Advent Claymore Convertible Securities & Income Fund II
Form N-CSR
January 07, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-22022

Advent Claymore Convertible Securities and Income Fund II
(Exact name of registrant as specified in charter)

1271 Avenue of the Americas, 45th Floor, New York, NY 10020
(Address of principal executive offices) (Zip code)

Robert White, Treasurer
1271 Avenue of the Americas, 45th Floor, New York, NY 10020
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 482-1600

Date of fiscal year end: October 31

Date of reporting period: November 1, 2011 - October 31, 2012

Item 1. Reports to Stockholders.

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

WWW.GUGGENHEIMINVESTMENTS.COM/AGC

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

The shareholder report you are reading right now is just the beginning of the story. Online at www.guggenheiminvestments.com/agc, you will find:

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

Advent Capital Management and 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.

(Unaudited) October 31, 2012

Tracy V. Maitland
President and Chief Executive Officer

DEAR SHAREHOLDER

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 fiscal year ended October 31, 2012. Effective following the close of business on February 28, 2012, Advent/Claymore Global Convertible Securities & Income Fund announced that its name had changed to Advent Claymore Convertible Securities and Income Fund II.

Advent Capital Management, LLC (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, 2012, Advent managed approximately $6.0 billion in assets.

Guggenheim Funds Investment Advisors, LLC (the "Adviser") serves as the investment adviser to the Fund. The 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 will invest at least 50% of its managed assets in convertible securities. The Fund may invest up to 40% of its managed assets in non-convertible income securities. The Fund may invest without limitation in foreign securities.

For the 12-month period ended October 31, 2012, the Fund generated a total return based on market price of 6.42% and a return of 5.80% based on NAV. As of October 31, 2012, the Fund's market price of $6.66 represented a discount of 7.24% to NAV of $7.18. The Fund uses financial leverage to finance the purchase of additional securities, a strategy which contributed to performance for the period. All Fund returns cited—whether based on NAV or market price—assume the reinvestment of all distributions.

The Fund paid a monthly dividend of $0.0664 per share in November, December and January of the period. In February 2012, the Fund announced a new regular monthly distribution rate of $0.0470 per share, effective with that month's distribution. The most recent dividend represents an annualized distribution rate of 8.47% based on the Fund's market price on October 31, 2012. There is no guarantee of any future distributions or that the current returns and distribution rate will be maintained.

We encourage shareholders to consider the opportunity to reinvest their distributions from the Fund through the Dividend Reinvestment Plan ("DRIP"), which is described in detail on page 40 of this report. When shares trade at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the monthly dividend distribution in common shares of the Fund purchased in the market at a price less than NAV. Conversely, when the market price of the Fund's common shares is at a premium above NAV, the DRIP reinvests participants' dividends in newly-issued common shares at NAV, subject to an Internal Revenue Service ("IRS") limitation that the purchase price cannot be more than 5% below the market price per share. The DRIP provides a cost-effective means to accumulate additional shares and enjoy the benefits of compounding returns over time. The DRIP effectively provides an income averaging technique, which causes shareholders to accumulate a larger number of Fund shares when the share price is lower than when the price is higher.

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

DEAR SHAREHOLDER continued (Unaudited) October 31, 2012

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, please visit the Fund's website at www.guggenheiminvestments.com/agc.

Sincerely,

Tracy V. Maitland
President and Chief Executive Officer of the Advent Claymore Convertible Securities and Income Fund II

November 30, 2012

QUESTIONS & ANSWERS (Unaudited) October 31, 2012

Advent Claymore Convertible Securities and Income Fund II (the "Fund") is managed by a team of seasoned professionals at Advent Capital Management, LLC ("Advent" or the "Investment Manager"), led by Tracy V. Maitland, Advent's Founder, President and Chief Investment Officer. In the following interview, the management team discusses the convertible-securities and high-yield markets and the performance of the Fund during the 12-month period ended October 31, 2012.

Please describe the Fund's objectives 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 will invest at least 80% of its managed assets in a diversified portfolio of convertible securities and non-convertible income-producing securities, including U.S. and non-U.S. issuers, with at least 50% of its managed assets in convertible securities and up to 40% 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. The primary means has been through Auction Market Preferred Shares ("AMPS"), but other permitted means include borrowing or the issuance of commercial paper or other forms of debt. After the period end, 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 per share (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 tender offer. The Fund accepted for payment 6,776 AMPS that were properly tendered and not withdrawn, which represents approximately 99.6% of its outstanding AMPS. The AMPS of the Fund that were not tendered will remain outstanding. The Fund is refinancing its tendered AMPS through alternative forms of leverage, including borrowings under a margin loan agreement and reverse repurchase agreement transactions. The Fund initially intends to maintain the total amount of outstanding leverage approximately equal to the aggregate liquidation preference of the Fund's AMPS prior to the tender offer. However, the actual amount of the Fund's total leverage may vary over time and the Fund may, from time to time, seek to increase or decrease its total outstanding leverage, within limits of the Investment Company Act of 1940, as determined by the Board of Directors and Fund management.

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.

Please describe the economic and market environment over the last 12 months.
Securities markets performed quite well for the fiscal year ended October 31, 2012. Reasonable growth in the U.S. economy was spurred by a third Federal Reserve program to raise money flow and hold down interest rates. The Federal Reserve also continued to keep its target short-term rates low and pledged to do so until mid-2015, providing considerable support for bond prices. Confidence about a solution to the ongoing problem of European sovereign solvency fluctuated throughout the period.

In the U.S., strong corporate profits and higher dividend payouts buoyed stocks, particularly when corporate profit margins hit all-time highs. Durable goods and payroll reports improved toward the end of the period, and the residential housing market began to rise from a bottom on the strength of better housing starts, building permits and new home sales. Inflation, meanwhile, remained subdued, with the Consumer Price Index (CPI) staying around a 2% annual growth rate. To be sure, pockets of the U.S. economy remained weak, especially those affected by global markets such as technology and some natural resources.

Overseas, European markets advanced, despite a substantial decline in the spring of 2012 caused by renewed uncertainty over Greece's ability to fulfill terms of a prior bailout and contagion of European sovereign fears that spread to Spain and, to a lesser extent, Italy. By summer, however, a new government in Greece and establishment of the European Stability Mechanism calmed global markets.

QUESTIONS & ANSWERS continued (Unaudited) October 31, 2012

Toward the end of the period, markets reacted to a flare-up of the European debt crisis and emerging market growth that appeared to be slowing. The effects of prior rate hikes in emerging markets, such as China and Brazil, had hampered equity market performance over much of the period, but ongoing improvement in developed economies was signaling a rebound in emerging markets by period end.

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, 2012, the Fund generated a total return based on market price of 6.42% and a return of 5.80% based on NAV. As of October 31, 2012, the Fund's market price of $6.66 represented a discount of 7.24% to NAV of $7.18. As of October 31, 2011, the Fund's market price of $6.87 represented a discount of 7.16% to NAV of $7.40.

The market value and NAV of the Fund's shares fluctuate from time to time, and the Fund's market value may be higher or lower than its NAV. The Investment Manager believes that, over the long term, the fluctuations of the NAV will be reflected in the market price return to shareholders.

How has the Fund's leverage strategy affected performance?
The Fund utilizes leverage as part of its investment strategy, 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. Leverage in the fund was a contributor to performance for the period.

The Fund has primarily been implementing its leverage strategy through AMPS, which are floating rate securities. Other permitted means include borrowing or the issuance of commercial paper or other forms of debt. During the period, the Fund entered into certain transactions in an effort to lock in low rates. As interest rates fell further, the Fund experienced a loss on these transactions and exited the position. See Note 6(d) Summary of Derivatives Information on page 34 of the Notes to Financial Statements.

After the period end, the Fund commenced and completed a tender for up to 100% of its outstanding AMPS, ultimately accepting for payment 6,776 AMPS that were properly tendered and not withdrawn, which represents approximately 99.6% of its outstanding AMPS. The AMPS of the Fund that were not tendered will remain outstanding. The Fund is refinancing its tendered AMPS through alternative forms of leverage, including borrowings under a margin loan agreement and reverse repurchase agreement transactions. The Fund initially intends to maintain the total amount of outstanding leverage approximately equal to the aggregate liquidation preference of the Fund's AMPS prior to the tender offer. However, the actual amount of the Fund's total leverage may vary over time and the Fund may, from time to time, seek to increase or decrease its total outstanding leverage, within limits of the Investment Company Act of 1940, as determined by the Board of Directors and Fund management.

The Fund's leverage outstanding as of October 31, 2012, was $170 million, approximately 42% of the Fund's total managed assets. There is no guarantee that the Fund's leverage strategy will be successful, and the Fund's use of leverage may cause the Fund's NAV and market price of common shares to be more volatile. Leverage adds value only when the return on securities purchased exceeds the cost of leverage.

What was the impact of the Fund's covered call strategy?
Contributing to performance for the period was the Fund's covered call strategy, which reacted well to the combination of a rising equity market and falling volatility. For the 12 months ended October 31, 2012, the Fund had realized gains on written options. The CBOE Volatility Index, better known as the VIX, fell from 30.0 at October 2011 to 18.6 at October 2012.

How did other market measures perform in this environment?
For the 12-month period ended October 31, 2012, the S&P 500 Index, which represents larger-capitalization U.S. stocks, returned 15.2%. International equities were not as strong, with the Morgan Stanley Capital International Europe-Australasia-Far East Index (the "MSCI EAFE") returning 4.6%. The MSCI EAFE Index is composed of approximately 1,100 companies in 20 developed countries in Europe and the Pacific Basin.

Many bond indices also delivered positive returns during the 12 months ended October 31, 2012, with measures of riskier parts of the market leading the pack. The return of the Merrill Lynch High Yield Master II Index, which measures performance of the U.S. high-yield bond market, was 13.2%. The returns of the Merrill Lynch All U.S. Convertibles Index and the Merrill Lynch Global 300 Convertible Index were 11.0% and 8.7%, respectively. The Barclays U.S. Aggregate Bond Index (the "Barclays Aggregate"), which measures return of the U.S. investment-grade and government bond market as a whole, rose 5.3% for the period.

It is important to remember that the Fund's mandate differs materially from each of these indices and that the Fund maintains leverage while these indices do not.

Please discuss the Fund's distributions.
In February 2012, the Fund began a new regular monthly distribution of $0.0470 to more closely align its distribution with the earnings potential of the Fund's investments, which have been affected by gradually lower interest rates for U.S. Treasuries, high yield, investment grade and convertible securities since the Fund was launched in 2007.

QUESTIONS & ANSWERS continued (Unaudited) October 31, 2012

The Fund paid a monthly dividend of $0.0664 per share in November, December and January of the period. For all other months of the period ending October 31, 2012, the Fund paid $0.0470 per share.

The most recent dividend represents an annualized distribution rate of 8.47% based on the Fund's market price on October 31, 2012. There is no guarantee of any future distributions or that the current returns and distribution rate will be maintained.

How was the Fund's portfolio allocated among asset classes during the 12 months ended October 31, 2012, and what has this meant for performance?
The Fund is diversified globally among convertible securities and high-yield bonds, but can reallocate assets, as appropriate.

As of October 31, 2011, 78.9% of the Fund's total investments were in convertible securities, with 66.7% in convertible bonds and 12.2% in convertible preferreds. High-yield bonds made up 14.5% of the portfolio, and equities 3.3%. The rest of the Fund's assets, 3.3%, were in cash and other investments.

As of October 31, 2012, 63.0% of the Fund's total investments were in convertible securities, with 54.5% in convertible bonds and 8.5% in convertible preferreds. High-yield bonds represented 29.7% of total investments and equity positions 2.6%. The rest of the Fund's assets, 4.7%, were in cash and other investments.

Convertible securities remain the core of this Fund; the income, equity participation and downside protection through options embedded in convertible securities provide a compelling blend of reward and risk aversion. Nonetheless, the largest change in allocation over the period was roughly doubling the level of high-yield bonds, by reducing convertible bonds and convertible preferred. The removal of the minimum-investment requirement freed us up to reallocate geographically, and we took advantage of that to reallocate among asset types.

We like U.S. high-yield bonds now for several reasons. In an environment of strong corporate cash flow and low defaults, they continue to perform well, and the U.S. high-yield market is more developed than its counterparts abroad. We invest in highly rated high-yield issues that offer attractive yield but less credit risk than much of the high-yield market. That reflects our pursuit of investment opportunities with better asymmetric risk—that is, investments that participate with the market's upside but do not go down as much when the market heads lower. Our reallocation positions us better for a market expected to experience continued bouts of volatility.

Which investment decisions had the greatest effect on the Fund's performance?
Among the Fund's top-performing holdings were convertible bonds of Gilead Sciences, Inc., a research-based biopharmaceutical company (1.0% of long-term investments at period end). In 2011, Gilead acquired Pharmasset, Inc., a clinical-stage pharmaceutical company with vaccines for Hepatitis C, and positive data from its drug trials in the last part of the period boosted the stock and growth expectations.

Preferred stock in Bank of America Corp. (1.5% of long-term investments at period end) performed well in an environment where investors were seeking yield. Bank of America profits rebounded in the period on good capital markets activity and a better mortgage market. Investors flocked to this issue when other trust preferred stocks of Bank of America were called during the period, after losing their status as contributors to capital requirements under Dodd/Frank financial industry regulations.

Another good performer was TUI Travel PLC, a UK-based leisure travel company (not held in the portfolio at period end). TUI Travel, Europe's largest tour operator, is partially owned by TUI AG, a Germany-based holding company engaged in the tourism sector. TUI AG may be aiming to more closely integrate the two companies through a takeover of some or all of TUI Travel's operations, which has helped its stock and convertible bond performance.

Holdings that detracted from the Fund's performance included the convertible issues of heavy-duty truck maker Navistar, which suffered after the company was forced to alter strategy when its alternative technology exhaust-gas recirculation (EGR) engine class failed to meet federal emission standards. After the disappointment, the Fund added Navistar's high-yield bonds to its portfolio at bargain prices, recovering some of the loss on the convertible holdings. The company is adopting the more conventional selective catalytic reduction (SCR) engines, and we believe earnings will recover in 2013 (convertible bonds were 0.6% of long-term investments at period end, and high yield bonds were 0.9%).

Another detractor from performance was a mandatory convertible preferred of Citigroup, Inc., a diversified financial services company (0.8% of long-term investments at period end). Citigroup experienced no dramatic event other than general weakness in financial stocks. The company's return on equity continues to be challenged by a combination of the need to reduce leverage and competitive pressures that are keeping fees low for many of their businesses.

Also detracting were convertible bonds of NetApp, Inc., a manufacturer of integrated network storage and data management hardware for corporations and government agencies (1.3% of long-term investments at period end). The company had been losing market share to competitors, which hurt earnings over the period. But the Fund continued to hold the bonds in the portfolio because the issuer has solid credit and a good balance sheet.

Have there been any changes to the Fund's investment guidelines?
The Commodity Futures Trading Commission ("CFTC") has amended its Rule 4.5, which permits investment advisers to registered investment companies to claim an exclusion from the definition of commodity pool operator with respect to a fund provided certain requirements are met. In order to permit the Adviser and Investment Manager to continue to claim this exclusion with respect to the Fund under the amended rule, beginning on January 1, 2013, the Fund will limit its transactions in futures, options of futures and swaps (excluding transactions entered into for "bona fide hedging purposes," as defined under CFTC regulations) such that either: (i) the aggregate initial margin and premiums required to establish its futures, options on futures and swaps do not exceed 5% of the liquidation value of the Fund's portfolio, after taking into account unrealized profits and losses on such positions; or (ii) the aggregate net notional value of its futures, options on futures and swaps does not exceed 100% of the liquidation value of the Fund's portfolio, after taking into account unrealized profits and losses on such positions.

The Fund and its investment adviser do not believe that complying with the amended rule will limit the Fund's ability to use futures, options and swaps to the extent that it has used them in the past.

What is the current outlook for the markets and the Fund?
As of the writing of this annual report, the U.S. elections have been resolved, but uncertainty still prevails over various tax rates for 2013, the possibility of tax reform and the direction of government spending. Further, the effect of austerity on European growth and the ability of governments to abide by austerity goals also present the possibility of further volatility in 2013. There are indications of resumed growth in China following their leadership changeover and the global economy will likely look to emerging markets to provide much growth potential over the intermediate term.

Advent always sees opportunities in the myriad of security types available for this Fund, from convertibles to high-yield to equities to foreign securities, but will weigh opportunities for return against the risks inherent in what has been an unpredictable macroeconomic environment.

Index Definitions
Indices are unmanaged and it is not possible to invest directly in an index.

S&P 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The MSCI EAFE Index is a free float-adjusted market capitalization weighted index designed to reflect the movements of stock markets in developed countries of Europe and the Pacific Basin. The index is calculated in U.S. dollars and is constructed to represent about 60% of market capitalization in each country.

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

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

The Barclays U.S. Aggregate Bond Index covers the U.S. dollar-denominated, investment-grade, fixed rate, taxable bond market of SEC-registered securities. The Index includes bonds from the Treasury, government-related, corporate, mortgage-backed securities (agency fixed-rate and hybrid ARM passthroughs), asset-backed securities and collateralized mortgage-backed securities sectors.

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

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

AGC Risks and Other Considerations

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

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

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.

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

• if interest rates go up, the value of convertible securities and noncon-vertible income securities in the Fund's portfolio generally will decline;

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

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

Credit Risk. Credit risk is the risk that one or more securities in the Fund's portfolio will decline in price, or fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status. The Fund's investments in convertible and nonconvertible debt 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.

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

Preferred Securities Risks. There are special risks associated with investing in preferred securities, including risks related to deferral, noncumulative dividends, subordination, liquidity, limited voting rights and special redemption rights.

Foreign Securities and Emerging Markets Risk. The Fund may invest without limitation in foreign securities. Investing in non-U.S. issuers may involve unique risks, such as currency, political, economic and market risk. In addition, investing in emerging markets entails additional risk including, but not limited to (1) news and events unique to a country or region (2) smaller market size, resulting in lack of liquidity and price volatility (3) certain national policies which may restrict the Fund's investment opportunities (4) less uniformity in accounting and reporting requirements (5) unreliable securities valuation and (6) custody risk.

Smaller Company Risk. The general risks associated with corporate income-producing and equity securities are particularly pronounced for securities issued by companies with smaller market capitalizations. These companies may have limited product lines, markets or financial resources, or they may depend on a few key employees. As a result, they may be subject to greater levels of credit, market and issuer risk. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities and their values may fluctuate more sharply than other securities. Companies with medium-sized market capitalizations may have risks similar to those of smaller companies.

Risk Associated with the Fund's Covered Call Option Writing Strategy. The ability of the Fund to achieve its investment objective of providing total return through a combination of current income and capital appreciation is partially dependent on the successful implementation of its covered call option strategy. There are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of a covered call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline.

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.

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

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

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

After the period end, 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 per share (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 tender offer. The Fund accepted for payment 6,776 AMPS that were properly tendered and not withdrawn, which represents approximately 99.6% of its outstanding AMPS. The AMPS of the Fund that were not tendered will remain outstanding. The Fund is refinancing its tendered AMPS through alternative forms of leverage, including borrowings under a margin loan agreement and reverse repurchase agreement transactions. The Fund initially intends to maintain the total amount of outstanding leverage approximately equal to the aggregate liquidation preference of the Fund's AMPS prior to the tender offer. However, the actual amount of the Fund's total leverage may vary over time and the Fund may, from time to time, seek to increase or decrease its total outstanding leverage, within limits of the Investment Company Act of 1940, as determined by the Board of Directors and Fund management.

Risk of Fund's Inability to Refinance its Borrowings. The leverage represented by the AMPS is perpetual in that the AMPS have no fixed repayment date and may remain outstanding indefinitely. In contrast, the leverage represented by borrowings under a margin loan agreement must be renewed. All borrowings under the margin loan agreement contemplated as part of the refinancing of the AMPS must be repaid on or prior to five years from the date of the original loan, unless the margin loan agreement is renewed or an acceptable means of refinancing the outstanding borrowings under the margin loan agreement is available. If the Fund is unable to renew or refinance such borrowings, the Fund will be forced to decrease the amount of its leverage (i.e., sell assets and use the proceeds of such sales to repay such borrowings). Leverage incurred through reverse repurchase agreement transactions contemplated as part of the refinancing of the AMPS must be repaid on or prior to three years from the date of the original transfer, unless the repurchase agreement is renewed or an acceptable means of refinancing such leverage is available. If the Fund is unable to renew or refinance its leverage, the Fund will be forced to decrease the amount of its leverage (i.e., sell assets and use the proceeds of such sales to repay such borrowings). Such an event could have negative consequences for the Fund, including requiring the Fund to sell investments at a loss, tax consequences to the Fund or its shareholders and reducing the return to common shareholders of the Fund.

Cost of Leverage Could Increase. Historically, the Fund had utilized the AMPS as its primary form of leverage. Until the first quarter of 2008, the rate paid on the AMPS was determined pursuant to an auction process but, since the first quarter of 2008, the periodic auctions for the AMPS have failed. As a result, the current rate paid on the AMPS is the "Maximum Rate," which is calculated by a methodology set forth in the terms of the AMPS. The calculation for determining the Maximum Rate for the AMPS is based on a different methodology than the calculation for determining the interest rate charged to borrowings under the margin loan agreement contemplated as part of the refinancing of the AMPS or the cost of reverse repurchase agreement financing contemplated as part of the refinancing of the AMPS. As a result, depending on the market conditions, leverage costs under the refinancing arrangements may be higher or lower than leverage costs for the AMPS.

The 1940 Act Imposes Different Leverage Tests on Borrowings than on AMPS. Under the provisions of the Investment Company Act of 1940, as amended (1940 Act), the Fund, immediately after the issuance of senior securities constituting indebtedness, must have an "asset coverage" of at least 300% (i.e., the indebtedness may not exceed 33 1/3% of the Fund's managed assets after the issuance of such borrowings). With respect to such borrowings, asset coverage means the ratio which the value of the total assets of the Fund, less all liabilities and indebtedness not represented by senior securities (as defined in the 1940 Act), bears to the aggregate amount of such borrowings represented by senior securities issued by the Fund. With respect to leverage consisting of preferred shares, however, the 1940 Act provides that the Fund is not permitted to issue preferred shares unless immediately after such issuance the value of the Fund's managed assets is at least 200% of the liquidation value of the outstanding preferred shares (i.e., the liquidation value of outstanding preferred shares may not exceed 50% of the Fund's managed assets).

Because reverse repurchase agreement transactions may be considered to be the practical equivalent of borrowing funds, they constitute a form of leverage. With respect to leverage incurred through reverse repurchase agreement transactions, the Fund intends to earmark or segregate cash or liquid securities in accordance with applicable interpretations of the Staff of the Securities and Exchange Commission. As a result of such segregation, the Fund's obligations under such transactions will not be considered senior securities representing indebtedness for purposes of the 1940 Act. Therefore, the Fund's ability to utilize leverage through such transactions will not be limited by the 1940 Act restrictions on senior securities representing indebtedness, but will be limited by the Fund's maximum overall leverage levels approved by the Board and will be limited by the availability of cash or liquid securities to earmark or segregate in connection with such transactions. The mix of the forms of leverage utilized by the Fund after its planned refinancing of the AMPS through borrowing under a margin loan agreement and reverse repurchase agreement transactions will not be known until the completion of the refinancing. This mix, along with the actual amount of the Fund's total leverage, may vary over time. The Fund may, from time to time, seek to increase or decrease its total outstanding leverage, within limits of the 1940 Act, as determined by the Board and management of the Fund.

Lack of Market for Preferred Shares. The actual number of Preferred Shares outstanding subsequent to completion of the Offer will depend on the number of AMPS tendered and purchased in the Offer. Any AMPS not tendered pursuant to this Offer will remain issued and outstanding unless and until repurchased or redeemed by the Fund. Although it has no current plan to do so, if the Fund were to redeem the AMPS in accordance with their terms, it would be required to pay the full liquidation preference of $25,000 per share plus accrued dividends to the date of redemption. As mentioned previously, there have not been sufficient clearing bids in recent auctions to effect transfers of the AMPS and there can be no guarantee that clearing auctions for AMPS will resume or that there will be future liquidity for the AMPS. In making any decision as to whether to effect a redemption of any AMPS remaining outstanding following the consummation of the Offer, the Fund will take into account the particular facts and circumstances that may then exist, including its then current financial position and liquidity, the market for the investments held by the Fund, the distribution rate on the AMPS and such other factors as the Fund deems relevant. There can be no guarantee that the Fund will redeem the remaining AMPS and the Fund is neither obligated nor committed to doing so. It is possible that following the completion of the Offer the rating assigned to the AMPS that remain outstanding may be downgraded by Fitch Ratings, the rating agency currently rating the AMPS. AMPS the Fund acquires pursuant to the Offer will be canceled and returned to the status of authorized but unissued shares and will be available for the Fund to issue without further action by the shareholders of the Fund (except as required by applicable law or the rules of the New York Stock Exchange or any other securities exchange on which the Fund's common shares may then be listed) for purposes including, without limitation, the raising of additional capital for use in the Fund's business.

In addition to the risks described above, the Fund is also subject to: Foreign Currency Risk, Derivatives Risk, Equity Securities Risk, Counterparty Risk, Management Risk, Market Disruption Risk, and Anti-Takeover Provisions. Please see www.guggenheiminvestments.com/products/cef/agc for a more detailed discussion about Fund risks and considerations.

FUND SUMMARY (Unaudited) October 31, 2012

Fund Statistics		
Share Price	$	6.66
Common Share Net Asset Value	$	7.18
Premium/Discount to NAV		-7.24%
Net Assets ($000)	$	231,512

Total Returns (Inception 5/29/07)	Market	NAV
One Year	6.42%	5.80%
Three Year - average annual	6.27%	3.85%
Five Year - average annual	-7.17%	-9.28