiums to enhance distributions payable to the holders of common shares. In addition, the Fund may invest in other derivatives, such as put options, forward exchange currency contracts, futures contracts, and swaps.

The Fund uses financial leverage to finance the purchase of additional securities. Although financial leverage may create an opportunity for increased return for shareholders, it also results in additional risks and can magnify the effect of any losses. There is no assurance that the strategy will be successful. If income and gains earned on securities purchased with the financial leverage proceeds are greater than the cost of the financial leverage, shareholders' return will be greater than if financial leverage had not been used. Conversely, if the income or gains from the securities purchased with the proceeds of financial leverage are less than the cost of the financial leverage, shareholders' return will be less than if financial leverage had not been used.

Discuss Advent's investment approach.

Advent's approach involves a core portfolio of convertible bonds that is managed, subject to the Fund's investment policies and restrictions, in a manner similar to that of Advent's Balanced Convertible Strategy, which seeks a high total return by investing in a portfolio of U.S. dollar convertible securities that provide equity-like returns while seeking to limit downside risk.

This core portfolio is supplemented by investments in high yield securities selected in a manner similar to that of Advent's High Yield Strategy, which seeks income and total return by investing primarily in high yielding corporate credit using fundamental and relative value analysis to identify undervalued securities.

QUESTIONS & ANSWERS (Unaudited) continued October 31, 2017

Advent uses a separate portion of the Fund's portfolio to increase or decrease relative overall exposure to convertible securities, high yield securities, and equities. This portion of the Fund's portfolio incorporates leverage and operates as an asset-allocation tool reflecting Advent's conservative management philosophy and its views on the relative value of these three asset classes under changing market conditions.

Please describe the economic and market environment over the last 12 months.

Fiscal 2017 was fruitful for investors in the U.S. equity and corporate bond markets. The fiscal year began with an outcome in the U.S. federal elections that led investors to bid up prices in anticipation of faster economic growth and more business-friendly fiscal and regulatory policies. The U.S. economy continued a pace of relatively modest growth as U.S. Gross Domestic Product ("GDP") rose below 2.0% for the fourth calendar quarter of 2016 and the first calendar quarter of 2017, before accelerating to roughly 3.0% in the second quarter 2017 as headwinds in inventory reduction and net exports faded. Housing, employment, and business confidence surveys in particular helped both actual economic production and perceptions that the U.S. economy is in a steady growth scenario.

Further helping U.S. corporate financial health, particularly exporters, was a new story in 2017 of stronger economic growth in many foreign countries, with many economic indicators in Europe showing buoyancy for the first time in years, proving the benefits of the European Central Bank's bond buying program, the impact of the end of previous fiscal austerity initiatives, and the economy's resilience against the uncertainty of the upcoming exit of the United Kingdom from the European Union. The fall in the U.S. dollar as the European economy showed more upside surprise also boosted U.S. exports as the U.S. Dollar Index, an index of the U.S. dollar against a trade-weighted basket of foreign currencies, fell from 98.4 to 94.6 during the year.

Outcomes in the bond markets were divergent depending on product, but favorable for the Fund's primary bond asset class of corporate straight or convertible bonds. The 10-year U.S. Treasury bond began the year at 1.83%, leapt dramatically to a peak of 2.63% in March in the aftermath of the election and Federal Reserve signals of continued monetary policy tightening, then fell back to 2.04% in September after expected inflation failed to materialize, before ending the year at 2.37% after commodity price rising and more Federal Reserve commentary reversed sentiment again. While investors in the most common bond index, the Bloomberg Barclays U.S. Aggregate Bond Index, received barely a positive return of 0.9% on the year, investors in high-yield bonds did considerably better at 9.1% for the ICE Bank of America Merrill Lynch High-Yield Master II Index, as positive corporate earnings and a healthy financing environment compressed spreads to add onto the favorable coupon bases in this market.

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 ended October 31, 2017, the Fund generated a total return based on market price of 24.20% and a total return of 16.55% based on NAV. As of October 31, 2017, the Fund's market price of $16.09 represented a discount of 8.74% to NAV of

$17.63. As of October 31, 2016, the Fund's market price of $14.01 represented a discount of 13.84% to NAV of $16.26.

Past performance is not a guarantee of future results. All NAV returns include the deduction of management fees, operating expenses, and all other Fund expenses. The market price of the Fund's shares fluctuates from time to time, and may be higher or lower than the Fund's NAV.

What contributed to performance?

The Fund's largest asset class, U.S. convertible bonds, had strong performance in the period as the ICE Bank of America Merrill Lynch All Convertibles Index (VXA0) rose 18.1% for the fiscal year 2017. The U.S. equity market, illustrated by the S&P 500 Index, advanced 23.6% with dividends reinvested in the year. The ratio of convertible returns to equity returns of 0.77 is higher than the convertible index delta would predict and reflects the mix of the convertible bond universe more tilted toward issues in the technology industry and small-capitalization issuers, both of which had returns higher than the S&P 500.

The U.S. high-yield corporate bond market also had satisfactory returns as the ICE Bank of America Merrill Lynch High Yield Master II Index rose 9.1% with the coupon return being augmented by a drop in the average option-adjusted spread (OAS) of 140 basis points during year, helped by improving corporate profits and a rebound in commodity prices, which have a high factor in the high-yield corporate bond issuance market.

Please discuss the tender offer that occurred during the period.

On August 9, 2017, the Fund commenced a tender offer (the "Tender Offer") to purchase for cash up to 3,537,132 (approximately 15%) of the Fund's outstanding common shares of beneficial interest (the "Shares") at a price per Share equal to 98% of the Fund's NAV as of the business day immediately following the expiration of the Tender Offer. The Tender Offer expired on September 7, 2017.

A total of 8,775,224 Shares were duly tendered and not withdrawn. Because the number of Shares tendered exceeded 3,537,132 Shares, the Tender Offer was oversubscribed. Therefore, in accordance with the terms and conditions specified in the Tender Offer, the Fund purchased Shares from all tendering shareholders on a pro rata basis, disregarding fractions.

Accordingly, on a pro rata basis, approximately 37% of Shares for each shareholder who properly tendered Shares were accepted for payment. The purchase price of properly tendered Shares was $16.9540 per Share. Shares that were tendered but not accepted for purchase and Shares that were not tendered remain outstanding. The Fund accepted 3,537,132 shares for payment. Final payment was made on September 13, 2017 in the aggregate amount equal to $59,968,535.

Explain the Fund's agreement with Saba Capital Management.

In April 2017, the Fund entered into an agreement (the "Agreement") with Saba Capital Management, LP ("Saba"), pursuant to which Saba agreed to (1) tender all Shares of the Fund owned by it in the Tender Offer, (2) be bound by certain "standstill" covenants through the Fund's 2019 annual meeting of shareholders, and (3) vote its Shares on all proposals submitted to shareholders in accordance with the recommendation of management through April 25, 2019.

QUESTIONS & ANSWERS (Unaudited) continued October 31, 2017

Also, pursuant to the Agreement, the Fund agreed to declare and pay monthly distributions for 24 months following the date of the Agreement, representing an annualized distribution rate of not less than 8% of the Fund's net asset value per Share, based on average month-end net asset value per Share over the prior 12 months, effective beginning with the May 2017 distribution.

Please discuss the Fund's distributions.

Each month from November 2016 through April 2017, the Fund paid a monthly distribution of $0.0939 per share. Beginning in May 2017, the Fund began to declare and pay monthly distributions under the Agreement consistent with an annualized distribution rate of not less than 8% of NAV. The May 2017 distribution rose to $0.1116 per share and subsequent distributions have reflected levels consistent with the Agreement.

The most recent monthly distribution, $0.1146, represents an annualized distribution of 8.55% based upon the last closing market price of $16.09 on October 31, 2017.

Payable Date	Amount
November 30, 2016	$0.0939
December 30, 2016	$0.0939
January 31, 2017	$0.0939
February 28, 2017	$0.0939
March 31, 2017	$0.0939
April 28, 2017	$0.0939
May 31, 2017	$0.1116
June 30, 2017	$0.1124
July 31, 2017	$0.1132
August 31, 2017	$0.1138
September 29, 2017	$0.1140
October 31, 2017	$0.1146
Total	$1.2430

There is no guarantee of any future distribution or that the current returns and distribution rate will be maintained. The Fund's distribution rate is not constant and the amount of distributions, when declared by the Fund's Board of Trustees, is subject to change. The Fund currently anticipates that some of the 2017 distributions will consist of income and some will be a return of capital. A final determination of the tax character of distributions paid by the Fund in 2017 will be reported to shareholders in January 2018 on Form 1099-DIV.

While the Fund generally seeks to pay distributions that will consist primarily of investment company taxable income and net capital gain, because of the nature of the Fund's investments and changes in market conditions from time to time, or in order to maintain a more stable distribution level over time, the distributions paid by the Fund for any particular period may be more or less than the amount of net investment income from that period. If the Fund's total distributions in any year exceed the amount of its investment company taxable income and net capital gain for the year, any such excess would generally be characterized as a return of capital for U.S. federal income tax purposes. A return of capital distribution is in effect a partial return of the amount a shareholder invested in the Fund. A return of capital does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income." A return of capital distribution decreases the Fund's total assets and, therefore, could have the effect of increasing the Fund's expense ratio.

Please see Note 2(n) on page 45 for more information on distributions for the period.

How has the Fund's leverage strategy affected performance?

As part of its investment strategy, the Fund utilizes leverage to finance the purchase of additional securities that provide increased income and potentially greater appreciation potential to common shareholders than could be achieved from a portfolio that is not leveraged.

The Fund's leverage outstanding as of October 31, 2017 consisted of $227 million in borrowings with a related average interest rate of 1.949%, and was approximately 39% of the Fund's total managed assets.

There is no guarantee that the Fund's leverage strategy will be successful, and the Fund's use of leverage may cause the Fund's NAV and market price of common shares to be more volatile.

The NAV return for the Fund was above the cost of leverage for the 12 months. Although Advent looks at funds deployed from borrowings differently than funds which use the shareholder equity base, on this simple metric, the Fund's leverage was beneficial to shareholders for the fiscal period. Advent continues to seek attractive and relatively lower-risk opportunities to invest borrowings that have very low cost compared to history and plans to continue taking advantage of the yield curve and interest rate environment for the benefit of shareholders.

What was the impact of the Fund's covered call strategy?

During the year, call option activity was limited due to the low levels of premium available in the options market. Volatility pricing averaged for the fiscal year 2017 the lowest since the CBOE SPX Volatility Index, or "VIX" for its ticker, began tracking in 1990. The average was 11.6 well below the average of 16-17 for the two previous years. Spikes in volatility that occur with bouts of market nervousness peaked at only 16 during 2017, well below prior peaks that often rise above 20 in the index. When volatility pricing and the VIX are lower, the income from writing call options on equities or equity indices is also lower, and the Fund found the tradeoff of capping upside in the equity holdings unfavorable and limited its usage in the fiscal year.

The Fund's small position in equities in fiscal 2017 also created less opportunities to realize call option income on stock holdings. For fiscal 2017, the percentage of average assets devoted to equities was approximately 6.8% versus 9.6% for fiscal 2016.

How were the Fund's total investments allocated among asset classes during the 12 months ended October 31, 2017, and what did this mean for performance?

On October 31, 2017, the Fund's total investments were invested approximately 47.8% in convertible bonds, convertible preferred securities, and mandatory convertibles; 39.5% in corporate bonds; 7.7% in equities; 3.9% in cash and cash equivalents; and 1.1% in senior floating rate interests.

QUESTIONS & ANSWERS (Unaudited) continued October 31, 2017

On October 31, 2016, the Fund's total investments were invested approximately 52.0% in convertible bonds, convertible preferred securities, and mandatory convertibles; 37.5% in corporate bonds; 5.5% in cash and cash equivalents; 4.5% in equities; and 0.5% in senior floating rate interests.

The change in asset allocation during the year reflects the Investment Adviser's appraisal of the increased risks in the capital markets following a strong year after the U.S. election. Valuations of both corporate bonds and equities rose during the period with prices of equities rising faster than corporate profits. While much of this reflects anticipation of more friendly U.S. tax policies, the outcome of the current debate remains unknown. Thus, as the year progressed and markets continued to express little fear, the Fund reduced its holdings of convertible bonds in favor of high-yield bonds, which have lower price susceptibility when equities fall. At the same time, the Adviser also found more opportunities, particularly late in the fiscal year, in sectors that would benefit from tax reform such as industrials and telecommunications and made select more equity investments in companies that do not have convertibles issued. Floating rate interests rose off a low base as Federal Reserve rate hikes began to reprice corporate loan coupon payments above the LIBOR floors common in many loans.

International investments fell slightly from 13.7% in October 2016 to 12.5% ending October 2017. Markets in Europe actually rose more aggressively than in the U.S. in the first half of the fiscal year as economic improvement in many continental countries and continued monetary policy support helped raise valuations and start a catch-up valuation effect relative to U.S. stocks. In the second half of the calendar year, Asian developed markets began outperforming as investors become more comfortable with stable economic growth in China and renewed growth in Japan. After reducing international investments in the first half of the fiscal year based on yield differences between the two markets, the Fund slightly increased the international percentage from the mid-year point as economic resilience abroad became more apparent.

Which investment decisions had the greatest effect on the Fund's performance?

As discussed in the semiannual report, a large contributor to Fund returns for the year came from the technology sector through convertibles, in particular from the semiconductor industry. This subsector of technology enjoyed steady gains all fiscal year, as previous years' lack of capital spending led to favorable supply/demand dynamics in some niches and the effects of consolidation and expense savings helped some acquirers in particular.

Convertibles in semiconductor equipment supplier Lam Research Corp. (0.7% of long-term investments at period end) had sharp gains, as the company enjoyed higher demand as production by semiconductor manufacturer customers became more capital intensive in its niches. Analog and microcontroller semiconductor supplier Microchip Technology, Inc. (1.3% of long-term investments at period end) gained market share in its core segments and enjoyed powerful accretion from past acquisition of less efficient suppliers, driving tremendous earnings growth and price appreciation of its convertible bonds. Convertibles in test equipment supplier Teradyne, Inc. (0.3% of long-term investments at period end) advanced as the company realized sharp growth in an industrial robotics acquisition and had customers in a core semiconductor test order heavily in advance of new mobile communications processor product cycles.

QUESTIONS & ANSWERS (Unaudited) continued October 31, 2017

Of note outside of semiconductors in technology were holdings that benefitted from growth at Alibaba Group Holding Ltd., the Chinese internet conglomerate that includes businesses in online retailing, mobile payments, messaging, and cloud computing (not held in the portfolio at period end). Alibaba's own-issued mandatory convertibles rose as the company continued to grow during the fiscal year, and convertible bonds in the old Yahoo!, renamed Altaba, Inc. during the year after selling the Yahoo! Internet business (0.8% of long-term investments at period end), rose as much of the residual Altaba holding value is in Alibaba shares.

In other sectors, equity in automaker General Motors Co. (0.7% of long-term investments at period end) gained nicely as the company consistently outperformed Wall Street earnings expectations amidst growth in its international operations and expansion of GM Financial, its lease business. High-yield bonds in rural hospital company Quorum Health Corp. (0.2% of long-term investments at period end) rebounded after difficulties in 2016; the company executed on plans to divest hospitals to reduce leverage, and experienced higher core demand for admissions and specialty procedures than expected. A lack of repeal of the Affordable Care Act, which could have limited hospital demand by the public, also helped take away downside potential.

Among detractors, mandatory convertibles and straight high-yield bonds of telephone and data provider Frontier Communications Corp. (0.4% of long-term investments at period end) fell after the company struggled with properties acquired from Verizon in 2016, experiencing line losses both in these regions and continuing core Frontier properties. The company has made admirable progress with cost reductions and liquidity enhancement but the reduction in profits has hurt the credit and equity of the shares. At period end, the Fund held a small straight bond position in the issuer.

Mandatory convertibles held in health care device and drug maker Allergan plc (1.4% of long-term investments at period end) fell after the company lost a court ruling on the profitable dry-eye drug Restatsis, bringing forward generic competition, and experienced setbacks on other trial data on drugs such as Cenicriviroc (CVC) for liver fibrosis. The company's debt levels magnified the extent of the stock decline, also hurting the mandatories' valuation. Mandatory convertibles in generic drug maker Teva Pharmaceuticals Industries Ltd. (0.2% of long-term investments at period end) declined as the company experienced pricing headwinds and faster generic competition in its portfolio of products, notably the multiple sclerosis drug Copaxone. The company's acquisition of Allergan's generic business raised leverage and created an overhang on potential sales of Allergan's stock holdings of Teva, both hurting the equity as profit estimates fell.

Convertible bonds in oilfield services provider Nabors Industries, Inc. (not held at period end) declined as the company incurred margin headwinds to activate some projects as oil prices rebounded and the level of debt maturities due over the intermediate-term kept pressure on credit prices.

Index Definitions

It is not possible to invest directly in an index. These indices are intended as measures of broad market returns. The Fund's mandate differs materially from each of the individual indices. The Fund also maintains leverage and incurs transaction costs, advisory fees, and other expenses, while these indices do not.

QUESTIONS & ANSWERS (Unaudited) continued October 31, 2017

Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including U.S. Treasuries, government-related and corporate securities, mortgage-backed securities or “MBS” (agency fixed-rate and hybrid adjustable-rate mortgage, or “ARM”, pass-throughs), asset-backed securities (“ABS”), and commercial mortgage-backed securities (“CMBS”) (agency and non-agency).

ICE Bank of America Merrill Lynch All Convertibles Index is comprised of approximately 500 issues of convertible bonds and preferred stock of all qualities.

ICE Bank of America 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.

S&P 500® Index is a broad-based index, the performance of which is based on the performance of 500 widely held common stocks chosen for market size, liquidity, and industry group representation.

VIX is the ticker symbol for the Chicago Board Options Exchange Market Volatility Index, a popular measure of the implied volatility of S&P 500 index options. It is a weighted blend of prices for a range of options on the S&P 500 index.

AVK Risks and Other Considerations

The views expressed in this report reflect those of the Investment Manager 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. Please see guggenheiminvestments.com/avk for a detailed discussion of the Fund’s risks and considerations.

This material is not intended as a recommendation or as investment advice of any kind, including in connection with rollovers, transfers, and distributions. Such material is not provided in a fiduciary capacity, may not be relied upon for or in connection with the making of investment decisions, and does not constitute a solicitation of an offer to buy or sell securities. All content has been provided for informational or educational purposes only and is not intended to be and should not be construed as legal or tax advice and/or a legal opinion. Always consult a financial, tax and/or legal professional regarding your specific situation.

FUND SUMMARY (Unaudited) October 31, 2017

Fund Statistics	
Share Price	$16.09
Net Asset Value	$17.63
Discount to NAV	-8.74%
Net Assets ($000)	$353,389

AVERAGE ANNUAL TOTAL RETURNS
FOR THE PERIOD ENDED OCTOBER 31, 2017

	One Year	Three Year	Five Year	Ten Year
Advent Claymore Convertible Securities & Income Fund				
NAV	16.55%	4.41%	7.17%	2.66%
Market	24.20%	5.32%	6.42%	3.66%

Portfolio Breakdown	% of Net Assets
Investments:	
Convertible Bonds	67.5%
Corporate Bonds	64.4%
Common Stocks	12.6%
Convertible Preferred Stocks	10.7%
Money Market Fund	6.4%
Senior Floating Rate Interests	1.7%
Total Investments	163.3%
Other Assets & Liabilities, net	(63.3%)
Net Assets	100.0%

Past performance does not guarantee future results and does not reflect the deductions of taxes that a shareholder would pay on fund distributions. All NAV returns include the deduction of management fees, operating expenses and all other Fund expenses. All portfolio data is subject to change daily. For more current information, please visit guggenheiminvestments.com/avk.

The above summaries are provided for informational purposes only and should not be viewed as recommendations.

FUND SUMMARY (Unaudited) continued October 31, 2017

All or a portion of the above distributions may be characterized as a return of capital. For the year ended October 31, 2017, 39% of the distributions were estimated to be characterized as return of capital. The final determination of the tax character of the distributions paid by the Fund in 2017 will be reported to shareholders in January 2018.

Country Breakdown	(% of Total Investments)
United States	87.0%
Canada	3.1%
Ireland	2.5%
Bermuda	2.0%
Cayman Islands	1.1%
United Kingdom	0.6%
Mexico	0.6%
France	0.5%
Australia	0.5%
Greece	0.4%
Luxembourg	0.4%
Netherlands	0.3%
Marshall Islands	0.2%
China	0.2%
Israel	0.2%
Liberia	0.2%
Jersey	0.2%

Subject to change daily.

PORTFOLIO OF INVESTMENTS October 31, 2017

	Shares	Value
COMMON STOCKS† – 12.6%		
Consumer, Cyclical – 4.7%		
American Airlines Group, Inc.[1]	90,012	$ 4,214,362
General Motors Co.[1]	93,500	4,018,630
Wal-Mart Stores, Inc.[1]	30,000	2,619,300
Lowe's Companies, Inc.[1]	25,000	1,998,750
Spirit Airlines, Inc.[*,1]	50,000	1,854,500
Ford Motor Co.[1]	150,300	1,844,181
Total Consumer, Cyclical		16,549,723
Consumer, Non-cyclical – 2.7%		
Merck & Company, Inc.[1]	49,100	2,704,919
Incyte Corp.[*,1]	22,500	2,548,125
Celgene Corp.[*,1]	24,100	2,433,377
Flexion Therapeutics, Inc.[*,1]	88,300	1,943,483
Total Consumer, Non-cyclical		9,629,904
Communications – 2.2%		
Verizon Communications, Inc.[1]	69,100	3,307,817
Walt Disney Co.[1]	33,000	3,227,730
AT&T, Inc.[1]	33,200	1,117,180
Total Communications		7,652,727
Industrial – 2.0%		
United Parcel Service, Inc. — Class[1]B	23,900	2,808,967
Eaton Corporation plc	29,700	2,376,594
General Dynamics Corp.[1]	9,206	1,868,634
Total Industrial		7,054,195
Financial – 0.5%		
Lazard Ltd. — Class[1]A	42,000	1,996,680
Diversified – 0.5%		
TPG Pace Energy Holdings Corp.[*]	170,500	1,739,100
Total Common Stocks		
(Cost $43,915,192)		44,622,329
CONVERTIBLE PREFERRED STOCKS† – 10.7%		
Consumer, Non-cyclical – 3.7%		
Allergan plc		
5.50% due 03/01/18[1]	12,342	7,944,421
Becton Dickinson and Co.		
6.13% due 05/01/20[1]	52,220	2,964,529
Teva Pharmaceutical Industries Ltd.		
7.00% due 12/15/18	3,750	1,066,875

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Shares	Value
CONVERTIBLE PREFERRED STOCKS† – 10.7% (continued)		
Consumer, Non-cyclical – 3.7% (continued)		
Bunge Ltd.		
4.88%[5]	9,454	$ 985,107
Total Consumer, Non-cyclical		12,960,932
Financial – 2.5%		
Crown Castle International Corp.		
6.88% due 08/01/20[1]	5,865	6,432,733
American Tower Corp.		
5.50% due 02/15/18[1]	12,614	1,591,508
Mandatory Exchangeable Trust		
5.75% due 06/03/19[2]	4,739	993,839
Total Financial		9,018,080
Energy – 2.4%		
Hess Corp.		
8.00% due 02/01/19[1]	122,494	6,829,041
WPX Energy, Inc.		
6.25% due 07/31/18[1]	18,938	974,360
Anadarko Petroleum Corp.		
7.50% due 06/07/18	13,658	519,004
Total Energy		8,322,405
Industrial – 1.0%		
Belden, Inc.		
6.75% due 07/15/19[1]	20,699	2,224,521
Stanley Black & Decker, Inc.		
5.38% due 05/15/20[1]	12,576	1,487,364
Total Industrial		3,711,885
Utilities – 0.7%		
NextEra Energy, Inc.		
6.12% due 09/01/19	40,349	2,299,893
Communications – 0.4%		
T-Mobile US, Inc.		
5.50% due 12/15/17[1]	15,356	1,486,461
Total Convertible Preferred Stocks		
(Cost $39,472,571)		37,799,656
MONEY MARKET FUND† – 6.4%		
Morgan Stanley Institutional Liquidity Government Portfolio 0.92%[3]	22,455,584	22,455,584
Total Money Market Fund		

(Cost $22,455,584)	22,455,584

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CONVERTIBLE BONDS†‡ 67.5%		
Technology – 19.6%		
Microchip Technology, Inc.		
1.63% due 02/15/27[2]	5,730,000	$ 7,244,868
Micron Technology, Inc.		
3.00% due 11/15/43[1]	4,111,000	6,392,604
ON Semiconductor Corp.		
1.00% due 12/01/20[1]	2,900,000	3,753,688
1.63% due 10/15/23[1,2]	1,193,000	1,492,741
Intel Corp.		
3.49% due 12/15/35[1]	2,527,000	4,245,359
3.25% due 08/01/39[1]	260,000	565,989
Carbonite, Inc.		
2.50% due 04/01/22[2]	3,578,000	4,150,479
Lam Research Corp.		
1.25% due 05/15/18[1]	1,043,000	3,609,432
Integrated Device Technology, Inc.		
0.88% due 11/15/22	3,033,000	3,499,324
Evolent Health, Inc.		
2.00% due 12/01/21[2]	3,196,000	3,425,713
Verint Systems, Inc.		
1.50% due 06/01/21[1]	3,385,000	3,332,109
ServiceNow, Inc.		
due 06/01/22[2,4]	2,820,000	3,176,025
Teradyne, Inc.		
1.25% due 12/15/23[1,2]	1,850,000	2,674,407
Citrix Systems, Inc.		
0.50% due 04/15/19[1]	1,816,000	2,231,409
Inphi Corp.		
0.75% due 09/01/21	1,900,000	1,981,938
Cypress Semiconductor Corp.		
4.50% due 01/15/22[1]	1,464,000	1,972,740
Allscripts Healthcare Solutions, Inc.		
1.25% due 07/01/20[1]	1,825,000	1,898,000
Salesforce.com, Inc.		
0.25% due 04/01/18[1]	1,170,000	1,800,338
Lumentum Holdings, Inc.		
0.25% due 03/15/24[2]	1,243,000	1,581,718
CSG Systems International, Inc.		
4.25% due 03/15/36[1]	1,410,000	1,535,138
Synaptics, Inc.		
0.50% due 06/15/22[2]	1,629,000	1,468,137
Advanced Micro Devices, Inc.		

2.13% due 09/01/26	855,000	1,349,832
HubSpot, Inc.		
0.25% due 06/01/22[2]	1,163,000	1,314,190

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CONVERTIBLE BONDS†‡ 67.5% (continued)		
Technology – 19.6% (continued)		
Veeco Instruments, Inc.		
2.70% due 01/15/23	1,375,000	$ 1,263,281
Red Hat, Inc.		
0.25% due 10/01/19[1]	732,000	1,217,408
Silicon Laboratories, Inc.		
1.38% due 03/01/22[2]	681,000	819,754
Electronics For Imaging, Inc.		
0.75% due 09/01/19[1]	753,000	736,058
Workday, Inc.		
0.25% due 10/01/22[2]	451,000	456,919
Total Technology		69,189,598
Communications – 11.4%		
Finisar Corp.		
0.50% due 12/15/33[1]	4,418,000	4,677,558
0.50% due 12/15/36[2]	2,000,000	1,915,000
Priceline Group, Inc.		
0.35% due 06/15/20[1]	3,731,000	5,559,190
DISH Network Corp.		
3.38% due 08/15/26[1]	4,267,000	4,611,027
2.38% due 03/15/24[1,2]	961,000	925,563
Twitter, Inc.		
0.25% due 09/15/19[1]	3,400,000	3,230,000
1.00% due 09/15/21[1]	560,000	517,650
FireEye, Inc.		
1.00% due 06/01/35[1]	2,700,000	2,565,000
Ctrip.com International Ltd.		
1.00% due 07/01/20[1]	2,347,000	2,556,763
Liberty Media Corp.		
1.38% due 10/15/23	1,769,000	2,129,699
Proofpoint, Inc.		
0.75% due 06/15/20[1]	1,551,000	2,005,637
Inmarsat plc		
3.88% due 09/09/23	1,800,000	1,930,500
Ciena Corp.		
4.00% due 12/15/20[1]	1,041,000	1,368,264
Liberty Interactive LLC		
1.75% due 09/30/46[1,2]	1,096,000	1,243,275
Weibo Corp.		
1.25% due 11/15/22[2]	1,081,000	1,129,645
IAC FinanceCo, Inc.		

0.88% due 10/01/22[2]	1,013,000	1,095,940
Liberty Expedia Holdings, Inc.		
1.00% due 06/30/47[2]	1,031,000	1,056,775

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CONVERTIBLE BONDS†‡ 67.5% (continued)		
Communications – 11.4% (continued)		
Wayfair, Inc.		
0.38% due 09/01/22[2]	965,000	$ 945,097
World Wrestling Entertainment, Inc.		
3.38% due 12/15/23[1,2]	628,000	774,795
Total Communications		40,237,378
Consumer, Non-cyclical – 10.5%		
Wright Medical Group, Inc.		
2.00% due 02/15/20[1]	3,852,000	4,189,049
Ionis Pharmaceuticals, Inc.		
1.00% due 11/15/21[1]	2,433,000	2,744,728
BioMarin Pharmaceutical, Inc.		
1.50% due 10/15/20[1]	2,067,000	2,355,088
NuVasive, Inc.		
2.25% due 03/15/21[1]	1,928,000	2,241,300
Nevro Corp.		
1.75% due 06/01/21[1]	1,853,000	2,156,429
Cardtronics, Inc.		
1.00% due 12/01/20[1]	2,050,000	1,901,375
Molina Healthcare, Inc.		
1.63% due 08/15/44[1]	1,500,000	1,859,063
Euronet Worldwide, Inc.		
1.50% due 10/01/44[1]	1,351,000	1,849,181
Flexion Therapeutics, Inc.		
3.38% due 05/01/24[2]	1,542,000	1,752,089
Hologic, Inc.		
2.00% due 03/01/42[1,6,8]	1,340,000	1,668,300
Insulet Corp.		
1.25% due 09/15/21	1,342,000	1,598,658
Anthem, Inc.		
2.75% due 10/15/42	493,000	1,412,445
Pacira Pharmaceuticals, Inc.		
2.38% due 04/01/22[1,2]	1,478,000	1,375,463
Medicines Co.		
2.75% due 07/15/23	1,306,000	1,230,089
Teladoc, Inc.		
3.00% due 12/15/22[2]	1,105,000	1,194,090
Jazz Investments I Ltd.		
1.88% due 08/15/21[1]	1,048,000	1,082,061
LendingTree, Inc.		
0.63% due 06/01/22[2]	744,000	1,056,480

Neurocrine Biosciences, Inc.		
2.25% due 05/15/24[2]	872,000	1,001,165
Clovis Oncology, Inc.		
2.50% due 09/15/21	663,000	963,008

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CONVERTIBLE BONDS†‡ 67.5% (continued)		
Consumer, Non-cyclical – 10.5% (continued)		
J Sainsbury plc		
1.25% due 11/21/19[1]	GBP 700,000	$ 948,436
Horizon Pharma Investment Ltd.		
2.50% due 03/15/22[1]	891,000	818,606
Innoviva, Inc.		
2.50% due 08/15/25[2]	811,000	787,177
Element Fleet Management Corp.		
4.25% due 06/30/20[2]	CAD 875,000	682,162
Emergent BioSolutions, Inc.		
2.88% due 01/15/21	288,000	418,500
Total Consumer, Non-cyclical		37,284,942
Financial – 8.1%		
Altaba, Inc.		
due 12/01/18[4]	3,066,000	4,223,415
Colony NorthStar, Inc.		
3.88% due 01/15/21	3,625,000	3,663,515
PRA Group, Inc.		
3.00% due 08/01/20	1,950,000	1,787,906
3.50% due 06/01/23[1,2]	1,774,000	1,608,796
Forest City Realty Trust, Inc.		
4.25% due 08/15/18	2,820,000	3,334,649
Starwood Property Trust, Inc.		
4.00% due 01/15/19[1]	1,939,000	2,147,443
HCI Group, Inc.		
4.25% due 03/01/37[2]	2,250,000	2,037,657
Starwood Waypoint Homes		
3.00% due 07/01/19[1]	1,501,000	1,859,364
Air Lease Corp.		
3.88% due 12/01/18[1]	1,069,000	1,634,902
Fidelity National Financial, Inc.		
4.25% due 08/15/18[1]	528,000	1,531,854
Empire State Realty OP, LP		
2.63% due 08/15/19[2]	1,170,000	1,282,613
Extra Space Storage, LP		
3.13% due 10/01/35[1]	937,000	1,023,087
iStar, Inc.		
3.13% due 09/15/22[2]	960,000	976,800
Blackhawk Network Holdings, Inc.		
1.50% due 01/15/22	847,000	850,706
Blackstone Mortgage Trust, Inc.		

4.38% due 05/05/22	502,000	510,471
Total Financial		28,473,178

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CONVERTIBLE BONDS†‡ 67.5% (continued)		
Industrial – 6.4%		
Dycom Industries, Inc.		
0.75% due 09/15/21[1]	5,857,000	$ 6,830,726
Greenbrier Companies, Inc.		
2.88% due 02/01/24[2]	3,808,000	4,472,020
Cemex SAB de CV		
3.72% due 03/15/20	2,893,000	3,082,867
Kaman Corp.		
3.25% due 05/01/24[2]	1,803,000	1,957,382
Atlas Air Worldwide Holdings, Inc.		
1.88% due 06/01/24	1,469,000	1,790,343
RTI International Metals, Inc.		
1.63% due 10/15/19	1,572,000	1,743,938
OSI Systems, Inc.		
1.25% due 09/01/22[1,2]	1,248,000	1,316,640
Air Transport Services Group, Inc.		
1.13% due 10/15/24[2]	749,000	785,046
BW Group Ltd.		
1.75% due 09/10/19	600,000	575,400
Total Industrial		22,554,362
Energy – 4.9%		
Chesapeake Energy Corp.		
5.50% due 09/15/26[2]	6,506,000	5,794,405
Weatherford International Ltd.		
5.88% due 07/01/21	5,549,000	5,611,426
PDC Energy, Inc.		
1.13% due 09/15/21[1]	1,628,000	1,597,475
Oasis Petroleum, Inc.		
2.63% due 09/15/23[1]	1,250,000	1,379,688
Green Plains, Inc.		
4.13% due 09/01/22	1,043,000	1,031,266
Ensco Jersey Finance Ltd.		
3.00% due 01/31/24[2]	1,126,000	954,286
SEACOR Holdings, Inc.		
3.00% due 11/15/28	964,000	888,085
Total Energy		17,256,631
Consumer, Cyclical – 4.1%		
Tesla, Inc.		
1.25% due 03/01/21[1]	2,033,000	2,271,877
2.38% due 03/15/22	1,222,000	1,486,257

CalAtlantic Group, Inc.		
0.25% due 06/01/19[1]	2,050,000	2,058,200
1.63% due 05/15/18[1]	876,000	1,381,890

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CONVERTIBLE BONDS†‡ 67.5% (continued)		
Consumer, Cyclical – 4.1% (continued)		
Restoration Hardware Holdings, Inc.		
due 06/15/19[1,2,4]	2,608,000	$ 2,539,540
Caesars Entertainment Corp.		
5.00% due 10/01/24	1,080,000	2,124,900
Horizon Global Corp.		
2.75% due 07/01/22	1,006,000	1,008,515
China Lodging Group Ltd.		
0.38% due 11/01/22[2]	975,000	1,002,310
Meritor, Inc.		
3.25% due 10/15/37[2]	567,000	608,108
Total Consumer, Cyclical		14,481,597
Utilities – 1.5%		
CenterPoint Energy, Inc.		
4.18% due 09/15/29[1,6]	41,326	2,928,980
NRG Yield, Inc.		
3.25% due 06/01/20[1,2]	2,300,000	2,305,750
Total Utilities		5,234,730
Basic Materials – 1.0%		
AK Steel Corp.		
5.00% due 11/15/19	1,151,000	1,374,726
Pretium Resources, Inc.		
2.25% due 03/15/22[2]	1,134,000	1,165,893
B2Gold Corp.		
3.25% due 10/01/18	919,000	936,232
Total Basic Materials		3,476,851
Total Convertible Bonds		
(Cost $214,212,360)		238,189,267
CORPORATE BONDS†‡ 64.4%		
Consumer, Non-cyclical – 15.8%		
HCA, Inc.		
5.25% due 04/15/25[1]	3,211,000	3,427,742
7.50% due 02/15/22[1]	1,950,000	2,218,125
Tenet Healthcare Corp.		
4.38% due 10/01/21[1]	2,500,000	2,503,749
8.13% due 04/01/22	1,688,000	1,702,770
6.00% due 10/01/20[1]	1,300,000	1,369,875
HealthSouth Corp.		
5.75% due 11/01/24[1]	3,000,000	3,076,874

5.75% due 09/15/25[1]	2,126,000	2,203,068
Valeant Pharmaceuticals International, Inc.		
6.13% due 04/15/25[2]	5,725,000	4,830,469

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CORPORATE BONDS†‡ 64.4% (continued)		
Consumer, Non-cyclical – 15.8% (continued)		
United Rentals North America, Inc.		
5.50% due 05/15/27[1]	2,052,000	$ 2,200,770
5.50% due 07/15/25[1]	1,950,000	2,099,906
Endo Dac / Endo Finance LLC / Endo Finco, Inc.		
6.00% due 02/01/25[1,2]	4,620,000	3,696,000
CHS/Community Health Systems, Inc.		
6.88% due 02/01/22[1]	2,277,000	1,656,518
5.13% due 08/01/21[1]	950,000	926,250
Cardtronics, Inc.		
5.13% due 08/01/22[1]	2,500,000	2,562,500
Post Holdings, Inc.		
5.50% due 03/01/25[1,2]	1,663,000	1,737,835
5.75% due 03/01/27[1,2]	727,000	758,806
DaVita, Inc.		
5.00% due 05/01/25[1]	2,433,000	2,402,588
Molina Healthcare, Inc.		
5.38% due 11/15/22[1]	2,200,000	2,300,100
Spectrum Brands, Inc.		
5.75% due 07/15/25[1]	2,004,000	2,138,629
Ahern Rentals, Inc.		
7.38% due 05/15/23[1,2]	1,959,000	1,802,280
Land O’Lakes Capital Trust I		
7.45% due 03/15/28[1,2]	1,500,000	1,762,501
Pilgrim’s Pride Corp.		
5.88% due 09/30/27[2]	1,688,000	1,759,740
Greatbatch Ltd.		
9.13% due 11/01/23[2]	1,485,000	1,611,225
Ritchie Bros Auctioneers, Inc.		
5.38% due 01/15/25[1,2]	1,361,000	1,435,855
Great Lakes Dredge & Dock Corp.		
8.00% due 05/15/22	1,191,000	1,256,505
Revlon Consumer Products Corp.		
6.25% due 08/01/24[1]	1,520,000	1,128,600
Quorum Health Corp.		
11.63% due 04/15/23	970,000	892,400
Sotheby’s		
5.25% due 10/01/22[1,2]	435,000	448,594
Land O’ Lakes, Inc.		
6.00% due 11/15/22[2]	19,000	21,446
Total Consumer, Non-cyclical		55,931,720

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CORPORATE BONDS†‡ 64.4% (continued)		
Consumer, Cyclical – 12.7%		
GameStop Corp.		
6.75% due 03/15/21[1,2]	4,134,000	$ 4,345,867
L Brands, Inc.		
5.63% due 02/15/22[1]	2,600,000	2,793,699
Scientific Games International, Inc.		
10.00% due 12/01/22	1,976,000	2,193,221
5.00% due 10/15/25[2]	363,000	369,353
Vista Outdoor, Inc.		
5.88% due 10/01/23[1]	2,463,000	2,555,363
Dana Financing Luxembourg Sarl		
6.50% due 06/01/26[1,2]	2,070,000	2,256,300
Tempur Sealy International, Inc.		
5.63% due 10/15/23[1]	2,000,000	2,120,000
Scotts Miracle-Gro Co.		
6.00% due 10/15/23[1]	1,901,000	2,043,575
Dollar Tree, Inc.		
5.75% due 03/01/23[1]	1,901,000	2,003,179
Mattamy Group Corp.		
6.88% due 12/15/23[2]	1,157,000	1,220,635
6.50% due 10/01/25[2]	723,000	757,343
Staples, Inc.		
8.50% due 09/15/25[2]	2,171,000	1,921,335
Delphi Technologies plc		
5.00% due 10/01/25[2]	1,810,000	1,828,100
Levi Strauss & Co.		
5.00% due 05/01/25[1]	1,724,000	1,820,889
Allegiant Travel Co.		
5.50% due 07/15/19[1]	1,750,000	1,815,625
Chester Downs & Marina LLC / Chester Downs Finance Corp.		
9.25% due 02/01/20[2]	1,771,000	1,815,275
United Continental Holdings, Inc.		
6.00% due 12/01/20[1]	1,500,000	1,635,000
TRI Pointe Group Inc. / TRI Pointe Homes Inc.		
4.38% due 06/15/19[1]	1,558,000	1,606,687
Goodyear Tire & Rubber Co.		
5.13% due 11/15/23	1,546,000	1,596,245
Hanesbrands, Inc.		
4.63% due 05/15/24[1,2]	1,486,000	1,534,295
Six Flags Entertainment Corp.		
4.88% due 07/31/24[1,2]	1,469,000	1,514,906
Brinker International, Inc.		

5.00% due 10/01/24[2]	1,447,000	1,450,618
Wolverine World Wide, Inc.		
5.00% due 09/01/26[1,2]	1,200,000	1,201,500

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CORPORATE BONDS†‡ 64.4% (continued)		
Consumer, Cyclical – 12.7% (continued)		
Speedway Motorsports, Inc.		
5.13% due 02/01/23[1]	1,100,000	$ 1,144,000
Beacon Escrow Corp.		
4.88% due 11/01/25[2]	964,000	980,581
CRC Escrow Issuer LLC / CRC Finco, Inc.		
5.25% due 10/15/25[2]	484,000	488,380
Total Consumer, Cyclical		45,011,971
Communications – 8.4%		
Sprint Corp.		
7.88% due 09/15/23[1]	2,000,000	2,239,999
7.63% due 02/15/25[1]	965,000	1,060,294
SFR Group S.A.		
7.38% due 05/01/26[1,2]	2,678,000	2,888,892
Charter Communications Operating LLC / Charter Communications Operating Capital		
4.91% due 07/23/25[1]	2,617,000	2,788,379
CBS Radio, Inc.		
7.25% due 11/01/24[1,2]	2,249,000	2,364,261
Frontier Communications Corp.		
11.00% due 09/15/25[1]	2,769,000	2,364,034
DISH DBS Corp.		
5.88% due 11/15/24[1]	1,509,000	1,512,773
6.75% due 06/01/21[1]	800,000	842,000
CenturyLink, Inc.		
6.75% due 12/01/23[1]	2,011,000	2,099,484
AMC Networks, Inc.		
4.75% due 12/15/22[1]	2,040,000	2,098,650
Hughes Satellite Systems Corp.		
6.50% due 06/15/19[1]	1,718,000	1,825,375
CommScope, Inc.		
5.50% due 06/15/24[1,2]	1,500,000	1,567,500
Sinclair Television Group, Inc.		
5.88% due 03/15/26[1,2]	1,485,000	1,505,419
CCO Holdings LLC / CCO Holdings Capital Corp.		
5.25% due 09/30/22[1]	1,400,000	1,444,625
Urban One, Inc.		
7.38% due 04/15/22[1,2]	1,100,000	1,109,625
CB Escrow Corp.		
8.00% due 10/15/25[2]	965,000	1,001,188
Tribune Media Co.		

5.88% due 07/15/22[1]	935,000	974,738
Total Communications		29,687,236

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CORPORATE BONDS†‡ 64.4% (continued)		
Energy – 7.4%		
PDC Energy, Inc.[1]		
6.13% due 09/15/24	2,150,000	$ 2,254,812
Murphy Oil Corp.		
5.75% due 08/15/25[1]	2,174,000	2,250,089
Parsley Energy LLC / Parsley Finance Corp.		
5.63% due 10/15/27[2]	2,170,000	2,244,605
Oasis Petroleum, Inc.		
6.88% due 01/15/23[1]	2,158,000	2,206,555
CONSOL Energy, Inc.		
8.00% due 04/01/23[1]	1,891,000	2,032,825
Andeavor Logistics Limited Partnership / Tesoro Logistics Finance Corp.		
6.13% due 10/15/21[1]	1,929,000	1,994,104
Genesis Energy, LP / Genesis Energy Finance Corp.		
6.00% due 05/15/23[1]	1,896,000	1,910,220
PBF Holding Company LLC / PBF Finance Corp.		
7.25% due 06/15/25[1]	1,686,000	1,747,118
Cheniere Corpus Christi Holdings LLC		
5.13% due 06/30/27[1,2]	1,664,000	1,720,160
Continental Resources, Inc.		
4.50% due 04/15/23[1]	1,676,000	1,701,140
SESI LLC		
7.75% due 09/15/24[2]	1,456,000	1,510,600
Whiting Petroleum Corp.		
5.00% due 03/15/19[1]	1,474,000	1,494,268
Diamondback Energy, Inc.		
4.75% due 11/01/24[1]	1,440,000	1,472,400
CONSOL Mining Corp.		
11.00% due 11/15/25[2]	1,302,000	1,337,805
Alliance Resource Operating Partners Limited Partnership / Alliance Resource Finance Corp.		
7.50% due 05/01/25[2]	261,000	276,660
Total Energy		26,153,361
Basic Materials – 6.8%		
NOVA Chemicals Corp.		
5.00% due 05/01/25[1,2]	2,345,000	2,391,899
5.25% due 08/01/23[1,2]	1,600,000	1,656,000
FMG Resources August 2006 Pty Ltd.		
9.75% due 03/01/22[1,2]	1,853,000	2,075,359
5.13% due 05/15/24[2]	477,000	492,503
4.75% due 05/15/22[2]	238,000	243,653

First Quantum Minerals Ltd.		
7.25% due 04/01/23[1,2]	2,044,000	2,166,639
Commercial Metals Co.		
4.88% due 05/15/23[1]	1,889,000	1,969,282

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CORPORATE BONDS†‡ 64.4% (continued)		
Basic Materials – 6.8% (continued)		
Alcoa Nederland Holding B.V.		
6.75% due 09/30/24[2]	1,480,000	$ 1,652,450
Tronox Finance LLC		
7.50% due 03/15/22[1,2]	1,437,000	1,514,239
TPC Group, Inc.		
8.75% due 12/15/20[2]	1,483,000	1,457,048
Freeport-McMoRan, Inc.		
2.38% due 03/15/18[1]	1,381,000	1,384,453
Kaiser Aluminum Corp.		
5.88% due 05/15/24[1]	1,162,000	1,253,508
Compass Minerals International, Inc.		
4.88% due 07/15/24[1,2]	1,197,000	1,186,526
United States Steel Corp.		
6.88% due 08/15/25	964,000	982,678
AK Steel Corp.		
7.50% due 07/15/23	900,000	977,625
Cornerstone Chemical Co.		
6.75% due 08/15/24[2]	868,000	879,935
Big River Steel LLC / BRS Finance Corp.		
7.25% due 09/01/25[2]	727,000	781,525
Kraton Polymers LLC / Kraton Polymers Capital Corp.		
10.50% due 04/15/23[2]	480,000	547,200
Tronox Finance plc		
5.75% due 10/01/25[2]	364,000	380,835
Total Basic Materials		23,993,357
Industrial – 6.1%		
MasTec, Inc.		
4.88% due 03/15/23[1]	2,612,000	2,690,360
Navios Maritime Acquisition Corp. / Navios Acquisition Finance US, Inc.		
8.13% due 11/15/21[1,2]	2,584,000	2,286,840
Louisiana-Pacific Corp.		
4.88% due 09/15/24[1]	2,151,000	2,223,596
Energizer Holdings, Inc.		
5.50% due 06/15/25[1,2]	1,925,000	2,026,063
Xerium Technologies, Inc.		
9.50% due 08/15/21[1]	1,930,000	1,987,320
CNH Industrial Capital LLC		
3.38% due 07/15/19[1]	1,902,000	1,937,663
Ball Corp.		
4.38% due 12/15/20	1,808,000	1,905,180

TransDigm, Inc.		
6.38% due 06/15/26[1]	1,618,000	1,650,360
Shape Technologies Group, Inc.		
7.63% due 02/01/20[1,2]	1,472,000	1,520,753

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
CORPORATE BONDS†‡ 64.4% (continued)		
Industrial – 6.1% (continued)		
Navios Maritime Holdings, Inc. / Navios Maritime Finance II US, Inc.		
7.38% due 01/15/22[2]	1,520,000	$ 1,254,000
KLX, Inc.		
5.88% due 12/01/22[1,2]	1,000,000	1,050,000
Eletson Holdings, Inc.		
9.63% due 01/15/22[1,2]	1,400,000	997,500
Total Industrial		21,529,635
Technology – 3.7%		
Qorvo, Inc.		
6.75% due 12/01/23[1]	1,898,000	2,061,703
7.00% due 12/01/25[1]	1,000,000	1,144,050
Seagate HDD Cayman		
4.75% due 01/01/25[1,2]	2,397,000	2,379,063
Western Digital Corp.		
10.50% due 04/01/24[1]	1,587,000	1,866,312
West Corp.		
8.50% due 10/15/25[2]	1,635,000	1,596,169
Entegris, Inc.		
6.00% due 04/01/22[1,2]	1,500,000	1,569,375
First Data Corp.		
5.38% due 08/15/23[1,2]	1,348,000	1,406,975
ACI Worldwide, Inc.		
6.38% due 08/15/20[1,2]	1,000,000	1,019,875
Total Technology		13,043,522
Financial – 2.9%		
Alliance Data Systems Corp.		
6.38% due 04/01/20[1,2]	1,500,000	1,520,625
5.88% due 11/01/21[1,2]	1,200,000	1,245,000
Starwood Property Trust, Inc.		
5.00% due 12/15/21[1]	2,279,000	2,392,950
Credit Acceptance Corp.		
7.38% due 03/15/23[1]	2,158,000	2,276,690
Navient Corp.		
5.50% due 01/15/19[1]	1,674,000	1,730,498
Ally Financial, Inc.		
8.00% due 03/15/20[1]	1,100,000	1,238,875
Total Financial		10,404,638

Utilities – 0.6%		
AmeriGas Partners, LP / AmeriGas Finance Corp.		
5.75% due 05/20/27	1,929,000	1,979,636
Total Corporate Bonds		
(Cost $223,281,269)		227,735,076

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

	Face Amount~	Value
SENIOR FLOATING RATE INTERESTS††,[7] 1.7%		
Consumer, Cyclical – 0.8%		
PetSmart, Inc.		
4.35% (3 Month USD LIBOR + 300 bps) due 03/10/22	2,187,563	$ 1,885,065
Intrawest Resorts Holdings, Inc.		
4.63% (3 Month USD LIBOR + 325 bps) due 07/31/24	1,074,900	1,078,931
Total Consumer, Cyclical		2,963,996
Communications – 0.5%		
Sprint Communications, Inc.		
3.75% (3 Month USD LIBOR + 250 bps) due 02/02/24	1,648,715	1,655,486
Consumer, Non-cyclical – 0.4%		
SUPERVALU, Inc.		
4.83% (3 Month USD LIBOR + 350 bps) due 06/08/24	1,542,250	1,488,271
Total Senior Floating Rate Interests		
(Cost $6,461,678)		6,107,753
Total Investments – 163.3%		
(Cost $549,798,654)		$ 576,909,665
Other Assets & Liabilities, net – (63.3)%		(223,520,630)
Total Net Assets – 100.0%		$ 353,389,035

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS††

Counterparty	Contracts to Buy (Sell)	Currency	Settlement Date	Settlement Value	Value at October 31, 2017	Net Unrealized Appreciation
Bank of New York Mellon	(849,000)	CAD	12/14/17	$699,889	$658,887	$41,002
Bank of New York Mellon	(746,000)	GBP	12/14/17	992,292	992,040	252
					Total Appreciation	$41,254

~ The face amount is denominated in U.S. dollars unless otherwise indicated.
* Non-income producing security.
† Value determined based on Level 1 inputs — See Note 2.
†† Value determined based on Level 2 inputs — See Note 2.
1 All or a portion of these securities have been physically segregated in connection with borrowings and reverse repurchase agreements. As of October 31, 2017, the total value of securities segregated was $348,760,250.
2 Security is a 144A or Section 4(a)(2) security. These securities have been determined to be liquid under guidelines established by the Board of Trustees. The total market value of 144A or Section 4(a)(2) securities is $171,305,897 (cost $164,311,664), or 48.5% of total net assets.
3 Rate indicated is the 7 day yield as of October 31, 2017.
4 Zero coupon rate security.
5 Perpetual maturity.

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued October 31, 2017

6	Security is a step up/step down bond. The coupon increases or decreases at regular intervals until the bond reaches full maturity.
7	Variable rate security. Rate indicated is rate effective at October 31, 2017.
8	Security becomes an accreting bond after March 1, 2018 with a 2.00% principal accretion rate.

plc	Public Limited Company
LIBOR	London Interbank Offered Rate
CAD	Canadian Dollar
GBP	Great Britain Pound

See Sector Classification in Other Information section.

The following table summarizes the inputs used to value the Fund's investments at October 31, 2017 (See Note 2 in the Notes to Financial Statements):

Investments in Securities (Assets)	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total
Common Stocks	$44,622,329	$—	$ —	$44,622,329
Convertible Preferred Stocks	37,799,656	—	—	37,799,656
Money Market Fund	22,455,584	—	—	22,455,584
Convertible Bonds	—	238,189,267	—	238,189,267
Corporate Bonds	—	227,735,076	—	227,735,076
Senior Floating Rate Interests	—	6,107,753	—	6,107,753
Forward Foreign Currency Exchange Contracts*	—	41,254	—	41,254
Total Assets	$104,877,569	$472,073,350	$ —	$576,950,919

* This amount is reported as unrealized gain as of October 31, 2017.

Please refer to the detailed portfolio for the breakdown of investment type by industry category.

The Fund did not hold any Level 3 securities during the year ended October 31, 2017.

Transfers between investment levels may occur as the markets fluctuate and/or the availability of data used in an investment's valuation changes. Transfers between valuation levels, if any, are in comparison to the valuation levels at the end of the previous fiscal year, and are effective using the fair value as of the end of the current fiscal period.

For the year ended October 31, 2017, there were no transfers between levels.

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES October 31, 2017

ASSETS:	
Investments, at value (cost $549,798,654)	$576,909,665
Cash	6,491
Unrealized appreciation on forward foreign currency exchange contracts	41,254
Receivables:	
Interest	4,636,285
Investments sold	1,651,433
Dividends	392,506
Tax reclaims	1,690
Other assets	20,920
Total assets	583,660,244
LIABILITIES:	
Margin loan	150,000,000
Reverse repurchase agreements	77,000,000
Interest due on borrowings	12,255
Payable for:	
Investments purchased	2,539,776
Investment advisory fees	266,732
Professional fees	203,540
Servicing fees	103,729
Other fees	145,177
Total liabilities	230,271,209
NET ASSETS	$353,389,035
NET ASSETS CONSIST OF:	
Common stock, $0.001 par value per share; unlimited number of shares authorized, 20,043,745 shares issued and outstanding	$20,044
Additional paid-in capital	360,576,088
Distributions in excess of net investment income	(995,941)
Accumulated net realized loss on investments, written options, foreign currency transactions, forward foreign currency exchange contracts and swap agreements	(33,362,973)
Net unrealized appreciation on investments, written options, foreign currency translations, forward foreign currency exchange contracts and swap agreements	27,151,817
NET ASSETS	$353,389,035
Shares outstanding ($0.001 par value with unlimited amount authorized)	20,043,745
Net asset value, offering price and redemption price per share	$17.63

See notes to financial statements.

STATEMENT OF OPERATIONS October 31, 2017
For the Year Ended October 31, 2017

INVESTMENT INCOME:	
Interest	$21,985,130
Dividends, net of foreign taxes withheld of $88,994	4,804,613
Total investment income	26,789,743
EXPENSES:	
Interest expense	4,861,042
Investment advisory fees	3,493,570
Servicing fees	1,369,002
Professional fees	272,252
Trustees' fees and expenses*	163,935
Printing fees	156,241
Administration fees	137,786
Fund accounting fees	123,207
Insurance	84,320
Custodian fees	27,087
NYSE listing fees	23,725
Transfer agent fees	19,556
Other fees	40,266
Total expenses	10,771,989
Net investment income	16,017,754
NET REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized gain (loss) on:	
Investments	20,935,854
Foreign currency transactions	78,197
Forward foreign currency exchange contracts	111,133
Written options	113,911
Purchased options	(39,249)
Swap agreements	(532,767)
Net realized gain	20,667,079
Net change in unrealized appreciation (depreciation) on:	
Investments	21,533,669
Foreign currency translations	2,052
Forward foreign currency exchange contracts	(318,424)
Swap agreements	444,479
Net change in unrealized appreciation (depreciation)	21,661,776
Net realized and unrealized gain	42,328,855
Net increase in net assets resulting from operations	$58,346,609

* Relates to Trustees not deemed "interested persons" within the meaning of Section 2(a)(19) of the 1940 Act.
See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS October 31, 2017

	Year Ended October 31, 2017	Year Ended October 31, 2016
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:		
Net investment income	$16,017,754	$17,594,006
Net realized gain (loss) on investments, written options, purchased options, foreign currency transactions, forward foreign currency exchange contracts and swap agreements	20,667,079	(23,133,711)
Net change in unrealized appreciation (depreciation) on investments, written options, foreign currency translations, forward foreign currency exchange contracts and swap agreements	21,661,776	12,069,092
Net increase in net assets resulting from operations	58,346,609	6,529,387
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(17,334,952)	(17,294,523)
Return of capital	(11,167,493)	(9,276,409)
Total distributions	(28,502,445)	(26,570,932)
SHAREHOLDER TRANSACTIONS:		
Cost of shares redeemed through tender offer	(59,968,535)	—
Net decrease in net assets	(30,124,371)	(20,041,545)
NET ASSETS:		
Beginning of year	383,513,406	403,554,951
End of year	$353,389,035	$383,513,406
Distributions in excess of net investment income at end of year	$(995,941)	$(1,531,151)

See notes to financial statements.

STATEMENT OF CASH FLOWS October 31, 2017
For the Year Ended October 31, 2017

Cash Flows from Operating Activities:	
Net increase in net assets resulting from operations	$58,346,609
Adjustments to Reconcile Net Increase in Net Assets Resulting from Operations to Net Cash Provided by Operating and Investing Activities:	
Net change in unrealized (appreciation) depreciation on investments	(21,533,669)
Net change in unrealized (appreciation) depreciation on swap agreements	(444,479)
Net change in unrealized (appreciation) depreciation on foreign currency translations	(2,052)
Net change in unrealized (appreciation) depreciation on forward foreign currency exchange contracts	318,424
Net realized gain on investments	(20,935,854)
Net realized gain on written options	(113,911)
Net realized loss on purchased options	39,249
Purchase of long-term investments	(668,975,073)
Proceeds from sale of long-term investments	761,677,641
Net proceeds (purchases) from sale of short-term investments	12,931,606
Net amortization/(accretion) of premium/discount	(957,693)
Premiums received on written options	1,252,813
Net change in premiums received on swap agreements	(636,708)
Cost of closing written options	(997,614)
Decrease in restricted cash	2,475,828
Increase in dividends receivable	(189,343)
Decrease in interest receivable	586,635
Decrease in investments sold receivable	3,821,099
Increase in tax reclaims receivable	(100)
Decrease in other assets	11,710
Decrease in investments purchased payable	(4,227,796)
Decrease in interest due on borrowings	(246,252)
Increase in investment advisory fees payable	78,413
Increase in professional fees payable	32,917
Decrease in servicing fees payable	(122,415)
Decrease in administrative fees payable	(11,536)
Decrease in other fees payable	(41,702)
Net Cash Provided by Operating and Investing Activities	122,136,747
Cash Flows From Financing Activities:	
Distributions to common shareholders	(28,502,445)
Payment on margin loan	(20,000,000)
Payment on reverse repurchase agreements	(15,000,000)
Payment for common shares redeemed through tender offer	(59,968,535)
Net Cash Used in Financing Activities	(123,470,980)
Net Decrease in Cash	(1,334,233)
Cash at Beginning of Period	1,340,724
Cash at End of Period	6,491
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the period for interest	$5,107,294

See notes to financial statements.

FINANCIAL HIGHLIGHTS October 31, 2017

	Year Ended October 31, 2017	Year Ended October 31, 2016	Year Ended October 31, 2015	Year Ended October 31, 2014	Year Ended October 31, 2013
Per Share Data:					
Net asset value, beginning of period	$ 16.26	$ 17.11	$ 19.00	$ 19.76	$ 17.19
Income from investment operations:					
Net investment income[(a)]	0.69	0.75	0.65	0.71	0.74
Net gain (loss) on investments (realized and unrealized)	1.86	(0.47)	(1.41)	(0.34)	2.87
Distributions to preferred shareholders from net investment income (common share equivalent basis)	—	—	—	—	(0.02)
Total from investment operations	2.55	0.28	(0.76)	0.37	3.59
Less distributions from:					
Net investment income	(0.75)	(0.74)	(0.76)	(1.13)	(1.13)
Return of capital	(0.49)	(0.39)	(0.37)	—	—
Total distributions to shareholders	(1.24)	(1.13)	(1.13)	(1.13)	(1.13)
Increase resulting from tender and repurchase of Auction Market Preferred Shares (Note 8)	—	—	—	—	0.11
Increase resulting from tender offer and repurchase of Common Shares (Note 8)	0.06	—	—	—	—
Net asset value, end of period	$ 17.63	$ 16.26	$ 17.11	$ 19.00	$ 19.76
Market value, end of period	$ 16.09	$ 14.01	$ 14.13	$ 17.34	$ 17.81
Total Return[(b)]					
Net asset value	16.55%	1.94%	(4.20%)	1.73%	22.09%[(c)]
Market value	24.20%	7.57%	(12.57%)	3.49%	12.90%
Ratios/Supplemental Data:					
Net assets, end of period (in thousands)	$ 353,389	$ 383,513	$ 403,555	$ 448,033	$ 466,031

See notes to financial statements.

FINANCIAL HIGHLIGHTS continued October 31, 2017

	Year Ended October 31, 2017	Year Ended October 31, 2016	Year Ended October 31, 2015	Year Ended October 31, 2014	Year Ended October 31, 2013
Ratio to average net assets of:					
Net investment income, prior to the effect of dividends to preferred shares, including interest expense	4.04%	4.66%	3.56%	3.58%	3.96%
Net Investment Income, after the effect of dividends to preferred shares, including interest expense	4.04%	4.66%	3.56%	3.58%	3.85%
Total expenses[(d)(e)]	2.72%	2.92%	2.48%	2.32%	2.37%
Portfolio turnover rate	110%	98%	117%	264%	240%
Senior Indebtness					
Total Borrowings outstanding (in thousands)	$ 227,000	$ 262,000	$ 262,000	$ 262,000	$ 262,000
Asset Coverage per $1,000 of indebtedness[(f)]	$ 2,557	$ 2,464	$ 2,540	$ 2,710	$ 2,779

(a) Based on average shares outstanding.

(b) Total 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 return does not reflect brokerage commissions.

(c) Included in the total return at net asset value is the impact of the tender and repurchase by the Fund of a portion of its Auction Market Preferred Shares ("AMPS") at 99% of the AMPS' per share liquidation preference. Had this transaction not occurred, the total return at net asset value would have been lowered by 0.67%.

(d) Expense ratio does not reflect the fees and expenses incurred directly by the Fund as a result of its investment in shares of business development companies. If these fees were included in the expense ratio, the increase to the expense ratio would be approximately 0.00%, 0.01%, 0.01%, 0.08% and 0.02% for the years ended October 31, 2017, 2016, 2015, 2014 and 2013.

(e) Excluding interest expense, the operating expense ratio for the years ended October 31 would be:

2017	2016	2015	2014	2013
1.49%	1.52%	1.42%	1.37%	1.47%

(f) Calculated by subtracting the Fund's total liabilities (not including borrowings) from the Fund's total assets and dividing by the total borrowings.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS October 31, 2017

Note 1 – Organization:

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

The Fund's investment objective is to provide total return through a combination of capital appreciation and current income. The Fund pursues its investment objective by investing at least 80% of its managed assets in a diversified portfolio of convertible securities and non-convertible income producing securities.

Note 2 – Accounting Policies:

The Fund operates as an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

The following significant accounting policies are in conformity with U.S. generally accepted accounting principles ("GAAP") and are consistently followed by the Fund. This requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. All time references are based on Eastern Time.

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 or on the over-the-counter market and for which there are no transactions on a given day are valued at the mean of the closing bid and ask 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 ask prices. Debt securities are valued by independent pricing services or dealers using the mean of the closing bid and ask prices for such securities or, if such prices are not available, at prices for securities of comparable maturity, quality and type. If sufficient market activity is limited or does not exist, the pricing providers or broker-dealers may utilize proprietary valuation models which consider market characteristics such as benchmark yield curves, option-adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal repayments, underlying collateral, or other unique security features in order to estimate relevant cash flows, which are then discounted to calculate a security's fair value. Exchange-traded funds and listed closed-end funds are valued at the last sale price or official closing price on the exchange where the security is principally 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 ask prices on the primary exchange on which they are traded. Futures contracts are valued using the settlement price established each day on the exchange on which they are traded. The value of over-the-counter ("OTC") swap agreements entered into by the Fund is accounted for using the unrealized gain or loss on the agreements that is determined by marking the agreements to the last quoted value provided by an independent pricing service. Forward foreign currency exchange contracts are valued daily at current exchange rates. Swaps are valued daily by independent pricing services or dealers using the mid price. Short-term securities with remaining maturities of 60 days or less are valued at market price, or if a market price is not available, at amortized cost, provided such amount approximates market value. The Fund values money market funds at net asset value.

For those securities where quotations or prices are not available, the valuations are determined in accordance with procedures established in good faith by management and approved by the Board of Trustees. A valuation committee consisting of representatives from investment management, fund administration, legal and compliance is responsible for the oversight of the valuation process of the Fund and convenes monthly, or more frequently as needed. The valuation committee reviews monthly Level 3 fair valued securities methodology, price overrides, broker quoted securities, price source changes, illiquid securities, unchanged priced securities, halted securities, price challenges, fair valued securities sold and back testing trade prices in relation to prior day closing prices. On a quarterly basis, the valuations and methodologies of all Level 3 fair valued securities are presented to the Fund's Board of Trustees.

Valuations in accordance with these procedures are intended to reflect each security's (or asset's) fair value. Such fair value is the amount that the Fund might reasonably expect to receive for the security (or asset) upon its current sale. Each such determination is based on a consideration of all relevant factors, which are likely to vary from one security to another. Examples of such factors may include, but are not limited to: market prices; sale prices; broker quotes; and models which derive prices based on inputs such as prices of securities with comparable maturities and characteristics, or based on inputs such as anticipated cash flows or collateral, spread over Treasuries, and other information analysis. There were no securities fair valued in accordance with such procedures established by the Board of Trustees as of October 31, 2017.

GAAP requires disclosure of fair valuation measurements as of each measurement date. In compliance with GAAP, the Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's investments and summarized in the following fair value hierarchy:

Level 1 – quoted prices in active markets for identical securities

Level 2 – quoted prices in inactive markets or other significant observable inputs (e.g., quoted prices for similar securities; interest rates; prepayment speed; credit risk; yield curves)

Level 3 – significant unobservable inputs (e.g., discounted cash flow analysis; non-market based methods used to determine fair value)

Observable inputs are those based upon market data obtained from independent sources, and unobservable inputs reflect the Fund's own assumptions based on the best information available. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following are certain inputs and techniques that are generally utilized to evaluate how to classify each major type of investment in accordance with GAAP.

Equity Securities (Common and Preferred Stock) – Equity securities traded in active markets where market quotations are readily available are categorized as Level 1. Equity securities traded in inactive markets and certain foreign equities are valued using inputs which include broker quotes, prices of securities closely related where the security held is not trading but the related security is trading, and evaluated price quotes received from independent pricing providers. To the extent that these inputs are observable, such securities are categorized as Level 2. To the extent that these inputs are unobservable, such securities are categorized as Level 3.

Convertible Bonds & Notes – Convertible bonds and notes are valued by independent pricing providers who employ matrix pricing models utilizing various inputs such as market prices, broker quotes, prices of securities with comparable maturities and qualities, and closing prices of corresponding underlying securities. To the extent that these inputs are observable, such securities are categorized as Level 2. To the extent that these inputs are unobservable, such securities are categorized as Level 3.

Corporate Bonds & Notes – Corporate bonds and notes are valued by independent pricing providers who employ matrix pricing models utilizing various inputs such as market prices, broker quotes, and prices of securities with comparable maturities and qualities, and closing prices of corresponding underlying securities. To the extent that these inputs are observable, such securities are categorized as Level 2. To the extent that these inputs are unobservable, such securities are categorized as Level 3.

Listed derivatives that are actively traded are valued based on quoted prices from the exchange and categorized in Level 1 of the fair value hierarchy. OTC derivative contracts including forward currency contracts, swap contracts and option contracts derive their value from underlying asset prices, indices, reference rates, and other inputs. Depending on the product and terms of the transaction, the fair value of the OTC derivative products can be modeled taking into account the counterparties' creditworthiness and using a series of techniques, including simulation models. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgments, and the pricing inputs are observed from actively quoted markets. These OTC derivatives are categorized within Level 2 of the fair value hierarchy.

(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 net of applicable withholding taxes on the ex-dividend date and interest income is recorded on an accrual basis. Discounts on debt securities purchased are accreted to interest income over the lives of the respective securities using the effective interest method. Premiums on debt securities purchased are amortized to interest income up to the next call date of the respective securities using the effective interest method.

(c) Cash and Cash Equivalents

The Fund considers all demand deposits to be cash equivalents. Cash and cash equivalents are held at the Bank of New York Mellon.

(d) Due from Broker

Amounts due from broker, if any, may include cash due to the Fund as proceeds from investments sold, but not yet purchased as well as pending investment and financing transactions, which may be restricted until the termination of the financing transactions.

(e) Restricted Cash

A portion of cash on hand is pledged with a broker for current or potential holdings, which includes options, swaps, forward foreign currency exchange contracts and securities purchased on a when issued or delayed delivery basis. On October 31, 2017, there was no restricted cash.

(f) Convertible Securities

The Fund invests in preferred stocks and fixed-income securities which are convertible into common stock. Convertible securities may be converted either at a stated price or rate within a specified period of time into a specified number of shares of common stock. Traditionally, convertible securities have paid dividends or interest greater than on the related common stocks, but less than fixed income non-convertible securities. By investing in a convertible security, the Fund may participate in any capital appreciation or depreciation of a company's stock, but to a lesser degree than if it had invested in that company's common stock. Convertible securities rank senior to common stock in a corporation's capital structure and, therefore, entail less risk than the corporation's common stock.

(g) Currency Translation

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

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

Foreign exchange realized gain or loss resulting from the holding of a foreign currency, difference in the 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 a Fund's accounting records on the date of receipt are included as net realized gains or losses on foreign currency transactions in the Fund's Statement of Operations. Foreign exchange gain or loss on assets and liabilities, other than investments, are included in unrealized appreciation (depreciation) on foreign currency translations in the Fund's Statement of Operations.

(h) Covered Call and Put Options

The Fund will pursue its objective by employing an option strategy of writing (selling) covered call options or put options on up to 25% of the securities held in the portfolio of the Fund. The Fund seeks to generate current gains from option premiums as a means to enhance distributions payable to shareholders.

The Fund may purchase and sell ("write") put and call options to manage and hedge risk within its portfolio and to gain long or short exposure to the underlying instrument. A purchaser of a put option has the right, but not the obligation, to sell the underlying instrument at an agreed upon price ("strike price") to the option seller. A purchaser of a call option has the right, but not the obligation, to purchase the underlying instrument at the strike price from the option seller.

When an option is purchased, the premium paid by the Fund for options purchased is included on the Statement of Assets and Liabilities as an investment. The option is adjusted daily to reflect the current market value of the option and the change is recorded as Change in net unrealized appreciation/depreciation on Purchased options on the Statement of Operations. If the option is allowed to expire, the Fund will lose the entire premium it paid and record a realized loss for the premium amount. Premiums paid for options purchased which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying investment transaction to determine the realized gain (loss) or cost basis of the security.

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 Written options, at value, 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.

The Fund is not subject to credit risk in options written as the counterparty has already performed its obligations by paying the premium at the inception of the contract.

(i) Swap Agreements

The Fund may engage in various swap transactions, including interest rate and credit default swaps to manage interest rate (e.g., duration, yield curve) and credit risk. The Fund may also use swaps as alternatives to direct investments. Swap transactions are negotiated contracts ("OTC swaps") between a fund and a counterparty or centrally cleared ("centrally cleared swaps") with a central clearinghouse through a Futures Commission Merchant ("FCM"), to exchange investment cash flows or assets at specified, future intervals.

Upfront payments made and/or received by the Fund is recognized as a realized gain or loss when the contract matures or is terminated. The value of an OTC swap agreement is recorded as either an asset or a liability on the Statement of Assets and Liabilities at the beginning of the measurement period. Upon entering into a centrally cleared swap, the Fund is required to deposit with the FCM cash or securities, which is referred to as initial margin deposit. Securities deposited as initial margin are designated on the Portfolio of Investments and cash deposited is recorded on the Statement of Assets and Liabilities. Daily changes in valuation of centrally cleared swaps, if any, are recorded as a variation margin receivable or payable on the Statement of Assets and Liabilities.

The change in the value of swaps, including accruals of periodic amounts of interest to be paid or received on swaps, is reported as Change in net unrealized appreciation/depreciation on swap agreements on the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or payment made upon termination of a swap agreement.

The Fund may be required to post or receive collateral based on the net value of the Fund's outstanding OTC swap contracts with the counterparty in the form of cash or securities. Daily movement of collateral is subject to minimum threshold amounts. Cash collateral posted by the Fund is included on the Statement of Assets and Liabilities as Restricted Cash. Collateral received by the Fund is held in escrow in segregated accounts maintained by the custodian.

(j) Forward Foreign Currency Exchange Contracts

The Fund enters into forward foreign currency exchange contracts in order to hedge its exposure to changes 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. Forward foreign currency exchange contracts are agreements between two parties to buy and sell currencies at a set price on a future date. Fluctuations in the value of open forward foreign currency exchange contracts are recorded for financial reporting purposes as unrealized appreciation and depreciation by the Fund until the contracts are closed. When the contracts are closed, realized gains and losses are recorded, and included in realized gain (loss) on forward foreign currency exchange contracts on the Statement of Operations.

Forward foreign currency exchange contracts involve elements of both market and credit risk in excess of the amounts reflected on the Statement of Assets and Liabilities.

(k) Senior Floating Rate Interests

Senior floating rate interests, or term loans, in which the Fund typically invests are not listed on a securities exchange or board of trade. Term loans are typically bought and sold by institutional investors in individually negotiated transactions. A loan is often administered by a bank or other financial institution (the "lender") that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. The Fund may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. A Fund generally has no right to enforce compliance with the terms of the loan agreement with the borrower. As a result, a Fund may be subject to the credit risk of both the borrower and the lender that is selling the loan agreement. The term loan market generally has fewer trades and less liquidity than the secondary market for other types of securities. Due to the nature of the term loan market, the actual settlement date may not be certain at the time of purchase or sale. Interest income on term loans is not accrued until settlement date. Typically, term loans are valued by independent pricing services using broker quotes.

(l) Reverse Repurchase Agreements

In a reverse repurchase agreement, the Fund delivers to a counterparty a security that it holds with a contemporaneous agreement to repurchase the same security at an agreed-upon price and date. Reverse repurchase agreements are valued based on the amount of cash received, which represents fair value. Reverse repurchase agreements are reflected as a liability on the Statement of Assets and Liabilities. Interest payments made are recorded as a component of interest expense on the

Statement of Operations. The Fund monitors collateral market value for the reverse repurchase agreement, including accrued interest, throughout the life of the agreement, and when necessary, delivers or receives cash or securities in order to manage credit exposure and liquidity. If the counterparty defaults or enters insolvency proceeding, realization or return of the collateral to the Fund may be delayed or limited.

(m) Risks and Other Considerations

In the normal course of business, the Fund trades financial instruments and enters into financial transactions where risk of potential loss exists due to, among other things, changes in the market (market risk) or the potential inability of a counterparty to meet the terms of an agreement (counterparty risk). The Fund is also exposed to other risks such as, but not limited to, concentration, interest rate, credit and financial leverage risks.

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

Credit Risk. Credit risk is the risk that one or more income securities in the Fund’s portfolio will decline in price, or fail to pay interest and principal when due, because the issuer of the security experiences a decline in its financial status. The Fund’s investments in income securities involve credit risk. However, in general, lower rated, lower grade and non-investment grade securities carry a greater degree of risk that the issuer will lose its ability to make interest and principal payments, which could have a negative impact on the Fund’s net asset value or dividends.

Interest Rate Risk. Convertible and nonconvertible income-producing securities including preferred stock and debt securities (collectively, “income securities”) are subject to certain interest rate risks. If interest rates go up, the value of income securities in the Fund’s portfolio generally will decline. These risks may be greater in the current market environment because interest rates are near historically low levels. During periods of rising interest rates, the average life of certain types of income securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security’s duration (the estimated period until the security is paid in full) and reduce the value of the security. This is known as extension risk. During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding securities. This is known as call or prepayment risk. Lower grade securities have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem a lower grade security if the issuer can refinance the security at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

Lower Grade Securities Risk. Investing in lower grade and non-investment grade securities involves additional risks. Securities of below investment grade quality are commonly referred to as “junk bonds” or “high yield securities.” Investment in securities of below investment grade quality involves substantial risk of loss. Securities of below investment grade quality are predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal when due and therefore involve a greater risk of default or decline in market value due to adverse economic and issuer specific developments. Issuers of below investment grade securities are not perceived to be as strong financially as those with higher credit ratings. Issuers of lower grade securities may be highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risks associated with acquiring the securities of such issuers generally are greater than is the case with higher rated securities. These issuers are more vulnerable to financial setbacks and recession than more creditworthy issuers, which may impair their ability to make interest and principal payments. The issuer's ability to service its debt obligations also may be adversely affected by specific issuer developments, the issuer's inability to meet specific projected business forecasts or the unavailability of additional financing. Therefore, there can be no assurance that in the future there will not exist a higher default rate relative to the rates currently existing in the market for lower grade securities. The risk of loss due to default by the issuer is significantly greater for the holders of lower grade securities because such securities may be unsecured and may be subordinate to other creditors of the issuer. Securities of below investment grade quality display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for securities of below investment grade quality tend to be more volatile and such securities tend to be less liquid than investment grade debt securities. To the extent that a secondary market does exist for certain below investment grade securities, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

Structured and Synthetic Convertible Securities Risk. The value of structured convertible securities can be affected by interest rate changes and credit risks of the issuer. Such securities may be structured in ways that limit their potential for capital appreciation and the entire value of the security may be at a risk of loss depending on the performance of the underlying equity security. Structured convertible securities may be less liquid than other 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.

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: news and events unique to a country or region; smaller market size, resulting in lack of liquidity and price volatility; certain national policies which may restrict the Fund's investment opportunities; less uniformity in accounting and reporting requirements; unreliable securities valuation; and custody risk.

Financial Leverage Risk. Certain risks are associated with the leveraging of common stock, including the risk that both the net asset value and the market value of shares of common stock may be subject to higher volatility and a decline in value.

Counterparty Risk. The Fund is subject to counterparty credit risk, which is the risk that the counterparty fails to perform on agreements with the Fund such as swap and option contracts, and reverse repurchase agreements.

NOTES TO FINANCIAL STATEMENTS continued October 31, 2017

(n) Distributions to Shareholders

The Fund declares and pays monthly distributions to common shareholders. These distributions 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. If the Fund's total distributions in any year exceed the amount of its investment company taxable income and net capital gain for the year, any such excess would generally be characterized as a return of capital for U.S. federal income tax purposes. 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 GAAP.

(o) Indemnifications

Under the Fund's organizational documents, its Trustees and Officers are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, throughout the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties 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 and/or its affiliates that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

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

Pursuant to the Investment Management Agreement (the "Agreement") between the Fund and Advent Capital Management, LLC ("Advent" or the "Investment Adviser"), the Investment Adviser is responsible for the daily management for the Fund's portfolio of investments, which includes buying and selling securities for the Fund, as well as investment research. The Investment Adviser will receive an annual fee from the Fund based on the average value of the Fund's Managed Assets. Managed Assets means the total of assets of the Fund (including any assets attributable to borrowings in the use of financial leverage, if any) less the sum of accrued liabilities (other than debt representing financial leverage, if any). In addition, subject to the approval of the Fund's Board of Trustees, a pro rata portion of the salaries, bonuses, health insurance, retirement benefits and similar employment costs for the time spent on Fund operations (other than the provision of services required under the Agreement) of all personnel employed by the Investment Adviser who devote substantial time to Fund operations may be reimbursed by the Fund to the Investment Adviser. For the year ended October 31, 2017, the Investment Adviser was not reimbursed by the Fund for these items. The annual fee will be determined as follows:

(a) If the average value of the Fund's Managed Assets (calculated monthly) is greater than $250 million, the fee will be a maximum amount equal to 0.54% of the average value of the Fund's Managed Assets.

(b) If the average value of the Fund's Managed Assets (calculated monthly) is $250 million or less, the fee will be a maximum amount equal to 0.55% of the average value of the Fund's Managed Assets.

Pursuant to a Servicing Agreement between the Fund and Guggenheim Funds Distributors, LLC, the Fund's servicing agent (the "Servicing Agent"), the Servicing Agent will act as servicing agent to the

Fund. The Servicing Agent will receive an annual fee from the Fund, which will be based on the average value of the Fund's Managed Assets. The fee will be determined as follows:

(a) If the average value of the Fund's Managed Assets (calculated monthly) is greater than $250 million, the fee will be a maximum amount equal to 0.21% of the average value of the Fund's Managed Assets.

(b) If the average value of the Fund's Managed Assets (calculated monthly) is $250 million or less, the fee will be a maximum amount equal to 0.20% of the average value of the Fund's Managed Assets.

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

MUFG Investor Services (US), LLC ("MUIS") provides fund administration services to the Fund. For providing the aforementioned services, MUIS and BNY are entitled to receive a monthly fee equal to an annual percentage of the Fund's average daily managed assets.

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

Note 4 – Federal Income Taxes:

The Fund intends to continue to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. In addition, by distributing substantially all of its ordinary income and long-term capital gains, if any, during each calendar year, the Fund avoids a 4% federal excise tax that is assessed on the amount of the under distribution.

In order to present paid-in capital in excess of par, distributions in excess of net investment income and accumulated net realized gains or losses on the Statement of Assets and Liabilities that more closely represent their tax character, certain adjustments have been made to distributions in excess of net investment income, accumulated net realized gains or losses and paid-in capital. For the year ended October 31, 2017, the adjustments were to decrease paid-in capital by $93,255,062, decrease accumulated net realized loss by $91,402,654 and decrease distributions in excess of net investment income by $1,852,408 due to the difference in the treatment for book and tax purposes of distributions to shareholders, contingent payment debt instruments, real estate investment trusts, foreign currency, and capital loss carryforward expiration.

As of October 31, 2017, the cost of securities for federal income tax purposes, the aggregate gross unrealized gain for all securities for which there was an excess of value over tax cost, and the aggregate gross unrealized less for all securities for which there was an excess of tax cost over value, were as follows:

Tax Cost	Gross Tax Unrealized Appreciation	Gross Tax Unrealized Depreciation	Net Tax Unrealized Appreciation
$ 552,077,576	$ 39,912,088	$ (15,079,999)	$ 24,832,089

NOTES TO FINANCIAL STATEMENTS continued October 31, 2017

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

As of October 31, 2017, tax components of accumulated earnings/ losses (excluding paid-in capital) were as follows:

Undistributed Ordinary	Undistributed Long-Term