



October 31, 2016

AGC | ANNUAL REPORT

Advent Claymore Convertible Securities and Income Fund II

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CONVERTIBLE SECURITIES AND INCOME FUND II

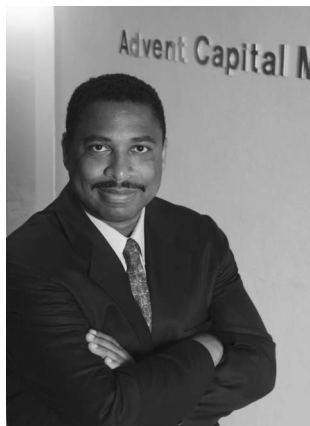
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- Daily, weekly and monthly data on share prices, net asset values, dividends and more
- Portfolio overviews and performance analyses
- Announcements, press releases and special notices
- Fund and adviser contact information

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 way we are working to keep you better informed about your investment in the Fund.

DEAR SHAREHOLDER



Tracy V. Maitland
President and Chief Executive Officer

We thank you for your investment in the Advent Claymore Convertible Securities and Income Fund II (the “Fund”). This report covers the Fund’s performance for the 12 months ended October 31, 2016.

Advent Capital Management, LLC (“Advent” or the “Investment Manager”), serves as the Fund’s Investment Manager. 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, 2016, Advent managed approximately \$8.5 billion in assets.

Guggenheim Funds Investment Advisors, LLC (the “Investment Adviser”), serves as the Investment Adviser to the Fund. The Investment Adviser 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-producing securities, each of U.S. and non-U.S. issuers. The Fund must invest a minimum of 30% of its managed assets in convertible securities and may invest up to 70% of its managed assets in non-convertible income-producing 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, 2016, the Fund generated a total return based on market price of 6.68% and a return of -0.65% based on NAV. As of October 31, 2016, the Fund’s market price of \$5.57 represented a discount of 13.24% to NAV of \$6.42.

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 it may be higher or lower than the Fund’s NAV.

For the period, the Fund paid a monthly distribution of \$0.047 per share. The most recent monthly distribution represents an annualized distribution rate of 10.13% based upon the last closing market price of \$5.57 as of October 31, 2016. The Fund’s distribution rate is not constant and the amount of

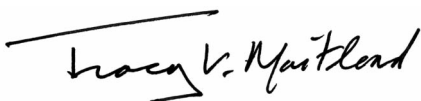
distributions, when declared by the Fund's Board of Trustees, is subject to change based on the performance of the Fund. Please see Note 2(n) on page 47 for more information on distributions for the period.

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 67 of this report. When shares trade at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the quarterly dividend distribution in common shares of the Fund purchased in the market at a price less than NAV. Conversely, when the market price of the Fund's common shares is at a premium above NAV, the DRIP reinvests participants' dividends in newly-issued common shares at 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 II as part of your investment portfolio. For the most up-to-date information regarding your investment, included related investment risks, please visit the Fund's website at guggenheiminvestments.com/agc.

Sincerely,



Tracy V. Maitland
*President and Chief Executive Officer of the
Advent Claymore Convertible Securities and Income Fund II*
November 30, 2016

The portfolio managers of Advent Claymore Convertible Securities and Income Fund II (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 equity, convertible securities, and high-yield markets and Fund performance for the 12-month period ended October 31, 2016.

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, each of U.S. and non-U.S. issuers. The Fund must invest a minimum of 30% of its managed assets in convertible securities and may invest up to 70% of its managed assets in non-convertible income-producing 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 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, common 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, common 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 Global Balanced Convertible Strategy, which seeks a high total return by investing in a portfolio of global 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.

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.

Describe the share repurchase program initiated by the Fund during the period.

The Fund announced during the period that the Fund's Board of Trustees (the "Board") had authorized a share repurchase program (the "Repurchase Program").

Under the Repurchase Program, the Fund agreed to purchase, in the open market, up to 7.5% of its outstanding common shares (based on common shares outstanding as of July 22, 2016). Pursuant to the Repurchase Program, the Fund agreed to, subject to applicable legal restrictions, conduct repurchases when its common shares are trading on the New York Stock Exchange ("NYSE") at a discount to net asset value ("NAV") of 13% or greater and agreed to, subject to certain parameters, conduct repurchases when the discount to NAV is greater than 12% but less than 13%.

The Repurchase Program was set to terminate on September 30, 2018 based on its terms, provided that following the commencement of the Repurchase Program, if the closing price on the NYSE of the Fund's common shares represents a discount to NAV of less than 13% on five consecutive trading days, the Repurchase Program would automatically terminate. Under no circumstances would the Fund have repurchased in a given calendar month a number of common shares greater than 2% of the Fund's outstanding common shares as of the beginning of such month.

The Repurchase Program allowed the repurchase of common shares in the open market at a discount to NAV. The Repurchase Program also allowed the Fund to potentially realize incremental accretion to its NAV and earnings per share to the benefit of existing common shareholders. It also could have provided the benefit of additional liquidity in the trading of common shares.

The Fund commenced the Repurchase Program on August 18, 2016 and the Repurchase Plan subsequently terminated on August 26, 2016 after which the common shares traded at a discount of less than 13% to its net asset value for five consecutive trading days, per the terms of the Repurchase Program. The Fund repurchased 43,844 common shares in connection with the Repurchase Program.

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

Global equity and bond markets navigated various events of uncertainty and stress during the fiscal year ended October 31, 2016. The U.S. economy continued an intermediate-term trend of moderate economic growth and solid job creation, leading to moderate gains for most asset classes for the twelve months and double-digit gains for the high-yield corporate bond index. U.S. Gross Domestic Product ("GDP") growth annualized for the recent year ranged from 0.8% to 2.9% for each three month period, with unemployment dropping from 5.0% to 4.9% and payroll gains averaging roughly 200,000 per month. Concern over slowing growth led the U.S. Federal Reserve (the "Fed") to delay further rate hikes after an initial rise from the zero bound in December, 2015. The result was a healthy environment for

bonds, as the ten-year U.S. Treasury bond yield fell from 2.14% to 1.83% during the year. The high-yield corporate market made strong gains as rebounding commodity prices supported stabilization of credit metrics, and the financing environment remained accommodative.

In Europe, economic growth remained subdued with global fears restricting forecasts early in the fiscal year and leading the European Central Bank ("ECB") to expand its monthly bond purchases by one-third in March and expanding the scope of asset types. Of course, the major geopolitical event was the United Kingdom popular vote to exit the European Union with details left to be negotiated. Equity-related markets had a sharp corrective initial reaction before making the losses back over the summer and fall. On bonds, the buying support from the ECB helped keep yields low, although the room for price improvement was limited in the first place compared to the sell-off prices in the U.S. corporate bond market.

In Asia, the Japanese market struggled as the economy failed to accelerate despite strong monetary buying from the Bank of Japan, and the yen soared after forecast Fed rate hikes were deferred. In China, the government weakened the renminbi and instituted more fiscal spending, which helped stabilize economic growth and support Sino-facing markets. Adding this all up, the Merrill Lynch Global 300 Convertible Index returned 4.7% for the fiscal year in local currency. Currency fluctuations were neutralized by the Fund's policy of hedging foreign currency positions back to the U.S. dollar. This had a slight positive impact as the trade-weight U.S. Dollar Index rose during the year from 96.9 to 98.4.

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, 2016, the Fund generated a total return based on market price of 6.68% and a return of -0.65% based on NAV. As of October 31, 2016, the Fund's market price of \$5.57 represented a discount of 13.24% to NAV of \$6.42. As of October 31, 2015, the Fund's market price of \$5.78 represented a discount of 18.01% to NAV of \$7.05.

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

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 had \$150 million in leverage outstanding as of October 31, 2016, approximately 42% of the Fund's total managed assets. Of the \$150 million in leverage outstanding, \$70 million was in a fixed-rate reverse repurchase agreement, and the Adviser determined it was in the Fund's best interests to move this arrangement to a different counterparty during the annual period. On December 20, 2012, the Fund had entered into a \$70 million reverse repurchase agreement with Bank of America Merrill Lynch, which expired on December 9, 2015. The interest rate on the reverse repurchase agreement had been 1.63%.

On December 9, 2015, the Fund terminated its \$70 million reverse repurchase agreement with Bank of America Merrill Lynch. Concurrent with this termination on December 9, the Fund entered into a \$70 million reverse repurchase agreement with Société Générale, with an initial scheduled expiration date of December 9, 2017. The interest rate on the reverse repurchase agreement is 2.34%. The \$70 million was outstanding in connection with the reverse repurchase agreement at period end.

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 below 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 not 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?

From time to time, the Fund seeks to augment income by opportunistically writing covered call options on equities or the equity portion of convertible holdings. During the year, call option activity declined compared to the previous year. Volatility pricing in the market place was elevated during the first part of the fiscal year as global economic uncertainty and the impact of the Federal Reserve's first rate hike extended into early calendar 2016. However, volatility declined after February and stayed low in the absence of other market events of stress. The CBOE SPX Volatility Index, commonly cited as the "VIX", its ticker, was unchanged on an average basis at 16.4 for fiscal 2016, compared to 16.3 in the previous year.

The Fund's positioning during the year emphasizing credit over equity risk reduced the exposure of the Fund to equities and in-the-money convertibles and preferred stocks, which also reduced the opportunities to search for covered call income. Exiting the fiscal year, the Fund anticipated a possible relief rally after the outcome of the U.S. elections and increased exposure to equity-oriented securities but had not seen sufficiently high call option premiums to make substantial call option writes.

Please discuss the Fund's distributions.

For the period, the Fund paid a monthly distribution of \$0.047 per share. The most recent monthly distribution represents an annualized distribution rate of 10.13% based upon the last closing market price of \$5.57 as of October 31, 2016. 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.

The Fund currently anticipates that some of the 2016 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 2016 will be reported to shareholders in January 2017 on Form 1099-DIV. While the Fund generally seeks to pay dividends 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 47 for more information on distributions for the period.

How were the Fund's total investments allocated among asset classes during the 12 months ended October 31, 2016, and what did this mean for performance?

On October 31, 2016, the Fund's total investments were invested approximately 50.5% in convertible bonds, convertible preferred securities, and mandatory convertibles; 37.2% in corporate bonds; 6.8% in equities; 0.5% in senior floating rate interests; and 5.0% in cash and cash equivalents.

On October 31, 2015, the Fund's total investments were invested approximately 57.6% in convertible bonds, convertible preferred securities, and mandatory convertibles; 26.5% in corporate bonds; 12.9% in equities; 0.7% in senior floating rate interests; and 2.3% in cash and cash equivalents.

The Fund's asset allocation during the year fell for convertibles and equities and shifted toward corporate bonds. In the previous year, U.S. straight corporate bonds were the worst performer of the Fund's major asset classes, and as equity markets recovered strongly after making a bottom in February, the Fund took note and began to reduce its weighting toward traditional balanced convertibles, mandatory convertibles, and equities, seeing equity market valuations as high and corporate bond spreads to sovereigns to be near the midpoint of historical averages and attractive. Closing the fiscal year, as global economies remained in a growing state but with a slow pace, the Fund remained positioned more in straight corporate bonds than its historical norm given the positive outcomes that occur in this market when economies grow but not so quickly that they spur central bank tightening.

International investments fell slightly from 38% in the year ago period to 35% in October 2016. The Fund is a global fund and will always have a substantial percent of assets invested in overseas countries, but the allocation fell during fiscal 2016. Economic growth both past and the future outlook is stronger in the United States than most developed markets as quantitative easing has struggled to accelerate growth in continental Europe and Japan. Yields in the corporate bond market are also higher in the U.S. than developed foreign markets given the low risk-free rates in Europe and Japan. As a result, the Fund has reduced its global exposure slightly during 2016.

What were some impactful winners and losers affecting Fund performance during the year?

A major theme in the U.S. market during the year was the rebound in oil prices. Among major contributors to performance for the year, convertibles issued by domestic energy explorer Whiting Petroleum Corp. (not held in the portfolio at period end) appreciated heavily after the Fund purchased them during the spring oil and gas price rally, as supply ebbed. The company also incentivized convertible holders to exchange into new securities that converted quickly into equity to manage its debt, and the exchange provided meaningful value to bondholders, adding to profits.

Convertibles in processor semiconductor maker NVIDIA Corp. (0.5% of long-term investments at period end) rose heavily as the company enjoyed rapid growth in the data center and automotive markets, and experienced a comeback in computing graphics processors as the PC market rebounded.

Convertible preferred stock in major bank Wells Fargo & Co. (1.8% of long-term investments at period end) performed well as interest rates fell, which made this security with its high duration and large coupon more attractive in the marketplace.

On the detracting side, the health care sector suffered as 2016 progressed, as greater scrutiny of drug pricing became an issue with greater media coverage of potential abuses by drug providers. With the potential for greater regulation and maturity of some product lines, a number of drug companies struggled during the year. Mandatory convertibles in generic drug maker Teva Pharmaceutical Industries Ltd. (0.9% of long-term investments at period end) fell as the company experienced slowing growth, and the acquisition of Allergan's generic franchises raised financial leverage. Mandatory convertibles in Allergan plc (1.0% of long-term investments at period end) also struggled as the company's growth slowed and some of Allergan's existing drugs ran into more generic competition.

Convertibles in accounts receivable manager and buyer PRA Group (not held at period end) also fell as the company experienced collection delays in its own portfolio due to regulatory changes and banks slowed their sales of receivables portfolios, limiting earnings potential for PRA Group.

Do you have any other comments about the markets and the Fund?

Although corporate profits will not show any growth in 2016, the effect of falling energy prices that arrested growth is tailing off as time passes and as oil and natural gas supply is restricted. This raises the prospects for growth in 2017 with the possibility that the energy sector does not represent a drag on profits, and other sectors benefit from nominal GDP growth, strong cash production as a source of stock buyback, and the lack of drag from the strong dollar that was such an issue during 2015.

Economic growth in Germany showed some signs of life in the summer and fall of 2016, although a number of expected popular votes in Europe in late 2016 and early 2017 may continue a string of potential volatility events for investors to navigate. Expansion or extension of the ECB's quantitative easing may provide a catalyst for valuation of financial instruments. In Japan, the Bank of Japan's new policy of yield-targeting for government bonds has helped to reweaken the yen, which could help corporate profits. The increasing U.S. dollar, while an impediment to U.S. exporters, could be an earnings enhancer for foreign-domiciled companies.

Thus far in the fiscal 2017 year, investing sentiment has shifted to anticipation of stronger economic growth and infrastructure spend, given the surprise change in executive administration in Washington. Investors have moved funds into equities, particularly sectors that struggled during fiscal 2016, such as health care, where unease about regulation pay have lifted. Investors have also shifted funds away from bond instruments in anticipation of higher inflation and knowing that bonds provided strong returns in fiscal 2016. The possibility of higher volatility in the equity markets is also present given policy uncertainties after the volatility indicator VIX spent most of the year falling as investors became more sanguine about the U.S. economy. Higher volatility as well as higher equity prices are positive effects for the valuation of convertible bonds that comprise the majority of assets for this Fund, and thus far in fiscal 2017, the historical practice of convertible bonds providing a safe haven from rising interest rates among bond investments has remained true.

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.

Bank of America Merrill Lynch Global 300 Convertible Index measures the performance of convertible securities of issuers throughout the world.

U.S. Dollar Index (DXY) is an index that determines the relative value of the United States dollar to a basket of foreign currencies. This formulated "basket" of currencies comprises the weighting of six other currencies as follows: euro (EUR), 57.6% + Japanese yen (JPY), 13.6% + pound sterling (GBP), 11.9% + Canadian dollar (CAD), 9.1% + Swedish krona (SEK), 4.2% + Swiss franc (CHF) 3.6%.

VIX is the ticker symbol for the Chicago Board Options Exchange 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.

AGC 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. Past performance does not guarantee future results. The Fund is subject to investment risk, including the possible loss of the entire amount that you invest.

Please see guggenheiminvestments.com/agc for a detailed discussion of the Fund's risks and considerations.

Fund Statistics

Share Price	\$5.57
Net Asset Value	\$6.42
Discount to NAV	-13.24%
Net Assets (\$000)	\$206,797

AVERAGE ANNUAL TOTAL RETURNS
FOR THE PERIOD ENDED OCTOBER 31, 2016

	One Year	Three Year	Five Year	Since Inception (05/29/07)
Advent Claymore Convertible Securities and Income Fund II				
NAV	-0.65%	-0.34%	5.11%	-2.69%
Market	6.68%	0.61%	4.75%	-3.69%

Portfolio Breakdown

% of Net Assets

Investments:

Convertible Bonds	74.5%
Corporate Bonds	63.3%
Common Stocks	11.6%
Convertible Preferred Stocks	11.4%
Short Term Investments	8.6%
Senior Floating Rate Interests	0.8%

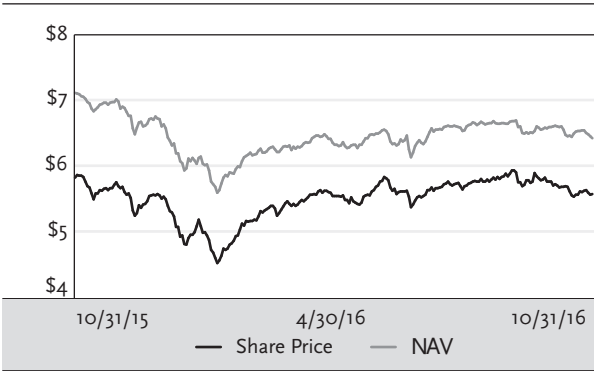
Total Investments	170.2%
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Other Assets & Liabilities, net	-70.2%
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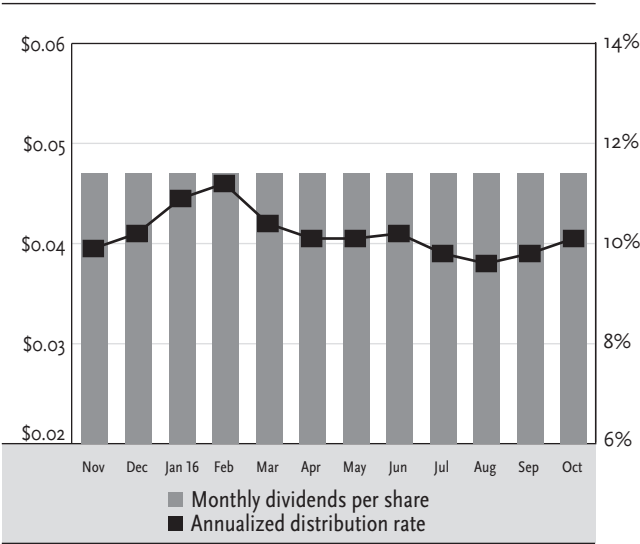
Net Assets	100.0%
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Past performance does not guarantee future results and does not reflect the deductions of taxes that a shareholder would pay on fund distributions. All NAV returns include the deduction of management fees, operating expenses and all other Fund expenses. All portfolio data is subject to change daily. For more current information, please visit guggenheiminvestments.com/agc. The above summaries are provided for informational purposes only and should not be viewed as recommendations.

Share Price & NAV History



Distributions to Shareholders & Annualized Distribution Rate



All or a portion of the above distributions may be characterized as a return of capital. As of October 31, 2016, 59% 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 2016 will be reported to shareholders in January 2017.

Country Breakdown	% of Long-Term Investments
United States	65.1%
Netherlands	4.4%
Canada	4.1%
France	3.1%
Japan	3.0%
Cayman Islands	2.3%
Bermuda	2.0%
United Kingdom	1.7%
Germany	1.5%
Austria	1.3%
Jersey	1.2%
Ireland	1.1%
Luxembourg	1.1%
Spain	1.0%
Switzerland	0.9%
Israel	0.9%
Italy	0.8%
Mexico	0.8%
Marshall Islands	0.7%
Australia	0.7%
Taiwan	0.4%
Hungary	0.4%
Liberia	0.4%
China	0.3%
Belgium	0.3%
United Arab Emirates	0.3%
India	0.2%
Subject to change daily.	

PORTFOLIO OF INVESTMENTS

October 31, 2016

	Shares	Value
COMMON STOCKS[†] – 11.6%		
Consumer, Non-cyclical – 5.7%		
Cigna Corp. ¹	19,181	\$ 2,279,278
Biogen, Inc. ¹	6,800	1,905,225
Gilead Sciences, Inc. ¹	20,800	1,531,504
RELX N.V. ¹	90,000	1,516,867
Imperial Brands plc ¹	30,000	1,448,781
Bristol-Myers Squibb Co. ¹	22,700	1,155,657
Olympus Corp. ¹	30,000	1,070,562
Roche Holding AG	4,000	920,214
Total Consumer, Non-cyclical		11,828,088
Financial – 1.7%		
Wells Fargo & Co. ¹	47,200	2,171,672
Unibail-Rodamco SE REIT ¹	5,580	1,327,345
Total Financial		3,499,017
Industrial – 1.2%		
BAE Systems plc ¹	240,000	1,589,611
Koninklijke Philips N.V. ¹	28,512	858,259
Total Industrial		2,447,870
Consumer, Cyclical – 1.2%		
General Motors Co. ¹	76,800	2,426,880
Communications – 0.7%		
Time Warner, Inc. ¹	15,600	1,388,244
Basic Materials – 0.6%		
LyondellBasell Industries N.V. — Class A ¹	16,000	1,272,800
Technology – 0.5%		
KLA-Tencor Corp.	15,600	1,171,716
Total Common Stocks (Cost \$26,153,499)		24,034,615
CONVERTIBLE PREFERRED STOCKS[†] – 11.4%		
Consumer, Non-cyclical – 3.9%		
Allergan plc		
5.50% due 03/01/18 ¹	4,232	3,254,409
Teva Pharmaceutical Industries Ltd.		
7.00% due 12/15/18	3,856	2,922,848
Anthem, Inc.		
5.25% due 05/01/18 ¹	43,312	1,829,932
Total Consumer, Non-cyclical		8,007,189

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

October 31, 2016

	Shares	Value
CONVERTIBLE PREFERRED STOCKS[†] – 11.4% (continued)		
Financial – 3.2%		
Wells Fargo & Co. 7.50% ^{1,2}	4,519	\$ 5,898,425
AMG Capital Trust II 5.15% due 10/15/37 ¹	15,996	827,793
Total Financial		6,726,218
Communications – 1.6%		
Frontier Communications Corp. 11.13% due 06/29/18 ¹	39,328	3,284,281
Industrial – 1.2%		
Arconic, Inc. 5.38% due 10/01/17 ¹	48,350	1,494,015
Belden, Inc. 6.75% due 07/15/19	11,161	1,079,045
Total Industrial		2,573,060
Energy – 0.9%		
Hess Corp. 8.00% due 02/01/19 ¹	31,600	1,880,200
Utilities – 0.6%		
Great Plains Energy, Inc. 7.00% due 09/15/19 ¹	21,765	1,153,327
Total Convertible Preferred Stocks (Cost \$26,410,196)		23,624,275
SHORT TERM INVESTMENTS[†] – 8.6%		
Morgan Stanley Institutional Liquidity Government Portfolio 0.30% ³	17,720,230	17,720,230
Total Short Term Investments (Cost \$17,720,230)		17,720,230
	Face Amount~	Value
CONVERTIBLE BONDS^{††} – 74.5%		
Technology – 16.2%		
Microchip Technology, Inc. 1.63% due 02/15/25 ¹	1,679,000	\$ 2,092,453
Integrated Device Technology, Inc. 0.88% due 11/15/22 ^{1,4}	2,123,000	2,065,945
Kingsoft Corp. Ltd. 1.25% due 04/11/19	16,000,000 HKD	2,047,751
Lam Research Corp. 1.25% due 05/15/18 ¹	1,240,000	2,017,325

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

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	Face Amount~	Value
CONVERTIBLE BONDS†† – 74.5% (continued)		
Technology – 16.2% (continued)		
STMicroelectronics N.V.		
0.00% due 07/03/19 ⁵	1,800,000	\$ 1,874,699
Intel Corp.		
2.95% due 12/15/35 ¹	1,369,000	1,783,978
NVIDIA Corp.		
1.00% due 12/01/18 ¹	474,000	1,671,147
ON Semiconductor Corp.		
1.00% due 12/01/20 ¹	1,650,000	1,655,156
Cornerstone OnDemand, Inc.		
1.50% due 07/01/18 ¹	1,566,000	1,637,449
NXP Semiconductors N.V.		
1.00% due 12/01/19 ¹	1,308,000	1,507,470
Allscripts Healthcare Solutions, Inc.		
1.25% due 07/01/20 ¹	1,500,000	1,487,813
United Microelectronics Corp.		
0.00% due 05/18/20 ^{1,3}	1,400,000	1,338,750
ServiceNow, Inc.		
0.00% due 11/01/18 ^{1,5}	1,017,000	1,331,634
Synchronoss Technologies, Inc.		
0.75% due 08/15/19 ¹	1,284,000	1,329,743
Brocade Communications Systems, Inc.		
1.38% due 01/01/20 ¹	1,300,000	1,295,125
Micron Technology, Inc.		
3.00% due 11/15/43 ¹	1,263,000	1,120,123
Electronics For Imaging, Inc.		
0.75% due 09/01/19 ¹	993,000	1,052,580
BroadSoft, Inc.		
1.00% due 09/01/22	824,000	1,027,940
Advanced Micro Devices, Inc.		
2.13% due 09/01/26	909,000	1,026,602
Cypress Semiconductor Corp.		
4.50% due 01/15/22 ⁴	929,000	979,514
Red Hat, Inc.		
0.25% due 10/01/19 ¹	756,000	939,803
Citrix Systems, Inc.		
0.50% due 04/15/19 ¹	629,000	708,804
Verint Systems, Inc.		
1.50% due 06/01/21 ¹	739,000	700,203
Salesforce.com, Inc.		
0.25% due 04/01/18	553,000	681,918
Total Technology		33,373,925

See notes to financial statements.

	Face Amount~	Value
CONVERTIBLE BONDS^{††} – 74.5% (continued)		
Financial – 12.5%		
Element Financial Corp. 4.25% due 06/30/20 ⁴	3,667,000 CAD	\$ 2,888,455
Starwood Property Trust, Inc. 4.55% due 03/01/18 ¹	1,150,000	1,259,968
4.00% due 01/15/19 ¹	788,000	885,022
Azimut Holding SpA 2.13% due 11/25/20 ¹	1,500,000 EUR	1,696,095
British Land White 2015 Ltd. 0.00% due 06/09/20 ⁵	1,400,000 GBP	1,586,193
Aurelius SE 1.00% due 12/01/20 ¹	1,200,000 EUR	1,569,320
Air Lease Corp. 3.88% due 12/01/18 ¹	1,177,000	1,487,433
BUWOG AG 0.00% due 09/09/21 ⁵	1,200,000 EUR	1,361,481
Magyar Nemzeti Vagyonkezelő Zrt 3.38% due 04/02/19 ¹	1,000,000 EUR	1,278,170
Swiss Life Holding AG 0.00% due 12/02/20 ^{1,5}	975,000 CHF	1,193,732
AYC Finance Ltd. 0.50% due 05/02/19 ¹	1,100,000	1,171,500
Beni Stabili SpA 2.63% due 04/17/19 ¹	900,000 EUR	1,070,440
Hansteen Jersey Securities Ltd. 4.00% due 07/15/18	800,000 EUR	1,058,053
MGIC Investment Corp. 2.00% due 04/01/20 ¹	795,000	1,019,588
Extra Space Storage, LP 3.13% due 10/01/35 ^{1,4}	778,000	830,029
IMMOFINANZ AG 4.25% due 03/08/18	170,000 EUR	815,300
Fidelity National Financial, Inc. 4.25% due 08/15/18 ¹	407,000	814,509
Haitong International Securities Group, Ltd. 0.00% due 10/25/21 ⁵	6,000,000 HKD	803,691
British Land Co. plc 1.50% due 09/10/17	500,000 GBP	624,796
Nexity S.A. 0.13% due 01/01/23	547,707 EUR	618,894
Unite Jersey Issuer Ltd. 2.50% due 10/10/18 ¹	400,000 GBP	581,392
Deutsche Wohnen AG 0.88% due 09/08/211	300,000 EUR	488,439

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

October 31, 2016

	Face Amount~	Value
CONVERTIBLE BONDS^{††} – 74.5% (continued)		
Financial – 12.5% (continued)		
LEG Immobilien AG		
0.50% due 07/01/21	300,000 EUR	\$ 487,913
Colony Capital, Inc.		
3.88% due 01/15/21 ¹	344,000	337,765
Total Financial		25,928,178
Consumer, Non-cyclical – 12.2%		
Wright Medical Group, Inc.		
2.00% due 02/15/20 ¹	2,618,000	2,691,631
Element Fleet Management Corp.		
5.13% due 06/30/19 ^{1,4}	2,696,000 CAD	2,237,866
Hologic, Inc.		
0.00% due 12/15/43 ^{1,5,6,7}	900,000	1,088,438
2.00% due 03/01/42 ^{7,8}	703,000	898,961
Molina Healthcare, Inc.		
1.63% due 08/15/44 ¹	1,492,000	1,734,450
Invacare Corp.		
5.00% due 02/15/21 ⁴	1,750,000	1,568,437
Euronet Worldwide, Inc.		
1.50% due 10/01/44 ¹	1,189,000	1,475,103
BioMarin Pharmaceutical, Inc.		
1.50% due 10/15/20 ¹	1,214,000	1,420,380
BioMarin Pharmaceutical, Inc.		
0.75% due 10/15/18	970,000	1,090,038
HealthSouth Corp.		
2.00% due 12/01/43 ¹	1,177,000	1,374,148
NuVasive, Inc.		
2.25% due 03/15/21 ⁴	950,000	1,130,500
Ablynx N.V.		
3.25% due 05/27/20 ¹	1,000,000 EUR	1,115,932
Qiagen N.V.		
0.88% due 03/19/21 ¹	1,000,000	1,110,149
DP World Ltd.		
1.75% due 06/19/24 ¹	1,000,000	993,750
Horizon Pharma Investment Ltd.		
2.50% due 03/15/22 ¹	1,035,000	983,249
J Sainsbury plc		
1.25% due 11/21/19	700,000 GBP	883,944
Ionis Pharmaceuticals, Inc.		
1.00% due 11/15/21 ¹	1,057,000	868,061
Herbalife Ltd.		
2.00% due 08/15/19 ¹	698,000	679,681
Terumo Corp.		
0.00% due 12/06/21 ⁵	50,000,000 JPY	580,958

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

October 31, 2016

	Face Amount~	Value
CONVERTIBLE BONDS^{††} – 74.5% (continued)		
Consumer, Non-cyclical – 12.2% (continued)		
Jazz Investments I Ltd.		
1.88% due 08/15/21 ¹	580,000	\$ 577,826
Clovis Oncology, Inc.		
2.50% due 09/15/21	412,000	352,003
Macquarie Infrastructure Company LLC		
2.88% due 07/15/19 ¹	302,000	348,433
Total Consumer, Non-cyclical		25,203,938
Communications – 11.3%		
Ciena Corp.		
3.75% due 10/15/18 ^{1,4}	2,500,000	2,981,250
4.00% due 12/15/20 ¹	489,000	621,336
Twitter, Inc.		
0.25% due 09/15/19 ¹	1,900,000	1,786,000
1.00% due 09/15/21 ¹	1,085,000	1,004,303
FireEye, Inc.		
1.00% due 06/01/35 ¹	2,527,000	2,313,784
DISH Network Corp.		
3.38% due 08/15/26 ^{1,4}	1,817,000	2,090,686
Priceline Group, Inc.		
0.35% due 06/15/20 ¹	1,596,000	2,052,854
LinkedIn Corp.		
0.50% due 11/01/19 ¹	2,000,000	1,975,000
Ctrip.com International Ltd.		
1.00% due 07/01/20 ¹	925,000	985,125
1.25% due 10/15/18 ¹	297,000	368,651
1.25% due 09/15/22 ⁴	248,000	244,900
Telefonica S.A.		
6.00% due 07/24/17 ¹	1,500,000 EUR	1,506,015
WebMD Health Corp.		
2.63% due 06/15/23 ^{1,4}	1,256,000	1,218,320
Liberty Media Corp.		
1.38% due 10/15/23 ¹	1,102,000	1,132,994
Proofpoint, Inc.		
0.75% due 06/15/20 ¹	858,000	1,032,818
American Movil B.V.		
5.50% due 09/17/18 ¹	800,000 EUR	794,614
Liberty Interactive LLC		
1.75% due 09/30/46 ^{1,4}	658,000	664,580
Vodafone Group plc		
1.50% due 08/25/17 ¹	500,000 GBP	658,553
Total Communications		23,431,783

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

October 31, 2016

	Face Amount~	Value
CONVERTIBLE BONDS^{††} – 74.5% (continued)		
Consumer, Cyclical – 8.6%		
CalAtlantic Group, Inc.		
0.25% due 06/01/19 ¹	1,625,000	\$ 1,509,219
1.25% due 08/01/32 ¹	1,244,000	1,296,870
Sonae Investments B.V.		
1.63% due 06/11/19	2,100,000 EUR	2,184,042
International Consolidated Airlines Group S.A.		
0.25% due 11/17/20	1,700,000 EUR	1,728,434
HIS Co. Ltd.		
0.00% due 08/30/19 ⁵	150,000,000 JPY	1,470,238
Steinhardt Finance Holdings GmbH		
1.25% due 08/11/22 ¹	900,000 EUR	993,980
4.00% due 01/30/21	300,000 EUR	457,773
Restoration Hardware Holdings, Inc.		
0.00% due 06/15/19 ^{1,4,5}	1,702,000	1,442,445
LVMH Moët Hennessy Louis Vuitton SE		
0.00% due 02/16/21 ^{1,5}	5,000	1,316,875
Iida Group Holdings Co. Ltd		
0.00% due 06/18/20 ⁵	120,000,000 JPY	1,221,868
Suzuki Motor Corp.		
0.00% due 03/31/23 ⁵	110,000,000 JPY	1,218,966
NHK Spring Co. Ltd.		
0.00% due 09/20/19 ^{1,5}	800,000	843,000
Asics Corp.		
0.00% due 03/01/19 ⁵	70,000,000 JPY	744,231
Shenzhen International Group Holdings Ltd.		
0.50% due 06/18/19 ¹	4,000,000 HKD	723,418
Valeo S.A.		
0.00% due 06/16/21 ⁵	600,000	658,500
Total Consumer, Cyclical		17,809,859
Industrial – 7.1%		
Cemex SAB de CV		
3.72% due 03/15/20	2,425,000	2,653,310
Dycom Industries, Inc.		
0.75% due 09/15/21 ¹	1,485,000	1,598,231
Deutsche Post AG		
0.60% due 12/06/19 ¹	800,000 EUR	1,224,192
China Railway Construction Corporation Ltd.		
0.00% due 01/29/21 ⁵	1,000,000	1,157,500
Implenia AG		
0.50% due 06/30/22 ¹	1,020,000 CHF	1,093,027
Safran S.A.		
0.00% due 12/31/20 ⁵	899,700 EUR	922,737
BW Group Ltd.		
1.75% due 09/10/19	1,000,000	878,000

See notes to financial statements.

	Face Amount~	Value
CONVERTIBLE BONDS^{††} – 74.5% (continued)		
Industrial – 7.1% (continued)		
Siemens Financieringsmaatschappij N.V. 1.65% due 08/16/19 ¹	750,000	\$ 867,364
Shimizu Corp. 0.00% due 10/16/20 ⁵	80,000,000 JPY	806,014
Larsen & Toubro Ltd. 0.68% due 10/22/19	700,000	694,050
OSG Corp. 0.00% due 04/04/22 ^{1,5}	50,000,000 JPY	674,454
Tutor Perini Corp. 2.88% due 06/15/21 ^{1,4}	655,000	655,000
MTU Aero Engines AG 0.13% due 05/17/23	500,000 EUR	597,210
Vishay Intertechnology, Inc. 2.25% due 05/15/41 ¹	653,000	568,926
Ebara Corp. 0.00% due 03/19/18 ^{1,5}	18,000,000 JPY	228,458
Total Industrial		14,618,473
Energy – 3.4%		
Weatherford International Ltd. 5.88% due 07/01/21 ¹	2,756,000	2,929,973
Chesapeake Energy Corp. 5.50% due 09/15/26 ⁴	2,000,000	1,887,500
RAG-Stiftung 0.00% due 02/18/21 ⁵	500,000 EUR	601,430
PDC Energy, Inc. 1.13% due 09/15/21 ¹	583,000	595,389
Technip S.A. 0.88% due 01/25/21	400,000 EUR	571,778
Oasis Petroleum, Inc. 2.63% due 09/15/23	448,000	500,360
Total Energy		7,086,430
Basic Materials – 1.8%		
OCI N.V. 3.88% due 09/25/18	2,700,000 EUR	2,709,643
Toray Industries, Inc. 0.00% due 08/30/19 ^{1,5}	90,000,000 JPY	1,028,596
Total Basic Materials		3,738,239
Utilities – 1.4%		
CenterPoint Energy, Inc. 4.18% due 09/15/29 ^{1,7}	27,030	1,650,519
ENN Energy Holdings Ltd. 0.00% due 02/26/18 ⁵	750,000	776,250

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

October 31, 2016

	Face Amount~	Value
CONVERTIBLE BONDS^{††} – 74.5% (continued)		
Utilities – 1.4% (continued)		
NRG Yield, Inc.		
3.25% due 06/01/20 ⁴	500,000	\$ 483,125
Total Utilities		2,909,894
Total Convertible Bonds (Cost \$151,374,023)		154,100,719
CORPORATE BONDS^{††} – 63.3%		
Consumer, Non-cyclical – 13.0%		
Valeant Pharmaceuticals International, Inc.		
6.13% due 04/15/25 ^{1,4}	4,233,000	3,354,652
Tenet Healthcare Corp.		
6.00% due 10/01/20 ¹	1,750,000	1,847,789
8.13% due 04/01/22 ¹	605,000	594,413
4.50% due 04/01/21 ¹	474,000	476,370
United Rentals North America, Inc.		
6.13% due 06/15/23 ¹	1,500,000	1,575,000
5.50% due 07/15/25 ¹	1,085,000	1,102,631
HCA, Inc.		
5.00% due 03/15/24 ¹	1,400,000	1,461,600
7.50% due 02/15/22 ¹	1,050,000	1,197,525
CHS/Community Health Systems, Inc.		
6.88% due 02/01/22 ¹	1,394,000	1,069,895
5.13% due 08/01/21 ¹	900,000	841,500
HealthSouth Corp.		
5.75% due 09/15/25 ¹	1,628,000	1,693,120
Land O'Lakes Capital Trust I		
7.45% due 03/15/28 ^{1,4}	1,000,000	1,150,000
Quorum Health Corp.		
11.63% due 04/15/23 ⁴	1,553,000	1,133,690
Horizon Pharma, Inc.		
6.63% due 05/01/23 ¹	1,162,000	1,102,448
Sotheby's		
5.25% due 10/01/22 ^{1,4}	1,033,000	1,022,670
Concordia International Corp.		
9.50% due 10/21/22 ⁴	1,085,000	672,700
7.00% due 04/15/23 ⁴	452,000	262,160
Revlon Consumer Products Corp.		
5.75% due 02/15/21 ¹	605,000	614,075
6.25% due 08/01/24 ⁴	304,000	313,880
Cenveo Corp.		
8.50% due 09/15/22 ⁴	1,240,000	874,200

See notes to financial statements.

	Face Amount~	Value
CORPORATE BONDS^{††} – 63.3% (continued)		
Consumer, Non-cyclical – 13.0% (continued)		
Cott Corp.		
5.50% due 07/01/24 ⁴	676,000 EUR	\$ 785,030
Ahern Rentals, Inc.		
7.38% due 05/15/23 ⁴	1,109,000	731,940
Molina Healthcare, Inc.		
5.38% due 11/15/22 ¹	620,000	648,284
Greatbatch Ltd.		
9.13% due 11/01/23 ⁴	605,000	582,313
Spectrum Brands, Inc.		
5.75% due 07/15/25 ¹	469,000	510,038
Endo Limited / Endo Finance LLC / Endo Finco, Inc.		
6.50% due 02/01/25 ^{1,4}	600,000	508,500
IASIS Healthcare LLC / IASIS Capital Corp.		
8.38% due 05/15/19	370,000	354,275
FAGE International S.A. / FAGE USA Dairy Industry, Inc.		
5.63% due 08/15/26 ⁴	320,000	331,200
Total Consumer, Non-cyclical		26,811,898
Communications – 10.6%		
Frontier Communications Corp.		
11.00% due 09/15/25 ¹	2,149,000	2,208,420
CCO Holdings LLC / CCO Holdings Capital Corp.		
5.25% due 09/30/22 ¹	1,250,000	1,304,687
5.88% due 04/01/24 ^{1,4}	605,000	641,300
DISH DBS Corp.		
6.75% due 06/01/21 ¹	1,200,000	1,292,255
5.88% due 11/15/24 ¹	605,000	611,428
SFR Group S.A.		
6.25% due 05/15/24 ^{1,4}	1,121,000	1,124,498
7.38% due 05/01/26 ^{1,4}	569,000	575,401
Sprint Communications, Inc.		
7.00% due 03/01/20 ^{1,4}	1,545,000	1,684,050
CenturyLink, Inc.		
6.75% due 12/01/23 ¹	1,543,000	1,591,219
West Corp.		
5.38% due 07/15/22 ^{1,4}	1,395,000	1,347,919
EarthLink Holdings Corp.		
7.38% due 06/01/20 ¹	1,217,000	1,283,935
CBS Radio, Inc.		
7.25% due 11/01/24 ^{1,4}	1,061,000	1,104,766
Sirius XM Radio, Inc.		
5.75% due 08/01/21 ^{1,4}	1,050,000	1,097,619
AMC Networks, Inc.		
4.75% due 12/15/22 ¹	1,000,000	1,023,750

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

October 31, 2016

	Face Amount~	Value
CORPORATE BONDS^{††} – 63.3% (continued)		
Communications – 10.6% (continued)		
GCI, Inc. 6.88% due 04/15/25 ¹	970,000	\$ 989,400
Sinclair Television Group, Inc. 5.63% due 08/01/24 ⁴	909,000	922,635
Tribune Media Co. 5.88% due 07/15/22 ¹	909,000	913,545
Radio One, Inc. 7.38% due 04/15/22 ^{1,4}	680,000	686,800
ViaSat, Inc. 6.88% due 06/15/20 ¹	662,000	685,584
Windstream Services LLC 7.50% due 06/01/22 ¹	605,000	574,750
Telesat Canada / Telesat LLC 6.00% due 05/15/17 ^{1,4}	350,000	351,313
Total Communications		22,015,274
Energy – 9.2%		
CONSOL Energy, Inc. 8.00% due 04/01/23 ¹	1,472,000	1,464,640
Sabine Pass Liquefaction LLC 6.25% due 03/15/22 ¹	1,085,000	1,193,499
Genesis Energy Limited Partnership / Genesis Energy Finance Corp. 6.00% due 05/15/23 ¹	1,157,000	1,165,678
Kinder Morgan Energy Partners, LP 3.95% due 09/01/22 ¹	1,085,000	1,137,486
PBF Holding Company LLC / PBF Finance Corp. 7.00% due 11/15/23 ^{1,4}	1,212,000	1,127,160
Parsley Energy LLC / Parsley Finance Corp. 6.25% due 06/01/24 ^{1,4}	1,059,000	1,117,244
Western Refining, Inc. 6.25% due 04/01/21 ¹	1,071,000	1,084,388
Tesoro Logistics Limited Partnership / Tesoro Logistics Finance Corp. 6.38% due 05/01/24 ¹	908,000	982,910
Marathon Oil Corp. 3.85% due 06/01/25 ¹	1,008,000	975,059
Sunoco Limited Partnership / Sunoco Finance Corp. 6.38% due 04/01/23 ¹	930,000	955,575
SM Energy Co. 6.75% due 09/15/26 ¹	909,000	933,429
Western Refining Logistics Limited Partnership / WNRL Finance Corp. 7.50% due 02/15/23 ¹	726,000	762,300
Kerr-McGee Corp. 6.95% due 07/01/24 ¹	620,000	744,526
SESI LLC 6.38% due 05/01/19 ¹	724,000	718,570

See notes to financial statements.

	Face Amount~	Value
CORPORATE BONDS^{††} – 63.3% (continued)		
Energy – 9.2% (continued)		
Cloud Peak Energy Resources LLC / Cloud Peak Energy Finance Corp. 12.00% due 11/01/21	677,000	\$ 687,155
Continental Resources, Inc. 5.00% due 09/15/22 ¹	629,000	617,993
Oasis Petroleum, Inc. 6.88% due 03/15/22 ¹	606,000	602,970
Whiting Petroleum Corp. 5.75% due 03/15/21	606,000	565,095
Tullow Oil plc 6.25% due 04/15/22 ⁴	609,000	561,803
Weatherford International Ltd. 4.50% due 04/15/22	606,000	548,430
Diamondback Energy, Inc. 4.75% due 11/01/24 ⁴	546,000	546,683
Murphy Oil Corp. 4.70% due 12/01/22 ¹	393,000	373,334
6.88% due 08/15/24	76,000	80,272
Targa Resources Partners Limited Partnership / Targa Resources Partners Finance Corp. 5.13% due 02/01/25 ⁴	76,000	76,000
Total Energy		19,022,199
Basic Materials – 7.7%		
NOVA Chemicals Corp. 5.25% due 08/01/23 ^{1,4}	1,000,000	1,022,500
5.00% due 05/01/25 ⁴	970,000	976,063
Celanese US Holdings LLC 5.88% due 06/15/21 ¹	1,516,000	1,733,106
INEOS Group Holdings S.A. 5.88% due 02/15/19 ^{1,4}	1,500,000	1,533,750
Commercial Metals Co. 4.88% due 05/15/23 ¹	1,156,000	1,150,220
Steel Dynamics, Inc. 5.50% due 10/01/24 ¹	1,060,000	1,120,950
FMG Resources August 2006 Pty Ltd. 9.75% due 03/01/22 ^{1,4}	837,000	975,105
First Quantum Minerals Ltd. 7.00% due 02/15/21 ⁴	1,009,000	962,964
Blue Cube Spingo, Inc. 10.00% due 10/15/25 ¹	773,000	931,465
A Schulman, Inc. 6.88% due 06/01/23 ^{1,4}	909,000	929,453
Resolute Forest Products, Inc. 5.88% due 05/15/23 ¹	908,000	774,070

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

October 31, 2016

	Face Amount~	Value
CORPORATE BONDS†† – 63.3% (continued)		
Basic Materials – 7.7% (continued)		
Tronox Finance LLC		
7.50% due 03/15/22 ⁴	852,000	\$ 766,800
St. Barbara Ltd.		
8.88% due 04/15/18 ⁴	729,000	756,793
TPC Group, Inc.		
8.75% due 12/15/20 ^{1,4}	908,000	755,910
Compass Minerals International, Inc.		
4.88% due 07/15/24 ^{1,4}	775,000	741,094
Sappi Papier Holding GmbH		
4.00% due 04/01/23 ^{1,4}	507,000 EUR	579,741
Kaiser Aluminum Corp.		
5.88% due 05/15/24	152,000	160,930
Total Basic Materials		15,870,914
Industrial – 7.0%		
Navios Maritime Acquisition Corporation / Navios Acquisition Finance US, Inc.		
8.13% due 11/15/21 ^{1,4}	2,225,000	1,691,000
MasTec, Inc.		
4.88% due 03/15/23 ¹	1,620,000	1,585,575
TransDigm, Inc.		
6.50% due 07/15/24	1,318,000	1,393,784
Cleaver-Brooks, Inc.		
8.75% due 12/15/19 ^{1,4}	1,162,000	1,220,100
Eletson Holdings, Inc.		
9.63% due 01/15/22 ^{1,4}	1,640,000	1,213,599
Energizer Holdings, Inc.		
5.50% due 06/15/25 ^{1,4}	1,155,000	1,172,325
KLX, Inc.		
5.88% due 12/01/22 ^{1,4}	1,075,000	1,099,403
Shape Technologies Group, Inc.		
7.63% due 02/01/20 ^{1,4}	910,000	928,200
Boise Cascade Co.		
5.63% due 09/01/24 ^{1,4}	911,000	925,804
Builders FirstSource, Inc.		
5.63% due 09/01/24 ^{1,4}	734,000	744,093
Masco Corp.		
4.45% due 04/01/25 ¹	629,000	659,664
Navios Maritime Holdings Incorporated / Navios Maritime Finance II US Inc.		
7.38% due 01/15/22 ^{1,4}	1,230,000	645,750
Xerium Technologies, Inc.		
9.50% due 08/15/21 ⁴	605,000	615,588
Bombardier, Inc.		
6.13% due 01/15/23 ^{1,4}	333,000	290,716

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

October 31, 2016

	Face Amount~	Value
CORPORATE BONDS^{††} – 63.3% (continued)		
Industrial – 7.0% (continued)		
Manitowoc Foodservice, Inc. 9.50% due 02/15/24	152,000	\$ 175,370
Louisiana-Pacific Corp. 4.88% due 09/15/24 ⁴	152,000	149,720
Total Industrial		14,510,691
Consumer, Cyclical – 6.7%		
Air France KLM S.A. 6.25% ^{1,2,9}	3,000,000 EUR	3,320,828
GameStop Corp. 6.75% due 03/15/21 ^{1,4}	2,360,000	2,436,700
VWR Funding, Inc. 4.63% due 04/15/22 ⁴	1,100,000 EUR	1,251,039
FirstCash, Inc. 6.75% due 04/01/21 ¹	1,076,000	1,129,800
Allegiant Travel Co. 5.50% due 07/15/19 ¹	950,000	991,563
Brinker International, Inc. 3.88% due 05/15/23	909,000	885,707
Scientific Games International, Inc. 10.00% due 12/01/22	926,000	861,180
Global Partners Limited Partnership / GLP Finance Corp. 6.25% due 07/15/22 ¹	825,000	792,000
MGM Resorts International 7.75% due 03/15/22 ¹	518,000	600,880
4.63% due 09/01/26	152,000	147,060
Speedway Motorsports, Inc. 5.13% due 02/01/23 ¹	660,000	668,098
Travelex Financing plc 8.00% due 08/01/18 ^{1,4}	375,000 GBP	429,582
Wolverine World Wide, Inc. 5.00% due 09/01/26 ⁴	304,000	304,760
Total Consumer, Cyclical		13,819,197
Financial – 6.4%		
Synovus Financial Corp. 7.88% due 02/15/19 ¹	2,102,000	2,330,592
Ally Financial, Inc. 8.00% due 03/15/20 ¹	1,300,000	1,475,500
5.13% due 09/30/24 ¹	510,000	539,325
Dana Financing Luxembourg Sarl 6.50% due 06/01/26 ^{1,4}	1,619,000	1,726,258

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

October 31, 2016

	Face Amount~	Value
CORPORATE BONDS^{††} – 63.3% (continued)		
Financial – 6.4% (continued)		
E*TRADE Financial Corp. 4.63% due 09/15/23 ¹	1,344,000	\$ 1,395,775
Credit Acceptance Corp. 7.38% due 03/15/23 ¹	1,321,000	1,370,538
Corrections Corporation of America 4.63% due 05/01/23 ¹	1,297,000	1,144,603
Nationstar Mortgage LLC / Nationstar Capital Corp. 9.63% due 05/01/19 ¹	930,000	977,663
CIT Group, Inc. 5.00% due 05/15/17 ¹	836,000	847,495
Equinix, Inc. 5.75% due 01/01/25 ¹	730,000	775,625
Radian Group, Inc. 7.00% due 03/15/21 ¹	531,000	597,210
Total Financial		13,180,584
Technology – 2.7%		
Qorvo, Inc. 7.00% due 12/01/25 ¹	2,409,000	2,649,900
Western Digital Corp. 10.50% due 04/01/24 ^{1,4}	1,166,000	1,349,645
Seagate HDD Cayman 4.88% due 06/01/27	909,000	822,933
First Data Corp. 5.38% due 08/15/23 ^{1,4}	660,000	684,750
Total Technology		5,507,228
Utilities – 0.0%^{**}		
Dynegy, Inc. 8.00% due 01/15/25 ⁴	76,000	73,530
Total Corporate Bonds (Cost \$129,928,545)		130,811,515
SENIOR FLOATING RATE INTERESTS^{††,9} – 0.8%		
Consumer, Non-cyclical – 0.5%		
Sprint Industrial Holdings LLC 11.25% due 05/14/19	1,000,000	595,000
Caraustar Industries, Inc. 8.00% due 05/01/19	516,306	521,986
Total Consumer, Non-cyclical		1,116,986

	Face Amount~	Value
SENIOR FLOATING RATE INTERESTS^{††,9} – 0.8% (continued)		
Basic Materials – 0.3%		
Fortescue Resources August 2006 Pty Ltd.		
4.25% due 06/30/19	599,733	\$ 600,014
Total Senior Floating Rate Interests (Cost \$1,997,080)		1,717,000
Total Investments – 170.2% (Cost \$353,583,573)		\$ 352,008,354
Other Assets & Liabilities, net – (70.2)%		(145,211,107)
Total Net Assets – 100.0%		\$ 206,797,247

* Non-income producing security.

** Less than 0.1%

~ The face amount is denominated in U.S. Dollars, unless otherwise noted.

† 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, 2016, the total value of the positions segregated was \$235,863,829.

2 Perpetual maturity.

3 Rate indicated is the 7-day yield as of October 31, 2016.

4 Security is a 144A or Section 4(a)(2) security. The total market value of 144A or Section 4(a)(2) securities is \$77,009,410 (cost \$79,129,034), or 37.2% of total net assets. These securities have been determined to be liquid under guidelines established by the Board of Trustees.

5 Zero coupon rate security.

6 Security is an accreting bond until December 15, 2017, with a 4.00% principal accretion rate, and then accretes at a 2.00% principal accretion rate until maturity.

7 Security is a step up/step down bond. The coupon increases or decreases at regular intervals until the bond reaches full maturity.

8 Security becomes an accreting bond after March 1, 2018 with a 2.00% principal accretion rate.

9 Variable rate security. Rate indicated is rate effective at October 31, 2016.

AG	Stock Corporation
B.V.	Limited Liability Company
CAD	Canadian Dollar
CHF	Swiss Francs
EUR	Euro
GBP	British Pound
GmbH	Limited Liability
HKD	Hong Kong Dollar
JPY	Japanese Yen
N.V.	Publicly Traded Company
plc	Public Limited Company
Pty	Proprietary
REIT	Real Estate Investment Trust
S.A.	Corporation
SAB de CV	Publicly Traded Company
SpA	Limited Share Company

See Sector Classification in Supplemental Information section.

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued

October 31, 2016

The following table summarizes the inputs used to value the Fund's investments at October 31, 2016 (See Note 2 in the Notes to Financial Statements):

Description	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total
Assets				
Common Stocks	\$ 24,034,615	\$ —	\$ —	\$ 24,034,615
Convertible Preferred Stocks	23,624,275	—	—	23,624,275
Short Term Investments	17,720,230	—	—	17,720,230
Convertible Bonds	—	154,100,719	—	154,100,719
Corporate Bonds	—	130,811,515	—	130,811,515
Senior Floating Rate Interests	—	1,717,000	—	1,717,000
Forward Foreign Currency Exchange Contracts*	—	2,208,026	—	2,208,026
Total	\$ 65,379,120	\$ 288,837,260	\$ —	\$ 354,216,380
Liabilities				
Forward Foreign Currency Exchange Contracts*	\$ —	\$ 63,591	\$ —	\$ 63,591
Centrally Cleared Credit Default Swap**	—	612,265	—	612,265
Total	\$ —	\$ 675,856	\$ —	\$ 675,856

* These amounts are reported as unrealized gain/(loss) as of October 31, 2016.

** Amount above represents the value of centrally cleared credit default swap as described in Note 6. The Statement of Assets and Liabilities only reflects the current day variation margin payable.

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, 2016.

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 year.

For the year ended October 31, 2016, there were no transfers between levels.

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

October 31, 2016

ASSETS:

Investments, at value (cost \$353,583,573)	\$ 352,008,354
Cash	645,088
Restricted cash	1,400,336
Unrealized appreciation on forward foreign currency exchange contracts	2,208,026
Receivables:	
Interest	2,815,923
Investments sold	2,712,084
Dividends	98,140
Tax reclaims	50,181
Other assets	16,600
Total assets	361,954,732

LIABILITIES:

Margin loan	80,000,000
Reverse repurchase agreements	70,000,000
Variation margin payable on centrally cleared credit default swap	612,265
Interest due on borrowings	144,217
Unrealized depreciation on forward foreign currency exchange contracts	63,591
Payable for:	
Investments purchased	3,725,585
Investment management fees	183,048
Investment advisory fees	121,923
Administration fees	7,334
Trustees fees*	1,000
Other fees	298,522
Total liabilities	155,157,485

NET ASSETS	\$ 206,797,247
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NET ASSETS CONSIST OF:

Common shares, \$0.001 par value per share; unlimited number of shares authorized, 32,196,876 shares issued and outstanding	\$ 32,197
Additional paid-in capital	391,249,919
Distributions in excess of net investment income	(3,003,885)
Accumulated net realized loss on investments, written options, swap agreements and foreign currency transactions	(181,805,730)
Net unrealized appreciation on investments, written options, swap agreements and foreign currency translations	324,746
NET ASSETS	\$ 206,797,247
Shares outstanding (\$0.001 par value with unlimited amount authorized)	32,196,876
Net asset value, offering price and repurchase price per share	\$ 6.42

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

See notes to financial statements.

STATEMENT OF OPERATIONS

October 31, 2016

For the Year Ended October 31, 2016

INVESTMENT INCOME:

Interest	\$ 12,494,287
Dividends, net of foreign taxes withheld \$53,363	3,270,364
Total investment income	15,764,651

EXPENSES:

Interest expense	3,355,892
Investment management fees	2,181,122
Investment advisory fees	1,454,082
Professional fees	286,845
Trustees' fees and expenses*	177,357
Fund accounting fees	116,218
Administration fees	87,844
Printing fees	68,600
Insurance	48,289
Custodian fees	37,132
NYSE listing fees	31,397
Transfer agent fees	20,157
Other fees	1,876
Total expenses	7,866,811

Net investment income	7,897,840
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NET REALIZED AND UNREALIZED GAIN (LOSS):

Net realized gain (loss) on:

Investments	(10,865,109)
Written options	422,062
Swap agreements	(313,598)
Foreign currency transactions	(491,917)

Net realized loss	(11,248,562)
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Net change in unrealized appreciation (depreciation) on:

Investments	294,819
Written options	168,512
Swap agreements	(78,241)
Foreign currency translations	766,647

Net change in unrealized appreciation (depreciation)	1,151,737
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Net realized and unrealized loss	(10,096,825)
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Net decrease in net assets resulting from operations	\$ (2,198,985)
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* 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, 2016

	Year Ended October 31, 2016	Year Ended October 31, 2015
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:		
Net investment income	\$ 7,897,840	\$ 6,494,100
Net realized loss on investments, written options, swap agreements and foreign currency transactions	(11,248,562)	(6,929,748)
Net change in unrealized appreciation (depreciation) on investments, written options, swap agreements and foreign currency translations	1,151,737	(79,891)
Net decrease in net assets resulting from operations	(2,198,985)	(515,539)
DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:		
Net investment income	(7,143,863)	(11,579,138)
Return of capital	(11,035,782)	(6,604,628)
Total distributions	(18,179,645)	(18,183,766)
SHAREHOLDER TRANSACTIONS:		
Cost of shares repurchased	(255,233)	—
Net decrease in net assets resulting from shareholder transactions	(255,233)	—
Net decrease in net assets	(20,633,863)	(18,699,305)
NET ASSETS:		
Beginning of year	227,431,110	246,130,415
End of year	\$ 206,797,247	\$ 227,431,110
Distributions in excess of net investment income at end of year	\$ (3,003,885)	\$ (2,014,236)

See notes to financial statements.

STATEMENT OF CASH FLOWS

October 31, 2016

For the Year Ended October 31, 2016

Cash Flows from Operating Activities:

Net decrease in net assets resulting from operations	\$ (2,198,985)
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Adjustments to Reconcile Net Decrease in Net Assets Resulting from Operations to Net Cash Provided by Operating and Investing Activities:

Net change in unrealized (appreciation) depreciation on investments	(294,819)
Net change in unrealized (appreciation) depreciation on written options	(168,512)
Net change in unrealized (appreciation) depreciation on swap agreements	78,241
Net change in unrealized (appreciation) depreciation on foreign currency translations	(766,647)
Net realized loss on investments	10,865,109
Net realized gain on written options	(422,062)
Purchase of long-term investments	(326,376,125)
Proceeds from sale of long-term investments	370,154,892
Net proceeds (purchases) from sale of short-term investments	(8,726,651)
Net amortization/(accretion) of premium/discount	(753,487)
Net change in premiums received on swap agreements	11,805
Premiums received on written options	637,240
Cost of closing written options	(500,726)
Increase in restricted cash	(1,100,336)
Increase in dividends receivable	(1,684)
Increase in interest receivable	(144,350)
Decrease in investments sold receivable	979,847
Increase in tax reclaims receivable	(35,536)
Decrease in other assets	4,135
Decrease in investments purchased payable	(3,103,401)
Increase in interest due on borrowings	115,692
Decrease in investment management fees payable	(16,254)
Decrease in investment advisory fees payable	(10,945)
Decrease in administration fees payable	(546)
Increase in trustees' fees payable	1,000
Decrease in other fees	(36,268)

Net Cash Provided by Operating and Investing Activities	38,190,627
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Cash Flows From Financing Activities:

Distributions to common shareholders	(18,179,645)
Borrowing on reverse repurchase agreements	70,000,000
Payment on reverse repurchase agreements	(70,000,000)
Payments made on margin loan	(20,000,000)
Cost of shares repurchased	(255,233)

Net Cash Used in Financing Activities	(38,434,878)
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Net decrease in cash	(244,251)
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Cash at Beginning of Period (including foreign currency)	889,339
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Cash at End of Period	\$ 645,088
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Supplemental Disclosure of Cash Flow Information:

Cash paid during the period for interest	\$ 3,240,200
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* Relates to Trustees not deemed "interested persons" within the meaning of Section 2(a)(19) of the 1940 Act.

See notes to financial statements.

FINANCIAL HIGHLIGHTS

October 31, 2016

	Year Ended October 31, 2016	Year Ended October 31, 2015	Year Ended October 31, 2014	Year Ended October 31, 2013	Year Ended October 31, 2012
Per Share Data:					
Net asset value, beginning of period	\$ 7.05	\$ 7.63	\$ 8.18	\$ 7.18	\$ 7.40
Income from investment operations:					
Net investment income ^(a)	0.25	0.20	0.24	0.27	0.40
Net gain (loss) on investments (realized and unrealized)	(0.32)	(0.22)	(0.23)	1.25	0.08
Distributions to preferred shareholders from net investment income (common share equivalent basis)	—	—	—	(0.01)	(0.08)
Total from investment operations	(0.07)	(0.02)	0.01	1.51	0.40
Less distributions from:					
Net investment income	(0.22)	(0.36)	(0.56)	(0.56)	(0.36)
Return of capital	(0.34)	(0.20)	—	—	(0.26)
Total distributions to shareholders	(0.56)	(0.56)	(0.56)	(0.56)	(0.62)
Increase resulting from tender and repurchase of Auction Market Preferred Shares (Note 8)	—	—	—	0.05	—
Net asset value, end of period	\$ 6.42	\$ 7.05	\$ 7.63	\$ 8.18	\$ 7.18
Market value, end of period	\$ 5.57	\$ 5.78	\$ 6.66	\$ 7.15	\$ 6.66
Total Return^(b)					
Net asset value	-0.65%	-0.30%	-0.08%	22.50% ^(f)	5.80%
Market value	6.68%	-5.10%	0.60%	16.35%	6.42%
Ratios/Supplemental Data:					
Net assets, end of period (in thousands)	\$ 206,797	\$ 227,431	\$ 246,130	\$ 263,568	\$ 231,512
Preferred shares, at redemption value (\$25,000 per share liquidation preference) (in thousands)	N/A	N/A	N/A	N/A	\$ 170,000
Preferred shares asset coverage per share ^(c)	N/A	N/A	N/A	N/A	\$ 59,046

See notes to financial statements.

Ratio to average net assets applicable to Common Shares:

Net Investment Income, prior to the effect of dividends to preferred shares, including interest expense

Net Investment Income, after effect of dividends to preferred shares, including interest expense

Total expenses^(a)

Portfolio turnover rate

Senior Indebtedness

Total Borrowings outstanding (in thousands)

Asset Coverage per \$1,000 of indebtedness^(b)

(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. A return calculated for a period of less than one year is not annualized.

(c) Calculated by subtracting the Fund's total liabilities from the Fund's total net assets and dividing by the total number of preferred shares outstanding.

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

(e) The expense ratio does not reflect fees and expenses incurred 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 0.08%, 0.02% and 0.09% for the years ended October 31, 2014, 2013 and 2012, respectively.

(f) 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 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 lower by 0.74%.

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
2.17%	2.04%	1.96%	2.07%	2.35%

N/A - Not Applicable

See notes to financial statements.

Note 1 – Organization:

Advent Claymore Convertible Securities and Income Fund II (the "Fund") was organized as a Delaware statutory trust on February 26, 2007. 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 80% of its 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 other 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. The value of 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. Futures contracts are valued using the settlement price established each day on the exchange on which they are traded. Exchange-traded options are valued at the closing price, if traded that day. If not traded, they are valued at the

mean of the bid and ask prices on the primary exchange on which they are traded. 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, 2016.

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, 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. Over-the-counter (OTC) derivative contracts including forward foreign currency exchange 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 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 can be pledged with a broker for current or potential holdings, which may include options, swaps, forward foreign currency exchange contracts and securities purchased on a when issued or delayed delivery basis.

On October 31, 2016, there was \$1,400,336 of restricted cash as collateral posted for swap contracts.

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

Foreign exchange unrealized gain or loss on assets and liabilities, other than investments, is shown as unrealized appreciation (depreciation) on foreign currency 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 of investments 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 the liability is subsequently marked to market to reflect the current market value of the option written. These liabilities are reflected as options written, at value, on 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 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 entered 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 gain and losses are recorded, and included 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.

(I) 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.

(m) Reverse Repurchase Agreements

In a reverse repurchase agreement, the Fund sells 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 plus accrued interest, which represents fair value. Reverse repurchase agreements are reflected as a liability on the Statements of Assets and Liabilities. Interest payments made are recorded as a component of interest expense on the Statements 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.

(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 and Advisory Agreements and other agreements:

Pursuant to an Investment Advisory Agreement (the "Agreement") between Guggenheim Funds Investment Advisors, LLC ("GFIA" or the "Investment Adviser") and the Fund, the Investment Adviser furnishes offices, necessary facilities and equipment, provides administrative services to the Fund, oversees the activities of Advent Capital Management, LLC (the "Investment Manager"), provides personnel and compensates the Trustees and Officers of the Fund who are its affiliates. As compensation for these services, the Fund pays the Investment Adviser an annual fee, payable monthly in arrears, at an annual rate equal to 0.40% of the average Managed Assets during such month. Managed Assets means the total of assets of the Fund (including any assets attributable to borrowings in the use of financial leverage, if any) minus the sum of accrued liabilities (other than debt representing financial leverage, if any).

Pursuant to an Investment Management Agreement between the Investment Manager and the Fund, the Fund pays the Investment Manager an annual fee, payable monthly in arrears, at an annual rate equal to 0.60% of the average Managed Assets during such month for the services and facilities provided by the Investment Manager to the Fund. These services include the day-to-day management of the Fund's portfolio of securities, which includes buying and selling securities for the Fund and investment research.

The 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.

Rydex Fund Services, LLC (“RFS”) provided fund administration services to the Fund. On October 4, 2016, RFS was purchased by MUFG Investor Services and as of that date RFS ceased to be an affiliate of the Investment Adviser. In connection with its acquisition, RFS changed its name to MUFG Investor Services (US), LLC (“MUIS”). This change has no impact on the financial statements of the Fund. As compensation for these services MUIS receives an administration fee payable monthly at the annual rate set forth below as a percentage of the average daily managed assets of the Fund:

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

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

Note 4 – Federal Income Taxes:

The Fund intends to continue to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. In addition, by distributing substantially all of its ordinary income and long-term capital gains, if any, during each calendar year, the Fund 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 and accumulated net realized gains or losses on investments. For the year ended October 31, 2016, the adjustments were to decrease paid-in capital in excess of par by \$130,976,306, increase distributions in excess of net investment income by \$1,743,626 and decrease accumulated net realized loss by \$132,719,932 due to the difference in treatment for book and tax purposes of convertible bonds, convertible preferred securities, real estate investment trusts, and foreign currency and due to capital loss carryover expired.

As of October 31, 2016, the cost and related gross unrealized appreciation and depreciation on investments for tax purposes, excluding written options, swap agreements, forward foreign currency exchange contracts and foreign currency translations are as follows:

Cost of Investments for Tax Purposes	Gross Tax Unrealized Appreciation	Gross Tax Unrealized Depreciation	Net Tax Unrealized Depreciation on Investments	Net Tax Unrealized Appreciation on Derivatives and Foreign Currency
\$354,541,510	\$14,221,752	\$(16,754,908)	\$(2,533,156)	\$(243,824)

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 accrued for tax purposes on certain convertible securities.

As of October 31, 2016, the components of accumulated earnings/(loss) (excluding paid-in-capital) on a tax basis were as follows:

Undistributed Ordinary Income/ (Accumulated Ordinary Loss)	Undistributed Long-Term Gains/ (Accumulated Capital Loss)
\$ –	\$(181,201,733)

The differences between book and tax basis undistributed long-term gains/(accumulated capital loss) are attributable to tax deferral of losses on wash sales.

At October 31, 2016, for federal income tax purposes, the Fund had a capital loss carryforward available as shown in the table below, to offset possible future capital gains through the years indicated. Per the Regulated Investment Company Modernization Act of 2010, capital loss carryforwards generated in taxable years beginning after December 22, 2010 must be fully used before capital loss carryforwards generated in taxable years prior to December 22, 2010; therefore, under circumstances, capital loss carryforwards available as of the report date may expire unused.

Expires in 2017	Expires in 2019	Unlimited Short-Term	Unlimited Long-Term	Total Capital Loss Carryforward
\$155,338,151	\$2,393,946	\$16,938,517	\$6,531,119	\$181,201,733

Capital loss carryforward expired in current year was \$130,623,500.

For the years ended October 31, 2016 and October 31, 2015 the tax characters of distributions paid, as reflected in the Statements of Changes in Net Assets, of \$7,143,863 and \$11,579,138 was ordinary income and \$11,035,782 and \$6,604,628 was return of capital, respectively.

For all open tax years and all major jurisdictions, management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Uncertain tax positions are tax positions taken or expected to be taken in the course of preparing the Fund's tax returns that would not meet a more-likely-than-not threshold of being sustained by the applicable tax authority and would be recorded as a tax expense in the current year. Open tax years are those that are open for examination by taxing authorities (i.e. generally the last four tax year ends and the interim tax period since then). Furthermore, management of the Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

Note 5 – Investments in Securities:

For the year ended October 31, 2016, the cost of purchases and proceeds from sales of investments, excluding written options, swap agreements and short-term securities, were \$326,376,125 and \$370,154,892, respectively.

Note 6 – Derivatives:

Derivatives are instruments whose values depend on, or are derived from, in whole or in part, the value of one or more other assets, such as securities, currencies, commodities or indices. Derivative instruments may be used to increase investment flexibility (including to maintain cash reserves while maintaining exposure to certain other assets), for risk management (hedging) purposes, to facilitate trading, to reduce transaction costs and to pursue higher investment returns. Derivative instruments may also be used to mitigate certain investment risks, such as foreign currency exchange rate risk, interest rate risk and credit risk. GAAP requires disclosures to enable investors to better understand how and why a Fund uses derivative instruments, how these derivative instruments are accounted for and their effects on the Fund's financial position and results of operations.

The Fund may utilize derivatives for the following purposes:

Hedge – an investment made in order to seek to reduce the risk of adverse price movements in a security, by taking an offsetting position to protect against broad market moves.

Higher Investment Returns – the use of an instrument to seek to obtain increased investment returns.

Income – the use of any instrument that distributes cash flows typically based upon some rate of interest.

Speculation – the use of an instrument to express macro-economic and other investment views.

(a) Covered Call and Put Options

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

The Fund will follow a strategy of writing covered call options, which is a strategy designed to produce income from option premiums and offset a portion of a market decline in the underlying security. This strategy will be the Fund's principal investment strategy in seeking to pursue its primary investment objective. The Fund will only "sell" or "write" options on securities held in the Fund's portfolio. It may not sell "naked" call options, i.e., options on securities that are not held by the Fund or on more shares of a security than are held in the Fund's portfolio. The Fund will consider a call option written with respect to a security underlying a convertible security to be covered so long as (i) the convertible security, pursuant to its terms, grants to the holders of such security the right to convert the convertible security into the underlying security and (ii) the convertible security, upon conversion, will convert into enough shares of the underlying security to cover the call option written by the Fund.

There are several risks associated with transactions in options on securities. As the writer of a covered call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline. A writer of a put option is exposed to the risk of loss if the fair value of the underlying security declines, but profits only to the extent of the premium received if the underlying

security increases in value. The writer of an option has no control over the time when it may be required to fulfill its obligation as writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price.

Transactions in written options for the year ended October 31, 2016, were as follows:

	Number of Contracts	Premiums Received
Options outstanding, beginning of period	2,621	\$ 322,657
Options written during the period	3,734	637,240
Options expired during the period	(880)	(169,192)
Options closed during the period	(4,499)	(689,872)
Options assigned during the period	(976)	(100,833)
Options outstanding, end of period	—	\$ —

The Fund's exchange traded options are not subject to master netting arrangements (the right to close out all transactions traded with a counterparty and net amounts owed or due across the transactions).

(b) Forward Foreign Currency Exchange Contracts

A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency on a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts would be included in net realized gain or loss on foreign currency transactions.

Risk may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. The face or contract amount, in U.S. dollars, reflects the total exposure the Fund has in that particular currency contract.

As of October 31, 2016, the following forward foreign currency exchange contracts were outstanding:

Contracts to Sell	Counterparty	Settlement Date	Settlement Value	Value as of 10/31/16	Net Unrealized Appreciation/ (Depreciation)
CAD 4,755,000 for USD 3,628,663	The Bank of New York Mellon	12/14/2016	\$ 3,628,663	\$ 3,549,014	\$ 79,649
CAD 171,000 for USD 129,929	The Bank of New York Mellon	12/14/2016	129,929	127,630	2,299
CAD 1,836,000 for USD 1,401,099	The Bank of New York Mellon	12/14/2016	1,401,099	1,370,345	30,754
CHF 2,171,000 for USD 2,238,144	The Bank of New York Mellon	12/14/2016	2,238,144	2,200,960	37,184
CHF 980,000 for USD 1,010,309	The Bank of New York Mellon	12/14/2016	1,010,309	993,524	16,785
EUR 1,912,000 for USD 2,152,338	The Bank of New York Mellon	12/14/2016	2,152,338	2,100,163	52,175
EUR 14,000 for USD 15,692	The Bank of New York Mellon	12/14/2016	15,692	15,378	314

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October 31, 2016

Contracts to Sell	Counterparty	Settlement Date	Settlement Value	Value as of 10/31/16	Net Unrealized Appreciation/ (Depreciation)
EUR 19,987,000 for USD 22,499,366	The Bank of New York Mellon	12/14/2016	\$ 22,499,366	\$ 21,953,952	\$ 545,414
EUR 146,000 for USD 163,643	The Bank of New York Mellon	12/14/2016	163,643	160,368	3,275
EUR 450,000 for USD 505,755	The Bank of New York Mellon	12/14/2016	505,755	494,285	11,470
EUR 268,000 for USD 293,698	The Bank of New York Mellon	12/14/2016	293,698	294,374	(676)
EUR 15,041,000 for USD 16,931,654	The Bank of New York Mellon	12/14/2016	16,931,654	16,521,208	410,446
GBP 392,000 for USD 521,281	The Bank of New York Mellon	12/14/2016	521,281	479,092	42,189
GBP 1,593,250 for USD 2,118,704	The Bank of New York Mellon	12/14/2016	2,118,704	1,947,230	171,474
GBP 4,459,000 for USD 5,929,578	The Bank of New York Mellon	12/14/2016	5,929,578	5,449,676	479,902
JPY 732,415,000 for USD 7,218,045	The Bank of New York Mellon	12/14/2016	7,218,045	6,982,345	235,700
JPY 30,000,000 for USD 285,111	The Bank of New York Mellon	12/14/2016	285,111	285,999	(888)
JPY 252,200,000 for USD 2,485,464	The Bank of New York Mellon	12/14/2016	2,485,464	2,404,303	81,161
TWD 41,500,000 for USD 1,311,216	The Bank of New York Mellon	12/14/2016	1,311,216	1,316,309	(5,093)
					\$ 2,193,534

Contracts to Buy	Counterparty	Settlement Date	Settlement Value	Value as of 10/31/16	Net Unrealized Appreciation/ (Depreciation)
EUR 15,000 for USD 16,905	The Bank of New York Mellon	12/14/2016	\$ 16,905	\$ 16,476	\$ (429)
EUR 16,000 for USD 18,044	The Bank of New York Mellon	12/14/2016	18,044	17,575	(469)
EUR 417,000 for USD 471,323	The Bank of New York Mellon	12/14/2016	471,323	458,038	(13,285)
EUR 320,000 for USD 358,861	The Bank of New York Mellon	12/14/2016	358,861	351,492	(7,369)
EUR 50,000 for USD 56,386	The Bank of New York Mellon	12/14/2016	56,386	54,920	(1,466)
EUR 600,000 for USD 674,040	The Bank of New York Mellon	12/14/2016	674,040	659,047	(14,993)
EUR 780,000 for USD 861,588	The Bank of New York Mellon	12/14/2016	861,588	856,761	(4,827)
EUR 485,000 for USD 534,494	The Bank of New York Mellon	12/14/2016	534,494	532,729	(1,765)
EUR 351,000 for USD 386,953	The Bank of New York Mellon	12/14/2016	386,953	385,542	(1,411)

Contracts to Buy	Counterparty	Settlement Date	Settlement Value	Value as of 10/31/16	Net Unrealized Appreciation/ (Depreciation)
EUR 245,000 for USD 266,964	The Bank of New York Mellon	12/14/2016	\$ 266,964	\$ 269,110	\$ 2,146
EUR 50,000 for USD 56,386	The Bank of New York Mellon	12/14/2016	56,386	54,921	(1,465)
EUR 2,000,000 for USD 2,191,780	The Bank of New York Mellon	12/14/2016	2,191,780	2,196,823	5,043
GBP 23,146 for USD 30,200	The Bank of New York Mellon	12/14/2016	30,200	28,288	(1,912)
JPY 27,000,000 for USD 259,915	The Bank of New York Mellon	12/14/2016	259,915	257,399	(2,516)
JPY 33,000,000 for USD 318,057	The Bank of New York Mellon	12/14/2016	318,057	314,600	(3,457)
JPY 21,000,000 for USD 201,770	The Bank of New York Mellon	12/14/2016	201,770	200,200	(1,570)
JPY 23,475,000 for USD 222,744	The Bank of New York Mellon	11/01/2016	222,744	223,390	646
					\$ (49,099)
Total unrealized appreciation for forward foreign currency exchange contracts					\$ 2,144,435

(c) Swap agreements

Swap agreements are contracts between parties in which one party agrees to make periodic payments to the other party (the "Counterparty") based on the change in market value or level of a specified rate, index or asset. In return, the Counterparty agrees to make periodic payments to the first party based on the return of a different specified rate, index or asset. Swap agreements will usually be done on a net basis, the Fund receiving or paying only the net amount of the two payments.

Certain standardized swaps are subject to mandatory central clearing. Central clearing generally reduces counterparty credit risk and increases liquidity, but central clearing does not make swap transactions risk-free. Additionally, there is no guarantee that a Fund or an underlying fund could eliminate its exposure under an outstanding swap agreement by entering into an offsetting swap agreement with the same or another party.

The Fund may enter into swap agreements to manage its exposure to interest rates and/or credit risk, to generate income or to manage duration. During the period that the swap agreement is open, the Fund may be subject to risk from the potential inability of the counterparty to meet the terms of the agreement. The swaps involve elements of both market and credit risk in excess of the amounts reflected on the Statement of Assets and Liabilities.

Credit default swap transactions involve the Fund's agreement to exchange the credit risk of an issuer. A buyer of a credit default swap is said to buy protection by paying periodic fees in return for a contingent payment from the seller if the issuer has a credit event such as bankruptcy, a failure to pay outstanding obligations or deteriorating credit while the swap is outstanding. A seller of a credit default swap is said to sell protection and thus collects the periodic fees and profits if the credit of the issuer remains stable or improves while the swap is outstanding but the seller in a credit default

swap contract would be required to pay an agreed upon amount, which approximates the notional amount of the swap, to the buyer in the event of an adverse credit event of the issuer.

Details of the centrally cleared credit default swap outstanding as of October 31, 2016 are as follows:

Reference Entity	Broker	Exchange	Buy/Sell Protection	Protection Premium Rate	Maturity Date	Notional Principal (\$000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation (Depreciation)
CDX NA HY Series 26	JP Morgan Chase Bank, NA	Intercontinental Exchange	Buy	5.00%	06/20/2021	\$12,515	\$(612,265)	\$(377,023)	\$(235,242)

(d) Summary of Derivatives Information

The Fund is required by GAAP to disclose: a) how and why a fund uses derivative instruments, b) how derivatives instruments are accounted for, and c) how derivative instruments affect a fund's financial position, results of operations and cash flows.

The following table presents the types of derivatives in the Fund by location as presented on the Statement of Assets Liabilities as of October 31, 2016.

Statement of Asset and Liability Presentation of Fair Values of Derivative Instruments:

(amounts in thousands)				
Asset Derivatives			Liability Derivatives	
Derivatives not accounted for as hedging instruments	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Foreign exchange risk	Unrealized appreciation on forward foreign currency exchange contracts	\$2,208	Unrealized depreciation on forward foreign currency exchange contracts	\$ 64
Credit risk	Variation margin receivable on centrally cleared credit default swap	—	Variation margin payable on centrally cleared credit default swap	612
Total		\$2,208		\$676

The following table presents the effect of derivatives instruments on the Statement of Operations for the year ended October 31, 2016.

Effect of Derivative Instruments on the Statement of Operations:

(amounts in thousands)				
Amount of Realized Gain (Loss) on Derivatives				
Derivatives not accounted for as hedging instruments	Written Options	Swap Agreements	Foreign Currency Transactions	Total
Equity risk	\$422	\$ —	\$ —	\$ 422
Credit risk	—	(314)	—	(314)
Foreign exchange risk	—	—	476	476
Total	\$422	\$ (314)	\$ 476	\$ 584

Change in Unrealized (Depreciation) on Derivatives

Primary Risk Exposure	Written Options	Swap Agreements	Foreign Currency Translations	Total
Equity risk	\$169	\$ —	\$ —	\$ 169
Credit risk	—	(78)	—	(78)
Foreign exchange risk	—	—	757	757
Total	\$169	\$ (78)	\$ 757	\$ 848

Derivative Volume

Options Contracts:

Quarterly Average Number of Outstanding Contracts Written	15
Quarterly Average Number of Outstanding Contracts Purchased	—*

Forward Foreign Currency Exchange Contracts:

Quarterly Average Outstanding Settlement Value Purchased	\$ 8,058,762
Quarterly Average Outstanding Settlement Value Sold	\$78,634,846

Swap Contracts:

Quarterly Average Outstanding Notional Balance	\$5,480,000
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* The average number of contracts outstanding purchased for the month of May was 520.

The Fund's derivatives contracts held at October 31, 2016 are not accounted for as hedging instruments under GAAP.

Note 7 – Offsetting:

In the normal course of business, the Fund enters into transactions subject to enforceable master netting arrangements or other similar arrangements. Generally, the right to offset in those agreements allows the Fund to counteract the exposure to a specific counterparty with collateral received or delivered to that counterparty based on the terms of the arrangements. These arrangements provide for the right to liquidate upon the occurrence of an event of default, credit event upon merger or additional termination event.

Master Repurchase Agreements govern repurchase and reverse repurchase agreements between the Fund and the counterparties. Master Repurchase Agreements maintain provisions for, among other things, initiation, income payments, events of default and maintenance of collateral.

In order to better define their contractual rights and to secure rights that will help the Fund mitigate their counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement with their derivative contract counterparties. An ISDA Master Agreement is a bilateral agreement between a Fund and a counterparty that governs OTC derivatives, including foreign exchange contracts, and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of a default (close-out netting) or similar event, including the bankruptcy or insolvency of the counterparty.

For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark to market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Fund and the counterparty. For financial reporting purposes, cash collateral that has been pledged to cover obligations of the Fund and cash collateral received from the counterparty, if any, is reported separately on the Statement of Assets and Liabilities as restricted cash and deposits due to counterparties, respectively. Generally, the amount of collateral due from or to a counterparty must exceed a minimum transfer amount threshold (e.g., \$300,000) before a transfer is required to be made. To the extent amounts due to the Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty nonperformance. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes to be of good standing and by monitoring the financial stability of those counterparties.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements on the Statement of Assets and Liabilities.

The following tables present derivative financial instruments and secured financing transactions that are subject to enforceable netting arrangements and offset in the Statements of Assets and Liabilities in conformity with GAAP.

Counterparty	Investment Type	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Assets & Liabilities	Net Amounts of Assets Presented in the Statement of Assets & Liabilities	Derivatives Available for Offset	Financial Instruments	Collateral Received	Net Amount
Bank of New York Mellon	Forward Foreign Currency Exchange Contracts	\$2,208,026	\$-	\$2,208,026	\$(63,591)	\$-	\$-	\$2,144,435

Counterparty	Investment Type	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Assets & Liabilities	Net Amounts of Liabilities Presented in the Statement of Assets & Liabilities	Derivatives Available for Offset	Financial Instruments	Collateral Pledged	Net Amount
Societe Generale	Reverse Repurchase Agreement	\$70,000,000	\$-	\$70,000,000	\$-	\$(70,000,000)	\$-	\$-
Bank of New York Mellon	Forward Foreign Currency Exchange Contracts	63,591	-	63,591	(63,591)	-	-	-

The table above does not include the additional collateral pledged to the counterparty for the reverse repurchase agreement. Total additional collateral pledged for the reverse repurchase agreement was \$38,450,277.

Note 8 – Capital:**Common Shares**

The Fund has an unlimited number of common shares, \$0.001 par value, authorized and 32,196,876 issued and outstanding. In connection with the Fund's dividend reinvestment plan, the Fund did not issue shares during the years ended October 31, 2016 and October 31, 2015.

On July 22, 2016, the Fund's Board of Trustees approved a share repurchase program whereby the Fund agreed to purchase, in the open market, up to 7.5% of its outstanding common shares when its common shares traded on the New York Stock Exchange at a discount to net asset value of 13% or greater. (the "Repurchase Program"). The Fund agreed to terminate the Repurchase Program on September 30, 2018 provided that following the commencement of the Repurchase Program, if the closing price on the NYSE of the Fund's common shares represented a discount to net asset value of less than 13% for five consecutive trading days, the Repurchase Program would automatically terminate. The Fund commenced the Repurchase Program on August 18, 2016 and the Repurchase Plan was subsequently terminated on August 26, 2016 which constituted the fifth consecutive day in which the common shares traded at a discount of less than 13% to its net asset value. The Fund repurchased 43,844 common shares in connection with the Repurchase Program.

Transactions in common shares were as follows:

	Year Ended October 31, 2016	Year Ended October 31, 2015
Beginning Shares	32,240,720	32,240,720
Shares Repurchased	(43,844)	—
Ending Shares	32,196,876	32,240,720

Preferred Shares

On June 12, 2007, the Fund's Trustees authorized the issuance of Preferred Shares, as part of the Fund's leverage strategy. Preferred Shares issued by the Fund have seniority over the common shares.

On September 14, 2007, the Fund issued 3,400 shares of Preferred Shares Series T7 and 3,400 shares of Preferred Shares Series W7, each with a liquidation value of \$25,000 per share plus accrued dividends.

On November 9, 2012, the Fund commenced a tender for up to 100% of its outstanding AMPS. The Fund offered to purchase the AMPS at 99% of the liquidation preference of \$25,000 (or \$24,750 per share) plus any unpaid dividends accrued through the expiration of the offer.

On December 13, 2012, the Fund announced the expiration and results of the tender offer. The Fund accepted for payment 6,776 AMPS that were properly tendered and not withdrawn, which represented approximately 99.6% of its outstanding AMPS.

Series	CUSIP	Number of AMPS Tendered	Number of AMPS Outstanding After Tender Offer
Series T7	007639-206	3,390	10
Series W7	007639-305	3,386	14

On May 10, 2013, the Fund announced an at-par redemption of all of its remaining outstanding AMPS, liquidation preference \$25,000 per share. The Fund redeemed its remaining \$600,000 of outstanding AMPS. The redemption price was equal to the liquidation preference of \$25,000 per share, plus accumulated but unpaid dividends as of the applicable redemption date as noted in the table below:

Series	CUSIP	Number of AMPS Redeemed	Amount Redeemed	Redemption Date
Series T7	007639-206	10	\$250,000	June 19, 2013
Series W7	007639-305	14	350,000	June 20, 2013

Note 9 – Borrowings:

On November 9, 2012, the Fund entered into a five year margin loan agreement with an approved counterparty whereby the counterparty has agreed to provide secured financing to the Fund and the Fund will provide pledged collateral to the lender. The interest rate on the amount borrowed is 1.74%. An unused commitment fee of 0.25% is charged on the difference between the \$100,000,000 margin loan agreement and the amount borrowed. If applicable, the unused commitment fee is included in Interest Expense on the Statement of Operations. On December 20, 2012, the Fund borrowed \$100,000,000 under the margin loan agreement. As of October 31, 2016, there was \$80,000,000 outstanding in connection with the Fund's margin loan agreement. The average daily amount of borrowings on the margin loan during the year ended October 31, 2016 was \$85,573,770 with a related average interest rate of 2.00%.

On December 20, 2012, the Fund entered into a three year fixed rate reverse repurchase agreement. Under a reverse repurchase agreement, the Fund temporarily transfers possession of a portfolio instrument to another party, such as a bank or broker-dealer, in return for cash. At the same time, the Fund agrees to repurchase the instrument at an agreed upon time and price, which reflects an interest payment. Such agreements have the economic effect of borrowings. The Fund may enter into such agreements when it is able to invest the cash acquired at a rate higher than the cost of the agreement, which would increase earned income. When the Fund enters into a reverse repurchase agreement, any fluctuations in the market value of the instruments transferred to another party or the instruments in which the proceeds may be invested would affect the market value of the Fund's assets. As a result, such transactions may increase fluctuations in the market value of the Fund's assets. On December 20, 2012, the Fund entered into a \$70,000,000 reverse repurchase agreement with Bank of America Merrill Lynch which expired on December 20, 2015. The interest rate on the

reverse repurchase agreement was 1.63%. On December 9, 2015, the Fund terminated its \$70,000,000 reverse repurchase agreement with Bank of America Merrill Lynch. Concurrent with this termination on December 9th, the Fund entered into a \$70,000,000 reverse repurchase agreement with Société Générale with an initial scheduled expiration date of December 9, 2017. The interest rate on the reverse repurchase agreement is 2.34%. The average daily amount of the reverse repurchase agreement during the year ended October 31, 2016, was \$70,000,000 with a related average interest rate of 2.27%.

The average borrowings of the margin loan and reverse repurchase agreement, for the year ended October 31, 2016 was \$155,573,770 at an average interest rate of 2.16%.

The following is a summary of the remaining contractual maturities of the reverse repurchase agreements outstanding as of October 31, 2016, aggregated by asset class of the related collateral pledged by the Fund:

	Overnight and Continuous		Up to 30 days		31 -90 days		Greater than 90 days		Total
Common Stocks	\$	–	\$	–	\$	–	\$	5,128,879	\$ 5,128,879
Convertible Preferred Stocks		–		–		–		3,837,022	3,837,022
Convertible Bonds		–		–		–		29,875,262	29,875,262
Corporate Bonds		–		–		–		31,158,837	31,158,837
Total Borrowings	\$	–	\$	–	\$	–	\$	70,000,000	\$ 70,000,000
Gross amount of recognized liabilities for reverse repurchase agreements	\$	–	\$	–	\$	–	\$	70,000,000	\$ 70,000,000

As of October 31, 2016, the Fund has collateral of \$235,863,829 in connection with borrowings and reverse repurchase agreements.

The Fund's use of leverage creates special risks that may adversely affect the total return of the Fund. The risks include but are not limited to: greater volatility of the Fund's net asset value and market price; fluctuations in the interest rates on the leverage; and the possibility that increased costs associated with the leverage, which would be borne entirely by the holder's of the Fund, may reduce the Fund's total return. The Fund will pay interest expense on the leverage, thus reducing the Fund's total return. This expense may be greater than the Fund's return on the underlying investment.

The agreements governing the margin loan and reverse repurchase agreement include usual and customary covenants. These covenants impose on the Fund asset coverage requirements, collateral requirements, investment strategy requirements, and certain financial obligations. These covenants place limits or restrictions on the Fund's ability to (i) enter into additional indebtedness with a party other than the lender, (ii) change its fundamental investment policy, or (iii) pledge to any other party, other than to the lender, securities owned or held by the Fund over which the lender has a lien. In addition, the Fund is required to deliver financial information to the lender within established deadlines, maintain an asset coverage ratio (as defined in Section 18(g) of the

1940 Act) greater than 300%, comply with the rules of the stock exchange on which its shares are listed, and maintain its classification as a “closed-end fund company” as defined in the 1940 Act. If the counterparty defaults or enters insolvency proceeding, realization or return of the collateral to the Fund may be delayed or limited.

Note 10 – Subsequent Events:

On November 1, 2016, the Fund declared a monthly distribution to common shareholders of \$0.0470 per common share. The distribution is payable on November 30, 2016 to shareholders of record on November 15, 2016.

On December 1, 2016, the Fund declared a monthly distribution to common shareholders of \$0.0470 per common share. The distribution is payable on December 30, 2016 to shareholders of record on December 15, 2016.

The Fund has performed an evaluation of subsequent events through the date of issuance of this report and has determined that there are no material events that would require disclosure other than the events disclosed above.

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

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations, of changes in net assets, and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Advent Claymore Convertible Securities and Income Fund II (the “Fund”) as of October 31, 2016, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities as of October 31, 2016 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
December 28, 2016

Federal Income Tax Information

Qualified dividend income of as much as \$2,219,580, was received by the Fund through October 31, 2016. The Fund intends to designate the maximum amount of dividends that qualify for the reduced tax rate pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003.

For corporate shareholders \$1,641,390 of investment income (dividend income plus short-term gains, if any), qualified for the dividends-received deduction.

Additionally, of the taxable ordinary income distributions paid during the fiscal year ending October 31, 2016, the Fund had the corresponding percentage qualify as interest related dividends as permitted by IRC Section 871 (k) (1) and IRC Section 871 (k) (2).

% Qualifying Interest
30.09%

In January 2017, you will be advised on IRS Form 1099 DIV or substitute 1099 DIV as to the federal tax status of the distributions received by you in the calendar year 2016.

Results of Shareholder Votes

The Annual Meeting of Shareholders of the Fund was held on September 28, 2016. Shareholders voted on the election of Trustees.

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

	# of Shares in Favor	# of Shares Against	# of Shares Abstain
Randall C. Barnes	21,688,254	7,188,964	908,484
Derek Medina	21,674,343	7,202,879	908,480
Gerald L. Seizert	21,674,313	7,196,160	915,229

The other Trustees of the Fund whose terms did not expire in 2016 are Daniel L. Black, Tracy V. Maitland, Ronald A. Nyberg, and Michael A. Smart.

Sector Classification

Information in the "Portfolio of Investments" is categorized by sectors using sector-level Classifications defined by the Bloomberg Industry Classification System, a widely recognized industry classification system provider. Each Fund's registration statement has investment policies relating to concentration in specific sectors/industries. For purposes of these investment policies, the Funds usually classify sectors/industries based on industry-level Classifications used by widely recognized industry classification system providers such as Bloomberg Industry Classification System, Global Industry Classification Standards and Barclays Global Classification Scheme.

Trustees

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

Name, Address and Year of Birth and Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years and Other Affiliations	Number of Funds in Fund Complex** Overseen by Trustee	Other Directorships Held by Trustee
Independent Trustees:				
Randall C. Barnes++ Year of birth: 1951 Trustee	Since 2007	Current: Private Investor (2001-present). Former: Senior Vice President and Treasurer, PepsiCo, Inc. (1993-1997), President, Pizza Hut International (1991-1993); Senior Vice President, Strategic Planning and New Business Development of PepsiCo, Inc. (1987-1990).	101	Current: Trustee, Purpose Investments Funds (2014-present).
Daniel L. Black+ Year of birth: 1960 Trustee	Since 2007	Current: Managing Partner, the Wicks Group of Cos., LLC (2003-present). Former: Managing Director and Co-Head of the Merchant Banking Group at BNY Capital Markets, a division of BNY Mellon (1998-2003); and Co-Head of U.S. Corporate Banking at BNY Mellon (1995-1998).	3	Current: Harlem Lacrosse & Leadership, Inc. (2014-present); Bendon Publishing International (2012-present); Antenna International, Inc. (2010-present); Bonded Services, Ltd. (2011-present). Former: Perm Foster Education Group, Inc. (2007-2009).
Derek Medina+ Year of birth: 1966 Trustee	Since 2007	Current: Senior Vice President, Business Affairs at ABC News (2008-present). Former: Vice President, Business Affairs and News Planning at ABC News (2003-2008); Executive Director, Office of the President at ABC News (2000-2003); Associate at Cleary Gottlieb Steen & Hamilton (law firm) (1995-1998); Associate in Corporate Finance at J.P. Morgan/ Morgan Guaranty (1988-1990).	3	Current: Young Scholar's Institute. (2005-present); Oliver Scholars (2011-present).

Name, Address and Year of Birth and Position(s) Held with Trust	Term of Office and Length of Time Served**	Principal Occupation(s) During Past Five Years and Other Affiliations	Number of Funds in Fund Complex*** Overseen by Trustee	Other Directorships Held by Trustee
Independent Trustees continued:				
Ronald A. Nyberg++ Year of birth: 1953 Trustee and Chairman of the Nominating and Governance Committee	Since 2007	Current: Partner, Momkus McCluskey Roberts, LLC (2016-present). Former: Partner, Nyberg & Cassispi, LLC (2000-2016); Executive Vice President, General Counsel and Corporate Secretary, Van Kampen Investments (1982-1999).	103	Current: Edward-Elmhurst Healthcare System (2012-present).
Gerald L. Seizert, CFA, CIC+ Year of birth: 1952 Trustee	Since 2007	Current: Managing Partner of Seizert Capital Partners, LLC, where he directs the equity disciplines of the firm. Former: Co-Chief Executive (1998-1999) and a Managing Partner and Chief Investment Officer-Equities of Munder Capital Management, LLC (1995-1999). Vice President and Portfolio Manager of Loomis, Sayles & Co., L.P. (asset manager) (1984-1995). Vice President and Portfolio Manager at First of America Bank (1978-1984).	3	Current: Beaumont Hospital (2012-present); University of Toledo Foundation (2013-present);
Michael A. Smart+ Year of birth: 1960 Trustee	Since 2007	Current: Managing Partner, Herndon Equity Partners (July 2014-present), Managing Partner, Cordova, Smart & Williams, LLC (2003-present). Former: Managing Director in Investment Banking-the Private Equity Group (1995-2001) and a Vice President in Investment Banking-Corporate Finance (1992-1995) at Merrill Lynch & Co.; Founding Partner of The Carpediem Group, a private placement firm (1991-1992); Associate at Dillon, Read and Co. (investment bank) (1988-1990).	3	Current: President & Chairman, Board of Directors, Berkshire Blanket Holdings, Inc. (2006-present); President and Chairman, Board of Directors, Squincher Holdings (2006-present); Board of Directors, Sprint Industrial Holdings (2007-present); Vice Chairman, Board of Directors, National Association of Investment Companies ("NAIC") (2010-present). Trustee, The Mead School (2014-present).

Name, Address and Year of Birth and Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past Five Years and Other Affiliations	Number of Funds in Fund Complex**	Other Directorships Held by Trustee
Interested Trustees:				
Tracy V. Maitland†† Year of birth: 1960 Trustee, Chairman, President and Chief Executive Officer	Since 2007	Current: President of Advent Capital Management, LLC (2001-present). Former: Prior to June 2001, President of Advent Capital Management, a division of Utendahl Capital.	3	None.
+	Address for all Trustees noted: 1271 Avenue of the Americas, 45th Floor, New York, NY 10020.			
++	Address for all Trustees noted: 227 W. Monroe Street, Chicago, IL 60606.			
*	After a Trustee's initial term, each Trustee is expected to serve a three-year term concurrent with the class of Trustees for which he serves: - Mr. Michael A. Smart and Mr. Daniel L. Black are the Class II Trustees. The term of the Class II Trustees will continue until the 2017 annual meeting of shareholders or until successors shall have been elected and qualified. - Mr. Tracy V. Maitland and Mr. Ronald A. Nyberg are the Class III Trustees. The term of the Class III Trustees will continue until the 2018 annual meeting of shareholders or until successors shall have been elected and qualified. - Mr. Gerald L. Seizert, Mr. Derek Medina and Mr. Randall C. Barnes are the Class I Trustees. The term of the Class I Trustees will continue until the 2019 annual meeting of shareholders or until successors shall have been elected and qualified.			
**	As of period end. The Guggenheim Investments Fund Complex consists of U.S. registered investment companies advised or serviced by Guggenheim Funds Investment Advisors, LLC and/or Guggenheim Funds Distributors, LLC, and/or affiliates of such entities. The Guggenheim Investments Fund Complex is overseen by multiple Boards of Trustees.			
†	Mr. Maitland is an "interested person" (as defined in section 2(a)(19) of the 1940 Act) of the Fund because of his position as an officer of Advent Capital Management, LLC, the Fund's Investment Manager.			

Officers

The Officers of the Advent Claymore Convertible Securities and Income Fund II, who are not trustees, and their principal occupations during the past five years:

Name, Address** and Year of Birth	Position(s) held with the Trust	Term of Office and Length of Time Served**	Principal Occupations During Past Five Years
Officers:			
Edward C. Delk (1968)	Secretary and Chief Compliance Officer	Since 2012	Current: General Counsel and Chief Compliance Officer, Advent Capital Management, LLC (2012-present). Former: Assistant General Counsel and Chief Compliance Officer, Insight Venture Management, LLC (2009-2012); Associate General Counsel, TIAA-CREF (2008-2009); Principal, Legal Department, The Vanguard Group, Inc. (2000-2008).
Tony Huang (1976)	Vice President and Assistant Secretary	Since 2014	Current: Vice-President, Co-Portfolio Manager and Analyst, Advent Capital Management, LLC (2007-present). Former: Senior Vice President, Portfolio Manager and Analyst, Essex Investment Management (2001-2006); Vice President, Analyst, Abacus Investments (2001); Vice President, Portfolio Manager, M/C Venture Partners (2000-2001); Associate, Fidelity Investments (1996-2000).
Robert White (1965)	Treasurer and Chief Financial Officer	Since 2007	Current: Chief Financial Officer, Advent Capital Management, LLC (2005-present). Former: Vice President, Client Service Manager, Goldman Sachs Prime Brokerage (1997-2005).

* Address for all Officers: 1271 Avenue of the Americas, 45th Floor, New York, NY 10020.

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

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

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

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

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

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

The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence or questions concerning the Plan should be directed to the Plan Administrator, Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77842-3170; Attention: Shareholder Services Department, Phone Number: (866)488-3559 or online at www.computershare.com/investor.

In discussing the factors and other considerations summarized below, the Board noted that it generally receives, reviews and evaluates information concerning the performance of the Funds and the services and personnel of Advent and Guggenheim and their affiliates at quarterly meetings of the Board. While emphasis might be placed on information concerning the investment performance of each Fund, each Fund's fees and expenses in comparison with other funds' fees and expenses and other matters at the meeting at which the renewal of the Investment Management Agreements and the Investment Advisory Agreements is considered, the process of evaluating each Fund's investment advisory and management arrangements is an ongoing one. The Board did not identify any one particular factor that was controlling or of paramount importance in their deliberations and each individual Trustee may have weighed the information provided differently. The information below represents a summary of certain aspects of the more detailed discussions held by the Board and does not necessarily include all information considered by the Trustees.

Nature, Extent and Quality of Services

The Independent Trustees received and considered various data and information regarding the nature, extent and quality of services provided to AVK, AGC and LCM by Advent under the Investment Management Agreements, and to AGC and LCM by Guggenheim under the Investment Advisory Agreements. The Independent Trustees reviewed and considered the responses of Advent and Guggenheim to a detailed series of requests submitted by the Independent Trustees' independent legal counsel on behalf of such Trustees which included, among other things, information about the background, experience and expertise of the management and other personnel of Advent and Guggenheim. The compliance history of Advent and Guggenheim was discussed, along with the financial condition of Advent and the ability of Guggenheim and its affiliates to provide services to the Funds.

The Independent Trustees evaluated the capabilities of Advent and Guggenheim, including information regarding their resources and their ability to attract and retain highly qualified investment professionals. The Independent Trustees also considered the commitment of Advent and Guggenheim to the Funds. The Independent Trustees discussed the portfolio managers at Advent responsible for portfolio management for the Funds, including the involvement of Mr. Maitland, and other personnel at both Advent and Guggenheim.

The Board noted the services provided by GFIA, as distinct from those provided by Advent. They noted GFIA's oversight and supervision of the services of Advent as investment manager including the general monitoring of the performance of Advent. The Board was also aware that GFIA assists in the implementation and oversight of the Fund compliance program, which is administered by the Funds' chief compliance officer.

Based on the above factors, together with those referenced below, the Independent Trustees concluded that they were satisfied with the nature, extent and quality of the investment management services provided to AVK, AGC and LCM by Advent and the investment advisory services provided to AGC and LCM by GFIA.

Fund Performance and Expenses

The Independent Trustees considered the performance results for AVK, AGC and LCM on a market price and net asset value basis over various time periods. They also considered the result of each Fund in comparison to the performance results of other closed-end funds that were determined to be similar to the Funds in terms of investment strategy (each group, a "Peer Group" and collectively, the "Peer Groups"). They recognized that the number of other funds in the Peer Group was small and that, for a variety of reasons, Peer Group comparisons may have limited usefulness. The Board also was aware that the performance benchmark indexes may not be useful comparisons due to the fact that the securities in the benchmarks may include convertibles, high yield or other securities with characteristics unlike those purchased by the Funds.

AVK outperformed its peer average (based on net asset value) for the one -year period ended October 31, 2015. AVK trailed its benchmark index during this period.

AGC had mixed results, underperforming or outperforming against different peers and benchmarks for the one-year period ending October 31, 2015 based on net asset value.

LCM had mixed results, underperforming or outperforming against different peers and benchmarks for the one-year period ending October 31, 2015 based on net asset value.

The Board noted that it had discussed with Fund management the past performance of the Funds at previous meetings and the steps management would take to improve performance. The Independent Trustees considered the steps management has historically taken, and the activities it presently undertakes, to seek to improve performance, which includes enhancement to risk management implementation, changes to investment guidelines and management strategies, and will continue to monitor performance on an on-going basis. The Board discussed the repositioning of the portfolios and the adoption of a sleeve investment approach. The Board considered the improvement of the performance of the Funds in the time period after the completion of the transition to the three-sleeve model. The Independent Trustees noted management's representation that performance was improving and management's expectation that this trend in performance could continue.

The Board also reviewed information about the discount at which each Fund's shares have traded as compared with its peers.

The Independent Trustees received and considered information regarding AVK's, AGC's and LCM's total expense ratios relative to their peers. AVK has a higher expense ratio than four of its peers. AGC has a higher expense ratio than its two peers. LCM has a higher expense ratio than two peer funds and a lower expense ratio than its other peer fund. The Independent Trustees acknowledged that the expense ratios of LCM, AGC and AVK were often higher than expense ratios of certain Peer Group funds because of LCM, AGC and AVK's use of leverage, and because certain funds in the Peer Group had no leverage or lower leverage and therefore reported lower expense ratios and because of the small sizes of the Funds and the overall complex in relation to peers. The potential benefits of the use of leverage were also considered. The Independent Trustees also noted that expense ratio comparisons with Peer Groups were difficult because the items included in other funds' definitions of expenses may differ from those used for the Funds.

Based on the above considerations, discussions and other factors, the Independent Trustees concluded that the overall performance results and expense comparison supported the re-approval of the Investment Management Agreements of AVK, AGC and LCM and the Investment Advisory Agreements of AGC and LCM.

Investment Management and Advisory Fee Rates

The Independent Trustees reviewed and considered the contractual investment management fee rates for AVK, AGC and LCM and the investment advisory fee rates for AGC and LCM (collectively, the “Management Agreement Rates”) payable by AVK, AGC and LCM to Advent and by AGC and LCM to GFIA for investment management and advisory services, respectively. Additionally, the Independent Trustees received and considered information comparing the Management Agreement Rates with those of the other funds in the relevant Peer Group. The Independent Trustees also received and considered information about the nature, extent and quality of services and fee rates offered by Advent and Guggenheim to their other clients. In particular, Advent confirmed that the Funds differ from certain other accounts advised by Advent in that they are more complex to manage, require greater resources from Advent and differ in terms of investment strategy and use of leverage. The Independent Trustees also noted the differing services provided to the Funds in relation to those typically provided to private funds and separate accounts. In addition, Guggenheim noted that it may charge different fees to other clients, which are a result of different types and levels of services provided.

Based on the totality of the information they reviewed, the Independent Trustees concluded that the fees were fair and reasonable.

Profitability

The Independent Trustees received and considered an estimated profitability analysis of Advent and Guggenheim based on the Management Agreement Rates. The Independent Trustees also discussed with Fund management the methodology used to determine profitability. The Independent Trustees concluded that, in light of the costs of providing investment advisory services to AGC and LCM and investment management and other services to AVK, AGC and LCM, the profits and other ancillary benefits that Advent and Guggenheim received with regard to providing these services to AVK, AGC and LCM were not unreasonable.

Economies of Scale

The Independent Trustees received and considered information regarding whether there have been economies of scale with respect to the management of AVK, AGC and LCM, whether AVK, AGC and LCM have appropriately benefited from any economies of scale, and whether there is potential for realization of any further economies of scale. It was noted that, because each Fund is a closed-end fund, any increase in asset levels generally would have to come from material appreciation through investment performance and the Independent Trustees concluded that the opportunity to benefit from economies of scale was diminished in the context of closed-end funds.

Conclusion

After consideration of the factors discussed above, the Board, including the Independent Directors, unanimously voted to approve each Investment Management Agreement and each Investment Advisory Agreement for an additional one-year term.

Board of Trustees

Randall C. Barnes

Daniel L. Black

Tracy V. Maitland*

Chairman

Derek Medina

Ronald A. Nyberg

Gerald L. Seizert

Michael A. Smart

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

Officers

Tracy V. Maitland

President and Chief Executive Officer

Robert White

Treasurer and Chief Financial Officer

Edward C. Delk

Secretary and Chief Compliance Officer

Tony Huang

Vice President and Assistant Secretary

Investment Manager

Advent Capital Management, LLC
New York, NY

Investment Adviser

Guggenheim Funds Investment
Advisors, LLC
Chicago, IL

Administrator

MUFG Investor Services (US), LLC
Rockville, MD

**Accounting Agent
and Custodian**

The Bank of New York Mellon
New York, NY

Transfer Agent

Computershare Trust Company, N.A.
Jersey City, NJ

Legal Counsel

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

**Independent Registered Public
Accounting Firm**

PricewaterhouseCoopers LLP
New York, NY

Portfolio Managers of the Fund

The portfolio managers of Advent Claymore Convertible Securities and Income Fund II (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.

Privacy Principles of the Fund

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

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

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

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

- If your shares are held in a Brokerage Account, contact your Broker.
- If you have physical possession of your shares in certificate form, contact the Fund's Transfer Agent: *Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77842-3170; (866)488-3359 or online at www.computershare.com/investor.*

This report is sent to shareholders of Advent Claymore Convertible Securities and Income Fund II for their information. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

A description of the Fund's proxy voting policies and procedures related to portfolio securities is available without charge, upon request, by calling the Fund at (866) 274-2227. Information regarding how the Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request by calling the Fund at (866) 274-2227, by visiting Guggenheim Fund's website at guggenheiminvestments.com or by accessing the Funds Form N-PX on the U.S. Securities & Exchange Commission's ("SEC") website at www.sec.gov.

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

Sector Classification

Information in the "Portfolio of Investments" is categorized by sectors using sector-level Classifications defined by the Bloomberg Industry Classification System, a widely recognized industry classification system provider. Each Fund's registration statement has investment policies relating to concentration in specific sectors/industries. For purposes of these investment policies, the Funds usually classify sectors/industries based on industry-level Classifications used by widely recognized industry classification system providers such as Bloomberg Industry Classification System, Global Industry Classification Standards and Barclays Global Classification Scheme.

Notice to Shareholders

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

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ABOUT THE FUND MANAGER

Advent Capital Management, LLC

Advent Capital Management, LLC (“Advent”) is a registered investment adviser, based in New York, which specializes in convertible and high-yield securities for institutional and individual investors. The firm was established by Tracy V. Maitland, a former Director in the Convertible Securities sales and trading division of Merrill Lynch. Advent’s investment discipline emphasizes capital structure research, encompassing equity fundamentals as well as credit research, with a focus on cash flow and asset values while seeking to maximize total return.

Investment Philosophy

Advent believes that superior returns can be achieved while reducing risk by investing in a diversified portfolio of global equity, convertible and high-yield securities. Advent seeks securities with attractive risk/reward characteristics. Advent employs a bottom-up security selection process across all of the strategies it manages. Securities are chosen from those that Advent believes have stable-to-improving fundamentals and attractive valuations.

Investment Process

Advent manages securities by using a strict four-step process:

- 1 Screen the convertible and high-yield markets for securities with attractive risk/reward characteristics and favorable cash flows;
- 2 Analyze the quality of issues to help manage downside risk;
- 3 Analyze fundamentals to identify catalysts for favorable performance; and
- 4 Continually monitor the portfolio for improving or deteriorating trends in the financials of each investment.

Advent Capital Management, LLC
1271 Avenue of the Americas, 45th Floor
New York, NY 10020

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Chicago, IL 60606
Member FINRA/SIPC
(12/16)