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Advent Claymore Convertible Securities & Income Fund II

Form N-CSRS

July 07, 2017

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 & Income Fund II

(Exact name of registrant as specified in charter)

1271 Avenue of the Americas, 45<sup>th</sup> Floor, New York, NY 10020

(Address of principal executive offices) (Zip code)

Robert White, Treasurer

1271 Avenue of the Americas, 45<sup>th</sup> 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, 2016 - April 30, 2017

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Item 1. Reports to Stockholders.

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

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[GUGGENHEIMINVESTMENTS.COM/AGC](http://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 [guggenheiminvestments.com/agc](http://guggenheiminvestments.com/agc), you will find:

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

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

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(Unaudited) April 30, 2017

DEAR SHAREHOLDER

Tracy V. Maitland

President and Chief Executive Officer

We thank you for your investment in the Advent Claymore Convertible Securities and Income Fund II (the “Fund” or “AGC”). This report covers the Fund’s performance for the six months ended April 30, 2017.

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 April 30, 2017, Advent managed approximately \$9.0 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.

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 9.1% based upon the last closing market price of \$6.22 as of April 30, 2017. The Fund’s distribution rate is not constant and the amount of distribution, 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.

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 six-month period ended April 30, 2017, the Fund generated a total return based on market price of 17.02% and a total return of 9.35% based on NAV. As of April 30, 2017, the Fund’s market price of \$6.22 represented a discount of 7.58% to NAV of \$6.73.

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.

(Unaudited) continued April 30, 2017

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 66 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, including related investment risks, please visit the Fund’s website at [guggenheiminvestments.com/agc](http://guggenheiminvestments.com/agc).

Sincerely,

Tracy V. Maitland

President and Chief Executive Officer of the  
Advent Claymore Convertible Securities and Income Fund II  
May 31, 2017

QUESTIONS & ANSWERS (Unaudited) April 30, 2017

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 six-month period ended April 30, 2017. Please describe the Fund’s objective and management strategies.

The Fund’s investment objective is to provide total return through a combination of capital appreciation and current income. Under normal market conditions, the Fund invests at least 80% of its managed assets in a diversified portfolio of convertible securities and non-convertible income-producing securities, 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.

QUESTIONS & ANSWERS (Unaudited) continued April 30, 2017

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

Please describe the potential tender offer announced on May 1, 2017, after the period ended.

The Board of Trustees of the Fund approved a cash tender offer (the "Tender Offer") for up to 15% of the Fund's respective outstanding common shares of beneficial interest (the "Shares") at a price per Share equal to 98% of the Fund's respective net asset value ("NAV") per Share as of the business day immediately following the expiration date of the Tender Offer. The Fund will repurchase Shares tendered and accepted in the Tender Offer in exchange for cash. The Fund has entered into an agreement (the "Agreement") with Saba Capital Management, LP ("Saba") pursuant to which Saba has agreed to (1) tender all Shares of the Fund owned by it in the Tender Offer, (2) be bound by certain "standstill" covenants through the Fund's 2019 annual meeting of shareholders and (3) vote its Shares on all proposals submitted to shareholders in accordance with the recommendation of management through April 25, 2019. Pursuant to the Agreement, the Fund has agreed not to complete the Tender Offer prior to August 1, 2017.

The Tender Offer has not yet commenced. The above statements are not intended to constitute an offer to participate in the Tender Offer. Information about the Tender Offer, including its commencement, will be announced via future press releases. Shareholders will be notified in accordance with the requirements of the Securities Exchange Act of 1934, as amended, and the Investment Company Act of 1940, as amended, either by publication or mailing or both. The Tender Offer will be made only by an Offer to Purchase, a related Letter of Transmittal and other documents, to be filed with the Securities and Exchange Commission ("SEC"). Shareholders of the Fund should read the Offer to Purchase and tender offer statement and related exhibits when those documents are filed and become available, as they will contain important information about the Tender Offer. These and other filed documents will be available to investors for free both at the website of the SEC and from the Funds.

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

Global equity and corporate bonds markets appreciated in the six months ended April 30, 2017, as the economic outlook across the world brightened, with some emerging markets rebounding after periods of weakness, corporate profits showing more buoyancy, developed market central bank support continuing, and a lack of major geopolitical negative developments. Convertible bond markets advanced nicely, following equity markets that were strong, anticipating positive economic and business-friendly fiscal action after the surprise outcome of the U.S. presidential election and the lack of disruptive potential in the aftermath of various European elections.

Early in the period, the effect of the November 2016 U.S. election led to strong gains in U.S. markets on the potential for lower regulatory and tax burdens and more pro-growth governmental policies; a rise in

QUESTIONS & ANSWERS (Unaudited) continued April 30, 2017

the U.S. dollar spurred by anticipation of higher U.S. Treasury interest rates also led to a lower Japanese yen, which sparked a rally in the Japanese equity market as that country is heavily export-oriented. Equity markets in Europe followed later in the period, where economic growth forecasts brightened as larger central bank bond-buying took its effect as well as the fading of previous years of fiscal austerity. Hong Kong and Chinese markets also rallied after 2017 started, as fiscal stimulus on the mainland buttressed GDP growth and the effect of regulatory maneuvers on the money markets and bond markets helped to reduce negative speculation on the yuan and borrowing rates.

While risk-free government prices generally declined slightly (yields rising) on a global basis in the six months, corporate spreads more than compensated with impressive levels of tightening amidst profits for issuers that rebounded with global GDP growth, resulting in positive returns for high-yield bond indices worldwide. The Bank of America Merrill Lynch Global High Yield index grew 5.30% in local currency terms in the period, with the U.S.-focused Bank of America Merrill Lynch High Yield Master II Index up a similar 5.50%. The Bank of America Merrill Lynch Global 300 Convertible Bond Index rose 8.06% in local currency during the fiscal half.

The U.S. dollar's strength early in the period was not sustained, as stronger economic reports in Europe and Japan created a bid in their currencies relative to the dollar and even began to spark discussion of reduced central bank bond purchasing. The U.S. Dollar Index, a trade-weighted measure of the U.S. dollar against other currencies, began the period at 98.3, rose as high as 103.3 near the end of calendar 2016, before falling back to 99.1 ending the reporting period.

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 six-month period ended April 30, 2017, the Fund generated a total return based on market price of 17.02% and a total return of 9.35% based on NAV. As of April 30, 2017, the Fund's market price of \$6.22 represented a discount of 7.58% to NAV of \$6.73. 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. 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 April 30, 2017, approximately 41% of the Fund's total managed assets. Of the \$150 million in leverage, \$70 million was in a fixed-rate reverse repurchase agreement with Société Générale, with an initial scheduled expiration date of December 9, 2017. In addition, \$80 million was in a margin loan with an approved counterparty that expires in



QUESTIONS & ANSWERS (Unaudited) continued April 30, 2017

November 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 above the cost of leverage for the six-month period ended April 30, 2017. Although Advent looks at funds deployed from borrowings differently than funds which use the shareholder equity base, on this simple metric, the Fund's leverage was beneficial to shareholders for the fiscal period. Advent continues to seek attractive and relatively lower-risk opportunities to invest borrowings that have very low cost compared to history and plans to continue taking advantage of the yield curve and interest rate environment for the benefit of shareholders.

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

Strong equity markets tend to be correlated with lower volatility, and this theme was front and center in the first half of the fiscal year. The Chicago Board Options Exchange Volatility Index ("VIX"), which averaged 16.4 during the 2016 fiscal year, was elevated only in the short period before the U.S. election in November and tabulated only an average of 12.7 from October 2016 to April 2017, even falling below 10 in May.

While the Fund slightly raised its exposure to equities during the period, most of the increase occurred in the U.S. market, where anticipated strength due to positive effects of the Washington administration changeover led the Fund to restrain itself from writing equity call options that would limit upside. Later in the period, as equity markets rallied sharply and appeared to have less upside, the Fund began to write more call options on select equities. Overall, the Fund's policy of generating income from writing options against equity holdings will continue to have a modest effect on assisting the Fund to meet its distribution goals, the exact level of which depends on the level of the volatility in options markets and the upside outlook on individual equity holdings.

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 9.1% based upon the last closing market price of \$6.22 as of April 30, 2017. The Fund's distribution rate is not constant and the amount of distribution, 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.

While the Fund generally seeks to pay distributions that will consist primarily of investment company taxable income and net capital gain, because of the nature of the Fund's investments and changes in market conditions from time to time, or in order to maintain a more stable distribution level over time, the distributions paid by the Fund for any particular period may be more or less than the amount of net investment income from that period. If the Fund's total distributions in any year exceed the amount of its investment company taxable income and net capital gain for the year, any such excess would generally be characterized as a return of capital for U.S. federal income tax purposes.

QUESTIONS & ANSWERS (Unaudited) continued April 30, 2017

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.

How were the Fund's total investments allocated among asset classes during the six months ended April 30, 2017, and what did this mean for performance?

On April 30, 2017, the Fund's total investments were invested approximately 45.2% in convertible bonds, convertible preferred securities, and mandatory convertibles; 38.5% in corporate bonds; 6.4% in cash and cash equivalents; 9.2% equities; and 0.7% in senior floating rate interests.

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.

The change in the Fund's asset allocations reflects a slightly more conservative attitude later in the period, as valuations rose and markets became more fearful of a lack of progress on fiscal or regulatory policy in Washington. While corporate profits began rising again to spur higher equity prices, the level of the increase in equity multiples was noteworthy, as was the sharp drop in high-yield corporate spreads over Treasuries, which leaves both asset classes in the upper half of historical ranges on those statistics. As a result, the Fund reduced its allocation to its core global convertible bonds and U.S. high-yield corporate bonds slightly as the period closed. There was a slight increase in senior floating rate interests, reflecting the potential higher repricing of many syndicated loans in the marketplace as benchmark LIBOR rates surpass the 1.00 – 1.25% floor common in issued loans, leading to the floors giving way to market LIBOR pricing to set issuer payouts.

International investments fell from 38% of assets in October, 2016 to 32% in April, 2017. With the main theme of the first six months of the fiscal year being the surge in asset valuations stemming from the U.S. federal elections, the Fund allocated more of its capital toward U.S. investments to take advantage of the trend, although tapered some of that move into more cash and cash equivalents as the period progressed and expectations on the new Administration rose. Total return was higher for U.S. convertibles and high-yield corporate bonds, both on a price and income basis, than foreign convertibles and high-yield corporate bonds on a currency-neutral basis.

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

Despite the international emphasis of the Fund, with U.S. equity markets having stronger gains in the period, particularly in the technology sector, the Fund's largest winners tended to be American companies. The semiconductor industry is enjoying a steady upcycle helped by reasonable economic growth, new investments in modern technology such as cloud computing and mobile access, and limited supply growth due to restricted capital expenditures in 2015. Fabless semiconductor company NVIDIA Corp. (0.2% of long-term investments at period end) and its convertibles jumped on accelerating demand, as its core graphics chip products took market share and its platforms showed

QUESTIONS & ANSWERS (Unaudited) continued April 30, 2017

increasing adoption in newer end markets such as data center acceleration, automotive data processing, and artificial intelligence. NVIDIA's main competitor in graphics, Advanced Micro Devices, Inc., (AMD) (0.2% of long-term investments at period end), issued convertibles just before the period started and the stock and new convertibles performed very well, as investors anticipated a slew of new products in graphics, PC processing, and servers, which may help AMD close the competitive gap against Intel and NVIDIA. Finally, equipment supplier Lam Research Corp. (0.6% of long-term investments at period end) and its convertible bonds did very well as the company enjoys technological advancements in semiconductor manufacturing that require greater use of its core deposition and etch products, leading to increased market size and share of the equipment market for Lam Research.

Another theme during the period was the rise in interest rates as investors speculated about faster economic growth in the U.S. Although the Fund held long-maturity convertible preferred stock of major bank Wells Fargo & Co. (0.2% of long-term investments at period end) that declined with rates rising, the Fund also recognized the potential of a rise in the long-end of the yield curve on the banking sector and purchased Wells Fargo equity (not held at period end), which rose nicely in the period, also helped by the company recovering from the previous period's disclosure of unauthorized account openings, which resulted in a depressed stock last fall.

Finally, oil field services supplier Weatherford International Ltd. and its exchangeable notes (1.2% of long-term investments at period end) performed well as the oil market benefitted from the decision by the Organization of Petroleum Exporting Countries (OPEC) to reduce output, thus changing supply/demand to favor price increases and encourage more investment by oil majors in suppliers such as Weatherford. In addition, the company laid out a substantial restructuring plan, including multi-billion dollar asset sales that should improve creditworthiness, and lower leverage, making the initiatives well-received by equity and convertible investors also.

Among detractors, mandatory convertibles in rural wireline telecommunications company Frontier Communications Corp. (1.1% of long-term investments at period end) declined as the company suffered greater line losses than anticipated from properties acquired last year from Verizon Communications, with the lower cash flow raising leverage and speculation about a dividend decline, which occurred after period end. The Fund reduced its position in the mandatory but raised its holdings of a corporate bond higher in the capital structure after finding its price declines left the valuation attractive.

One sector that underperformed the broader market in the six months was pharmaceuticals, especially specialty or generic-focused companies, as media coverage of some companies raising prices dramatically on some treatments led to potential of regulatory attention on the practice. Mandatory convertibles of generic drug leader Teva Pharmaceutical Industries Ltd. (0.5% of long-term investments at period end) suffered with the group on this effect as well as rising competition against Teva's particular product portfolio hurting pricing. Combined with the company's elevated leverage post the acquisition of Allergan's generic business, the fundamental issues raised speculation Teva may reduce its dividend to manage its debt, further hurting the shares.

Convertible bonds in German investment conglomerate Aurelius SE (0.4% of long-term investments at period end) plunged in March after an independent research report was issued questioning the

QUESTIONS & ANSWERS (Unaudited) continued April 30, 2017

company's accounting and opaque disclosures. We believe the effect to be overdone and maintained positions with the stock and convertibles rebounding in April and after period end.

Finally, newly-issued convertibles of oil and gas driller Nabors Industries Ltd. (0.3% of long-term investments at period end) declined, as they were issued near a peak in the equity, with subsequent earnings results negative as near-term operational results showed little improvement from the industry's malaise of the last two years.

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

Global markets, both equity and corporate bond, have appreciated notably in the first months of calendar 2017. More buoyant global economies have led to higher corporate profits and commodity prices which has led to lower borrowing costs, lower discount rates on corporate profits, and higher earnings multiples on equities. Greater confidence that there will not be a major negative geopolitical events on the horizon is also assisting the outlook. As corporate issuers assess the potential for greater future profits, their confidence in enacting greater investment rises and portends more issuance for capital through the debt markets, and convertible bonds with their flexibility and lack of covenants have been a favored market for many industries, especially growth-oriented ones. Finding appropriate risk-assessed yields is clearly a challenge with spreads above historical averages, but the Fund is confident its research capabilities and emphasis on cash flow generation will help it differentiate among a myriad set of global issuers.

#### 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.

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

S&P 500 Index is a 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.

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%.

QUESTIONS & ANSWERS (Unaudited) continued April 30, 2017

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](http://guggenheiminvestments.com/agc) for a detailed discussion of the Fund's risks and considerations.

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

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FUND SUMMARY (Unaudited) April 30, 2017

Fund Statistics

Share Price	\$6.22
Net Asset Value	\$6.73
Discount to NAV	-7.58%
Net Assets (\$000)	\$216,763

AVERAGE ANNUAL TOTAL RETURNS  
FOR THE PERIOD ENDED APRIL 30, 2017

	Six-month (non- annualized)	One Year	Three Year	Five Year	Since Inception (05/29/07)
Advent Claymore Convertible Securities and Income Fund II					
NAV	9.35%	14.53%	1.40%	6.29%	-1.67%
Market	17.02%	22.30%	3.64%	7.48%	-1.97%

Portfolio Breakdown % of Net Assets

Investments:

Convertible Bonds	67.6%
Corporate Bonds	65.2%
Common Stocks	15.5%
Short Term Investments	10.9%
Convertible Preferred Stocks	8.8%
Senior Floating Rate Interests	1.2%
Total Investments	169.2%
Call Options Written	-0.1%
Other Assets & Liabilities, net	-69.1%
Net Assets	100.0%

Past performance does not guarantee future results and does not reflect the deductions of taxes that a shareholder would pay on fund distributions. All NAV returns include the deduction of management fees, operating expenses and all other Fund expenses. All portfolio data is subject to change daily. For more current information, please visit [guggenheiminvestments.com/agc](http://guggenheiminvestments.com/agc). The above summaries are provided for informational purposes only and should not be viewed as recommendations.

FUND SUMMARY (Unaudited) continued April 30, 2017

All or a portion of the above distributions may be characterized as a return of capital. As of October 31, 2016, 61% of the distributions were characterized as return of capital. As of April 30, 2017, 8% of the distributions were estimated to be characterized as return of capital. The final determination of the tax character of the distributions paid by the Fund in 2017 will be reported to shareholders in January 2018.

FUND SUMMARY (Unaudited) continued April 30, 2017

Country Breakdown	% of Long-Term Investments
United States	68.6%
Japan	3.9%
Canada	3.2%
Netherlands	3.0%
France	3.0%
United Kingdom	2.8%
Bermuda	2.6%
Cayman Islands	1.8%
Germany	1.4%
Jersey	1.3%
Ireland	0.9%
Taiwan	0.9%
Mexico	0.9%
Austria	0.8%
China	0.7%
Switzerland	0.6%
Spain	0.5%
Luxembourg	0.5%
Israel	0.5%
Australia	0.5%
Hungary	0.4%
Norway	0.3%
Belgium	0.3%
Marshall Islands	0.2%
Liberia	0.2%
India	0.2%
Subject to change daily.	



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PORTFOLIO OF INVESTMENTS (Unaudited) April 30, 2017

	Shares	Value
COMMON STOCKS <sup>†</sup> – 15.5%		
Consumer, Non-cyclical – 6.1%		
Bristol-Myers Squibb Co. <sup>1</sup>	38,300	\$ 2,146,714
Macquarie Infrastructure Corp. <sup>1</sup>	22,889	1,862,478
Biogen, Inc. <sup>1</sup>	6,800	1,844,228
RELX N.V. <sup>1</sup>	90,000	1,740,087
Imperial Brands plc	30,000	1,467,888
Merck & Company, Inc. <sup>1</sup>	20,000	1,246,600
Olympus Corp. <sup>1</sup>	30,000	1,154,571
Roche Holding AG	4,000	1,045,959
Gilead Sciences, Inc. <sup>1</sup>	9,950	682,073
Total Consumer, Non-cyclical		13,190,598
Industrial – 3.4%		
United Parcel Service, Inc. — Class <sup>1</sup> B	21,400	2,299,644
Lockheed Martin Corp.	8,100	2,182,545
BAE Systems plc <sup>1</sup>	240,000	1,946,835
Koninklijke Philips N.V. <sup>1</sup>	28,512	987,952
Total Industrial		7,416,976
Consumer, Cyclical – 2.4%		
General Motors Co.	61,400	2,126,896
Ford Motor Co. <sup>1</sup>	118,800	1,362,636
American Airlines Group, Inc. <sup>1</sup>	30,600	1,304,172
L Brands, Inc.	7,600	401,356
Total Consumer, Cyclical		5,195,060
Communications – 2.3%		
Alphabet, Inc. — Class C	2,100	1,902,516
Verizon Communications, Inc. <sup>1</sup>	39,000	1,790,490
CenturyLink, Inc. <sup>1</sup>	50,700	1,301,469
Total Communications		4,994,475
Basic Materials – 0.7%		
LyondellBasell Industries N.V. — Class A	17,600	1,491,776
Financial – 0.6%		
Unibail-Rodamco SE REIT <sup>1</sup>	5,580	1,369,911
Total Common Stocks (Cost \$32,891,562)		33,658,796
CONVERTIBLE PREFERRED STOCKS <sup>†</sup> – 8.8%		
Consumer, Non-cyclical – 3.0%		
Allergan plc 5.50% due 03/01/18	3,732	3,231,091

See notes to financial statements.

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PORTFOLIO OF INVESTMENTS (Unaudited) continued April 30, 2017

	Shares	Value
CONVERTIBLE PREFERRED STOCKS <sup>†</sup> – 8.8% (continued)		
Consumer, Non-cyclical – 3.0% (continued)		
Anthem, Inc.		
5.25% due 05/01/18 <sup>1</sup>	31,709	\$ 1,629,208
Teva Pharmaceutical Industries Ltd.		
7.00% due 12/15/18	2,821	1,610,791
Total Consumer, Non-cyclical		6,471,090
Industrial – 2.6%		
Stericycle, Inc.		
5.25% due 09/15/18 <sup>1</sup>	31,200	2,309,112
Arconic, Inc.		
5.38% due 10/01/17 <sup>1</sup>	48,350	2,052,941
Belden, Inc.		
6.75% due 07/15/19 <sup>1</sup>	13,387	1,318,218
Total Industrial		5,680,271
Financial – 1.1%		
Mandatory Exchangeable Trust		
5.75% due 06/03/19 <sup>1,2</sup>	9,261	1,274,453
AMG Capital Trust II		
5.15% due 10/15/37 <sup>1</sup>	10,996	629,521
Wells Fargo & Co.		
7.50% <sup>1,3</sup>	427	541,863
Total Financial		2,445,837
Energy – 0.9%		
Hess Corp.		
8.00% due 02/01/19 <sup>1</sup>	31,600	1,913,064
Utilities – 0.8%		
Great Plains Energy, Inc.		
7.00% due 09/15/19	31,000	1,677,100
Communications – 0.4%		
Frontier Communications Corp.		
11.13% due 06/29/18 <sup>1</sup>	20,785	921,607
Total Convertible Preferred Stocks (Cost \$19,798,531)		19,108,969
SHORT TERM INVESTMENTS <sup>†</sup> – 10.9%		
Morgan Stanley Institutional Liquidity Government Portfolio		
0.47% <sup>4</sup>	23,594,152	23,594,152
Total Short Term Investments		

(Cost \$23,594,152)

23,594,152

See notes to financial statements.

## PORTFOLIO OF INVESTMENTS (Unaudited) continued

April 30, 2017

	Face Amount~	Value
CONVERTIBLE BONDS <sup>†‡</sup> 67.6%		
Technology – 13.1%		
Micron Technology, Inc. 3.00% due 11/15/43	2,516,000	\$ 2,729,860
ON Semiconductor Corp. 1.00% due 12/01/20 <sup>1</sup>	1,650,000	1,747,969
1.63% due 10/15/23 <sup>1,2</sup>	844,000	847,165
Lam Research Corp. 1.25% due 05/15/18 <sup>1</sup>	809,000	1,934,521
Microchip Technology, Inc. 1.63% due 02/15/27 <sup>1,2</sup>	1,849,000	1,902,158
Intel Corp. 3.48% due 12/15/35 <sup>1</sup>	1,297,000	1,769,593
Allscripts Healthcare Solutions, Inc. 1.25% due 07/01/20 <sup>1</sup>	1,500,000	1,491,563
United Microelectronics Corp. 0.00% due 05/18/20 <sup>5</sup>	1,400,000	1,405,249
Verint Systems, Inc. 1.50% due 06/01/21 <sup>1</sup>	1,300,000	1,258,562
Cypress Semiconductor Corp. 4.50% due 01/15/22 <sup>1,2</sup>	1,012,000	1,250,453
BroadSoft, Inc. 1.00% due 09/01/22	1,038,000	1,212,514
ServiceNow, Inc. 0.00% due 11/01/18 <sup>5</sup>	778,000	1,050,300
Cornerstone OnDemand, Inc. 1.50% due 07/01/18 <sup>1</sup>	1,005,000	1,033,894
Electronics For Imaging, Inc. 0.75% due 09/01/19 <sup>1</sup>	956,000	1,018,140
Nanya Technology Corp. 0.00% due 01/24/22 <sup>5</sup>	800,000	869,000
Red Hat, Inc. 0.25% due 10/01/19 <sup>1</sup>	599,000	790,305
Advanced Semiconductor Engineering, Inc. 0.00% due 09/05/18 <sup>5</sup>	600,000	777,000
Citrix Systems, Inc. 0.50% due 04/15/19 <sup>1</sup>	629,000	773,277
Salesforce.com, Inc. 0.25% due 04/01/18	553,000	734,799
Lumentum Holdings, Inc. 0.25% due 03/15/24 <sup>1,2</sup>	727,000	727,909
NVIDIA Corp. 1.00% due 12/01/18 <sup>1</sup>	130,000	673,075
Silicon Laboratories, Inc. 1.38% due 03/01/22 <sup>2</sup>	622,000	655,822

ASM Pacific Technology Ltd.

2.00% due 03/28/19

4,000,000 HKD 651,233

See notes to financial statements.

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## PORTFOLIO OF INVESTMENTS (Unaudited) continued

April 30, 2017

	Face Amount~	Value
CONVERTIBLE BONDS <sup>†‡</sup> 67.6% (continued)		
Technology – 13.1% (continued)		
Advanced Micro Devices, Inc. 2.13% due 09/01/26	344,000	\$ 634,250
Synchronoss Technologies, Inc. 0.75% due 08/15/19	577,000	494,778
Total Technology		28,433,389
Consumer, Non-cyclical – 11.3%		
Element Financial Corp. 5.13% due 06/30/19 <sup>1,2</sup>	2,696,000 CAD	2,149,228
4.25% due 06/30/20 <sup>2</sup>	1,837,000 CAD	1,358,706
Wright Medical Group, Inc. 2.00% due 02/15/20	2,519,000	2,962,975
Hologic, Inc. 0.00% due 12/15/43 <sup>1,5,6,8</sup>	900,000	1,137,938
2.00% due 03/01/42 <sup>6,7</sup>	622,000	909,286
Molina Healthcare, Inc. 1.63% due 08/15/44 <sup>1</sup>	1,272,000	1,396,020
BioMarin Pharmaceutical, Inc. 1.50% due 10/15/20	1,114,000	1,386,234
Euronet Worldwide, Inc. 1.50% due 10/01/44	967,000	1,202,706
Qiagen N.V. 0.88% due 03/19/21 <sup>1</sup>	1,000,000	1,198,250
Invacare Corp. 5.00% due 02/15/21	1,000,000	1,130,000
NuVasive, Inc. 2.25% due 03/15/21	743,000	992,369
Ionis Pharmaceuticals, Inc. 1.00% due 11/15/21 <sup>1</sup>	942,000	984,390
Horizon Pharma Investment Ltd. 2.50% due 03/15/22 <sup>1</sup>	1,035,000	970,959
J Sainsbury plc 1.25% due 11/21/19	700,000 GBP	959,962
Ablynx N.V. 3.25% due 05/27/20	800,000 EUR	955,662
Nevro Corp. 1.75% due 06/01/21 <sup>1</sup>	685,000	836,556
Pacira Pharmaceuticals, Inc. 2.38% due 04/01/22 <sup>2</sup>	630,000	672,525
Jazz Investments I Ltd. 1.88% due 08/15/21	580,000	645,250
HealthSouth Corp. 2.00% due 12/01/43 <sup>1</sup>	453,000	595,978

Neurocrine Biosciences, Inc.

2.25% due 05/15/24<sup>2</sup>

555,000

577,200

See notes to financial statements.

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AGC 1 ADVENT CLAYMORE CONVERTIBLE SECURITIES AND INCOME FUND II SEMIANNUAL REPORT 1 19

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## PORTFOLIO OF INVESTMENTS (Unaudited) continued

April 30, 2017

	Face Amount~	Value
CONVERTIBLE BONDS <sup>†‡</sup> 67.6% (continued)		
Consumer, Non-cyclical – 11.3% (continued)		
Herbalife Ltd. 2.00% due 08/15/19 <sup>1</sup>	548,000	\$ 543,208
Terumo Corp. 0.00% due 12/06/21 <sup>5</sup>	50,000,000 JPY	533,215
Clovis Oncology, Inc. 2.50% due 09/15/21	372,000	455,235
Total Consumer, Non-cyclical		24,553,852
Communications – 9.8%		
DISH Network Corp. 3.38% due 08/15/26 <sup>2</sup>	2,824,000	3,469,990
2.38% due 03/15/24 <sup>2</sup>	805,000	839,716
Priceline Group, Inc. 0.35% due 06/15/20 <sup>1</sup>	1,723,000	2,520,964
Twitter, Inc. 0.25% due 09/15/19 <sup>1</sup>	1,900,000	1,808,563
1.00% due 09/15/21	675,000	623,531
Ctrip.com International Ltd. 1.00% due 07/01/20 <sup>1</sup>	1,151,000	1,289,120
1.25% due 10/15/18	361,000	482,838
FireEye, Inc. 1.00% due 06/01/35 <sup>1</sup>	1,600,000	1,518,000
Proofpoint, Inc. 0.75% due 06/15/20	1,232,000	1,412,950
Ciena Corp. 3.75% due 10/15/18 <sup>1,2</sup>	1,000,000	1,285,625
Telenor East Holding II AS 0.25% due 09/20/19 <sup>1</sup>	1,000,000	1,137,250
Finisar Corp. 0.50% due 12/15/33 <sup>1</sup>	981,000	1,035,568
Liberty Media Corp. 1.38% due 10/15/23 <sup>1</sup>	902,000	1,020,951
Inmarsat plc 3.88% due 09/09/23	800,000	921,160
American Movil BV 5.50% due 09/17/18 <sup>1</sup>	800,000 EUR	733,517
Vodafone Group PLC 1.50% due 08/25/17 <sup>1</sup>	500,000 GBP	625,851
Liberty Interactive LLC 1.75% due 09/30/46 <sup>2</sup>	528,000	622,710
Total Communications		21,348,304
Consumer, Cyclical – 8.5%		

Suzuki Motor Corp.

0.00% due 03/31/23<sup>1,5</sup>

210,000,000 JPY 2,380,799

See notes to financial statements.

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## PORTFOLIO OF INVESTMENTS (Unaudited) continued

April 30, 2017

	Face Amount~	Value
CONVERTIBLE BONDS <sup>†‡</sup> 67.6% (continued)		
Consumer, Cyclical – 8.5% (continued)		
Sonae Investments B.V. 1.63% due 06/11/19	2,100,000 EUR	\$ 2,241,059
International Consolidated Airlines Group S.A. 0.25% due 11/17/20	1,700,000 EUR	1,779,017
CalAtlantic Group, Inc. 0.25% due 06/01/19 <sup>1</sup>	1,625,000	1,526,484
RH 0.00% due 06/15/19 <sup>1,2,5</sup>	1,702,000	1,523,290
Steinhoff Finance Holdings GmbH 1.25% due 08/11/22 <sup>1</sup>	900,000 EUR	973,194
4.00% due 01/30/21	300,000 EUR	443,377
HIS Co. Ltd. 0.00% due 08/30/19 <sup>5</sup>	150,000,000 JPY	1,357,428
Valeo S.A. 0.00% due 06/16/21 <sup>5</sup>	1,000,000	1,146,750
Iida Group Holdings Co. Ltd 0.00% due 06/18/20 <sup>5</sup>	120,000,000 JPY	1,106,127
Sony Corp. 0.00% due 09/30/22 <sup>5</sup>	101,000,000 JPY	996,907
NHK Spring Co. Ltd. 0.00% due 09/20/19 <sup>1,5</sup>	800,000	914,000
Shenzhou International Group Holdings Ltd. 0.50% due 06/18/19 <sup>1</sup>	4,000,000 HKD	705,235
LVMH Moët Hennessy Louis Vuitton SE 0.00% due 02/16/21 <sup>1,5</sup>	2,236	657,345
Asics Corp. 0.00% due 03/01/19 <sup>5</sup>	70,000,000 JPY	654,660
Total Consumer, Cyclical		18,405,672
Financial – 8.1%		
British Land White 2015 Ltd. 0.00% due 06/09/20 <sup>5</sup>	1,400,000 GBP	1,738,799
Magyar Nemzeti Vagyonkezelő Zrt 3.38% due 04/02/19 <sup>1</sup>	1,000,000 EUR	1,353,020
BUWOG AG 0.00% due 09/09/21 <sup>5</sup>	1,200,000 EUR	1,349,535
AYC Finance Ltd. 0.50% due 05/02/19 <sup>1</sup>	1,300,000	1,348,750
Aurelius SE 1.00% due 12/01/20 <sup>1</sup>	1,200,000 EUR	1,348,555
Haitong International Securities Group, Ltd. 0.00% due 10/25/21 <sup>5</sup>	10,000,000 HKD	1,290,574
Colony NorthStar, Inc.		

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3.88% due 01/15/21<sup>1</sup>

1,254,000

1,270,459

See notes to financial statements.

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AGC 1 ADVENT CLAYMORE CONVERTIBLE SECURITIES AND INCOME FUND II SEMIANNUAL REPORT 1 21

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## PORTFOLIO OF INVESTMENTS (Unaudited) continued

April 30, 2017

	Face Amount~	Value
CONVERTIBLE BONDS <sup>†‡</sup> 67.6% (continued)		
Financial – 8.1% (continued)		
Hansteen Jersey Securities Ltd.		
4.00% due 07/15/18	800,000 EUR	\$ 1,232,256
Air Lease Corp.		
3.88% due 12/01/18 <sup>1</sup>	832,000	1,188,720
Starwood Property Trust, Inc.		
4.00% due 01/15/19	884,000	1,013,285
Colony Starwood Homes		
3.00% due 07/01/19 <sup>1</sup>	666,000	798,368
Unite Jersey Issuer Ltd.		
2.50% due 10/10/18	400,000 GBP	687,447
Extra Space Storage, LP		
3.13% due 10/01/35 <sup>1,2</sup>	628,000	656,653
Nexity S.A.		
0.13% due 01/01/23	547,707 EUR	632,271
Fidelity National Financial, Inc.		
4.25% due 08/15/18 <sup>1</sup>	254,000	582,136
Deutsche Wohnen AG		
0.88% due 09/08/21 <sup>1</sup>	300,000 EUR	516,064
LEG Immobilien AG		
0.50% due 07/01/21	300,000 EUR	491,759
Total Financial		17,498,651
Industrial – 7.6%		
Cemex SAB de CV		
3.72% due 03/15/20	2,650,000	3,007,535
Dycom Industries, Inc.		
0.75% due 09/15/21	1,461,000	1,852,731
China Railway Construction Corporation Ltd.		
0.00% due 01/29/21 <sup>5</sup>	1,250,000	1,488,125
Implenia AG		
0.50% due 06/30/22	1,035,000 CHF	1,200,629
Makino Milling Machine Co., Ltd.		
0.00% due 03/19/18 <sup>5</sup>	90,000,000 JPY	990,064
Siemens Financieringsmaatschappij N.V.		
1.65% due 08/16/19 <sup>1</sup>	750,000	986,047
BW Group Ltd.		
1.75% due 09/10/19	1,000,000	943,750
Golar LNG Ltd.		
2.75% due 02/15/22 <sup>1,2</sup>	900,000	879,750
MTU Aero Engines AG		
0.13% due 05/17/23	600,000 EUR	821,286
CRRC Corporation Ltd.		
0.00% due 02/05/21 <sup>5</sup>	750,000	800,438

Shimizu Corp.

0.00% due 10/16/20<sup>5</sup>

80,000,000 JPY 785,323

See notes to financial statements.

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PORTFOLIO OF INVESTMENTS (Unaudited) continued April 30, 2017

	Face Amount~	Value
CONVERTIBLE BONDS <sup>†‡</sup> 67.6% (continued)		
Industrial – 7.6% (continued)		
Larsen & Toubro Ltd. 0.68% due 10/22/19	700,000	\$ 713,913
Vinci S.A. 0.38% due 02/16/22	600,000	663,000
OSG Corp. 0.00% due 04/04/22 <sup>1,5</sup>	50,000,000 JPY	647,820
Safran S.A. 0.00% due 12/31/20 <sup>5</sup>	591,800 EUR	621,660
Total Industrial		16,402,071
Energy – 5.8%		
Chesapeake Energy Corp. 5.50% due 09/15/26 <sup>2</sup>	4,343,000	4,294,140
Weatherford International Ltd. 5.88% due 07/01/21	3,540,000	4,217,025
RAG-Stiftung 0.00% due 03/16/23 <sup>5</sup>	800,000 EUR	917,985
0.00% due 02/18/21 <sup>5</sup>	500,000 EUR	588,713
Technip S.A. 0.88% due 01/25/21	1,000,000 EUR	1,363,910
PDC Energy, Inc. 1.13% due 09/15/21	830,000	805,619
Oasis Petroleum, Inc. 2.63% due 09/15/23 <sup>1</sup>	398,000	485,063
Total Energy		12,672,455
Basic Materials – 2.5%		
OCI NV 3.88% due 09/25/18	3,000,000 EUR	3,286,450
Kansai Paint Co., Ltd. 0.00% due 06/17/19 <sup>1,5</sup>	110,000,000 JPY	1,074,392
Toray Industries, Inc. 0.00% due 08/30/19 <sup>1,5</sup>	90,000,000 JPY	952,723
Total Basic Materials		5,313,565
Utilities – 0.9%		
CenterPoint Energy, Inc. 4.18% due 09/15/29 <sup>1,6</sup>	19,024	1,370,917
NRG Yield, Inc. 3.25% due 06/01/20 <sup>2</sup>	500,000	494,063
Total Utilities		1,864,980
Total Convertible Bonds		

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(Cost \$137,286,222)

146,492,939

See notes to financial statements.

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AGC 1 ADVENT CLAYMORE CONVERTIBLE SECURITIES AND INCOME FUND II SEMIANNUAL REPORT 1 23

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## PORTFOLIO OF INVESTMENTS (Unaudited) continued

April 30, 2017

	Face Amount~	Value
CORPORATE BONDS <sup>†‡</sup> 65.2%		
Consumer, Non-cyclical – 13.7%		
Tenet Healthcare Corp.		
6.00% due 10/01/20 <sup>1</sup>	1,750,000	\$ 1,846,250
8.13% due 04/01/22	605,000	617,100
4.50% due 04/01/21 <sup>1</sup>	588,000	590,205
United Rentals North America, Inc.		
6.13% due 06/15/23 <sup>1</sup>	1,500,000	1,571,250
5.88% due 09/15/26 <sup>1</sup>	1,249,000	1,322,379
Valeant Pharmaceuticals International, Inc.		
6.13% due 04/15/25 <sup>2</sup>	3,733,000	2,769,886
HCA Holdings, Inc.		
6.25% due 02/15/21	2,206,000	2,399,024
CHS/Community Health Systems, Inc.		
6.88% due 02/01/22 <sup>1</sup>	1,394,000	1,158,763
5.13% due 08/01/21 <sup>1</sup>	550,000	547,250
HealthSouth Corp.		
5.75% due 09/15/25 <sup>1</sup>	1,628,000	1,654,455
HCA, Inc.		
7.50% due 02/15/22 <sup>1</sup>	1,050,000	1,210,545
Revlon Consumer Products Corp.		
6.25% due 08/01/24 <sup>1</sup>	1,212,000	1,184,730
Cott Beverages, Inc.		
5.38% due 07/01/22 <sup>1</sup>	1,136,000	1,181,440
Sotheby's		
5.25% due 10/01/22 <sup>1,2</sup>	1,140,000	1,171,350
BioMarin Pharmaceutical, Inc.		
0.75% due 10/15/18	970,000	1,147,631
Land O'Lakes Capital Trust I		
7.45% due 03/15/28 <sup>1,2</sup>	1,000,000	1,120,000
Post Holdings, Inc.		
5.50% due 03/01/25 <sup>1,2</sup>	1,018,000	1,068,900
Greatbatch Ltd.		
9.13% due 11/01/23 <sup>2</sup>	909,000	956,723
Ritchie Bros Auctioneers, Inc.		
5.38% due 01/15/25 <sup>1,2</sup>	834,000	863,190
Quorum Health Corp.		
11.63% due 04/15/23 <sup>2</sup>	958,000	855,015
Ahern Rentals, Inc.		
7.38% due 05/15/23 <sup>1,2</sup>	909,000	786,285
Horizon Pharma, Inc.		
6.63% due 05/01/23 <sup>1</sup>	782,000	777,113
Cenveo Corp.		
8.50% due 09/15/22 <sup>2</sup>	1,240,000	700,600
Molina Healthcare, Inc.		

5.38% due 11/15/22<sup>1</sup>

620,000 651,000

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PORTFOLIO OF INVESTMENTS (Unaudited) continued

April 30, 2017

	Face Amount~	Value
CORPORATE BONDS <sup>†‡</sup> 65.2% (continued)		
Consumer, Non-cyclical – 13.7% (continued)		
Spectrum Brands, Inc. 5.75% due 07/15/25 <sup>1</sup>	588,000	\$ 633,223
Endo Dac / Endo Finance LLC / Endo Finco, Inc. 6.00% due 02/01/25 <sup>1,2</sup>	600,000	509,700
FAGE International S.A./ FAGE USA Dairy Industry, Inc. 5.63% due 08/15/26 <sup>1,2</sup>	320,000	326,400
Total Consumer, Non-cyclical		29,620,407
Consumer, Cyclical – 11.5%		
Air France KLM S.A. 6.25% <sup>3,9</sup>	3,000,000 EUR	3,452,405
GameStop Corp. 6.75% due 03/15/21 <sup>2</sup>	2,360,000	2,424,899
L Brands, Inc. 5.63% due 02/15/22 <sup>1</sup>	1,000,000	1,061,250
5.63% due 10/15/23 <sup>1</sup>	934,000	985,183
FirstCash, Inc. 6.75% due 04/01/21 <sup>1</sup>	1,309,000	1,374,450
Dana Financing Luxembourg Sarl 6.50% due 06/01/26 <sup>1,2</sup>	1,267,000	1,330,350
VWR Funding, Inc. 4.63% due 04/15/22 <sup>1,2</sup>	1,100,000 EUR	1,254,958
Scotts Miracle-Gro Co. 6.00% due 10/15/23	1,164,000	1,249,845
Chester Downs & Marina LLC / Chester Downs Finance Corp. 9.25% due 02/01/20 <sup>2</sup>	1,084,000	1,115,165
Levi Strauss & Co. 5.00% due 05/01/25 <sup>1</sup>	1,060,000	1,098,425
Scientific Games International, Inc. 10.00% due 12/01/22	926,000	1,008,183
Allegiant Travel Co. 5.50% due 07/15/19 <sup>1</sup>	950,000	983,250
Hanesbrands, Inc. 4.63% due 05/15/24 <sup>1,2</sup>	909,000	906,728
Cedar Fair LP / Canada's Wonderland Co. / Magnum Management Corp. / Millenium Op		
5.38% due 04/15/27 <sup>2</sup>	872,000	903,523
Vista Outdoor, Inc. 5.88% due 10/01/23 <sup>1</sup>	880,000	880,000
Brinker International, Inc. 3.88% due 05/15/23 <sup>1</sup>	909,000	861,278
Global Partners, LP / GLP Finance Corp. 6.25% due 07/15/22 <sup>1</sup>	825,000	820,875

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MGM Resorts International  
6.00% due 03/15/23<sup>1</sup>

676,000

740,220

See notes to financial statements.

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## PORTFOLIO OF INVESTMENTS (Unaudited) continued

April 30, 2017

	Face Amount~	Value
CORPORATE BONDS <sup>†‡</sup> 65.2% (continued)		
Consumer, Cyclical – 11.5% (continued)		
Wolverine World Wide, Inc. 5.00% due 09/01/26 <sup>1,2</sup>	734,000	\$ 713,815
Speedway Motorsports, Inc. 5.13% due 02/01/23 <sup>1</sup>	660,000	669,900
Six Flags Entertainment Corp. 4.88% due 07/31/24 <sup>2</sup>	619,000	625,964
Cumberland Farms, Inc. 6.75% due 05/01/25 <sup>2</sup>	438,000	455,586
Total Consumer, Cyclical		24,916,252
Communications – 10.6%		
Frontier Communications Corp. 11.00% due 09/15/25	4,024,000	3,898,250
CCO Holdings LLC / CCO Holdings Capital Corp. 5.25% due 09/30/22 <sup>1</sup>	1,250,000	1,300,000
5.75% due 01/15/24 <sup>1</sup>	1,175,000	1,239,625
DISH DBS Corp. 6.75% due 06/01/21 <sup>1</sup>	1,200,000	1,308,000
5.88% due 11/15/24 <sup>1</sup>	924,000	973,665
SFR Group S.A. 7.38% due 05/01/26 <sup>1,2</sup>	1,640,000	1,730,199
CenturyLink, Inc. 6.75% due 12/01/23 <sup>1</sup>	1,543,000	1,658,725
Sprint Communications, Inc. 9.00% due 11/15/18 <sup>1,2</sup>	1,173,000	1,285,901
CBS Radio, Inc. 7.25% due 11/01/24 <sup>1,2</sup>	1,076,000	1,172,840
Sirius XM Radio, Inc. 5.75% due 08/01/21 <sup>1,2</sup>	1,050,000	1,092,000
GCI, Inc. 6.88% due 04/15/25 <sup>1</sup>	970,000	1,047,600
AMC Networks, Inc. 4.75% due 12/15/22 <sup>1</sup>	1,000,000	1,022,500
Tribune Media Co. 5.88% due 07/15/22 <sup>1</sup>	946,000	998,522
Sinclair Television Group, Inc. 5.88% due 03/15/26 <sup>1,2</sup>	909,000	949,905
Radio One, Inc. 7.38% due 04/15/22 <sup>1,2</sup>	680,000	714,000
Sprint Corp. 7.88% due 09/15/23 <sup>1</sup>	625,000	703,125
ViaSat, Inc. 6.88% due 06/15/20 <sup>1</sup>	662,000	675,654

Windstream Services LLC

6.38% due 08/01/23<sup>1</sup>

617,000 547,588

See notes to financial statements.

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## PORTFOLIO OF INVESTMENTS (Unaudited) continued

April 30, 2017

	Face Amount~	Value
CORPORATE BONDS <sup>†‡</sup> 65.2% (continued)		
Communications – 10.6% (continued)		
NetFlix, Inc.		
3.63% due 05/15/27 <sup>2</sup>	340,000 EUR	\$ 375,797
Finisar Corp.		
0.50% due 12/15/36 <sup>2</sup>	289,000	269,854
Total Communications		22,963,750
Energy – 7.3%		
PDC Energy, Inc.		
6.13% due 09/15/24 <sup>1,2</sup>	1,316,000	1,355,479
Oasis Petroleum, Inc.		
6.88% due 01/15/23 <sup>1</sup>	1,321,000	1,340,815
CONSOL Energy, Inc.		
8.00% due 04/01/23	1,158,000	1,212,281
Parsley Energy LLC / Parsley Finance Corp.		
5.25% due 08/15/25 <sup>2</sup>	882,000	893,025
6.25% due 06/01/24 <sup>1,2</sup>	294,000	312,375
Sabine Pass Liquefaction LLC		
5.75% due 05/15/24 <sup>1</sup>	1,078,000	1,193,306
Genesis Energy, LP / Genesis Energy Finance Corp.		
6.00% due 05/15/23 <sup>1</sup>	1,157,000	1,162,785
Continental Resources, Inc.		
4.50% due 04/15/23 <sup>1</sup>	1,026,000	1,015,740
Nabors Industries, Inc.		
0.75% due 01/15/24 <sup>1,2</sup>	1,158,000	1,002,395
Sunoco, LP / Sunoco Finance Corp.		
6.38% due 04/01/23 <sup>1</sup>	930,000	995,100
Tesoro Logistics, LP / Tesoro Logistics Finance Corp.		
6.38% due 05/01/24 <sup>1</sup>	605,000	663,988
6.25% due 10/15/22	298,000	321,095
Murphy Oil Corp.		
4.70% due 12/01/22 <sup>1</sup>	968,000	948,640
PBF Holding Company LLC / PBF Finance Corp.		
7.00% due 11/15/23 <sup>1</sup>	920,000	938,400
Diamondback Energy, Inc.		
4.75% due 11/01/24 <sup>1,2</sup>	882,000	888,615
Ensco Jersey Finance Ltd.		
3.00% due 01/31/24 <sup>2</sup>	870,000	807,468
Western Refining Logistics Limited Partnership / WNRL Finance Corp.		
7.50% due 02/15/23 <sup>1</sup>	726,000	787,710
Total Energy		15,839,217
Industrial – 6.1%		
MasTec, Inc.		

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4.88% due 03/15/23 <sup>1</sup>	1,620,000	1,628,100
Navios Maritime Acquisition Corp. / Navios Acquisition Finance US, Inc.		
8.13% due 11/15/21 <sup>2</sup>	1,586,000	1,421,452

See notes to financial statements.



## PORTFOLIO OF INVESTMENTS (Unaudited) continued

April 30, 2017

	Face Amount~	Value
CORPORATE BONDS <sup>†‡</sup> 65.2% (continued)		
Industrial – 6.1% (continued)		
Energizer Holdings, Inc. 5.50% due 06/15/25 <sup>1,2</sup>	1,155,000	\$ 1,206,975
Park-Ohio Industries, Inc. 6.63% due 04/15/27 <sup>2</sup>	1,164,000	1,195,283
Louisiana-Pacific Corp. 4.88% due 09/15/24 <sup>1</sup>	1,028,000	1,043,419
TransDigm, Inc. 6.50% due 07/15/24	990,000	1,019,700
Shape Technologies Group, Inc. 7.63% due 02/01/20 <sup>1,2</sup>	910,000	937,300
Navios Maritime Holdings Incorporated / Navios Maritime Finance II US Inc. 7.38% due 01/15/22 <sup>2</sup>	931,000	805,315
Xerium Technologies, Inc. 9.50% due 08/15/21 <sup>1</sup>	735,000	764,400
Builders FirstSource, Inc. 5.63% due 09/01/24 <sup>1,2</sup>	734,000	764,278
Triumph Group, Inc. 4.88% due 04/01/21 <sup>1</sup>	770,000	758,450
Eletson Holdings, Inc. 9.63% due 01/15/22 <sup>2</sup>	858,000	729,300
CNH Industrial Capital LLC 3.38% due 07/15/19	582,000	592,913
Bombardier, Inc. 6.13% due 01/15/23 <sup>1,2</sup>	333,000	333,000
Total Industrial		13,199,885
Basic Materials – 6.0%		
NOVA Chemicals Corp. 5.00% due 05/01/25 <sup>2</sup>	1,273,000	1,306,415
5.25% due 08/01/23 <sup>1,2</sup>	1,000,000	1,031,250
WR Grace & Co. 5.13% due 10/01/21 <sup>1,2</sup>	1,400,000	1,506,750
FMG Resources August 2006 Pty Ltd. 9.75% due 03/01/22 <sup>1,2</sup>	1,155,000	1,334,747
First Quantum Minerals Ltd. 7.25% due 04/01/23 <sup>2</sup>	592,000	604,210
7.00% due 02/15/21 <sup>2</sup>	559,000	581,360
Commercial Metals Co. 4.88% due 05/15/23 <sup>1</sup>	1,156,000	1,167,560
Alcoa Nederland Holding B.V. 7.00% due 09/30/26 <sup>2</sup>	893,000	991,230
Blue Cube Spinco, Inc. 10.00% due 10/15/25 <sup>1</sup>	780,000	965,250

Tronox Finance LLC  
7.50% due 03/15/22<sup>2</sup>

880,000 924,000

See notes to financial statements.

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PORTFOLIO OF INVESTMENTS (Unaudited) continued April 30, 2017

	Face Amount~	Value
CORPORATE BONDS <sup>†‡</sup> 65.2% (continued)		
Basic Materials – 6.0% (continued)		
TPC Group, Inc. 8.75% due 12/15/20 <sup>2</sup>	908,000	\$ 848,980
Kaiser Aluminum Corp. 5.88% due 05/15/24	711,000	751,883
Compass Minerals International, Inc. 4.88% due 07/15/24 <sup>1,2</sup>	733,000	720,173
Kraton Polymers LLC / Kraton Polymers Capital Corp. 10.50% due 04/15/23 <sup>1,2</sup>	294,000	340,305
Total Basic Materials		13,074,113
Technology – 4.8%		
Qorvo, Inc. 7.00% due 12/01/25	2,662,000	2,968,130
Integrated Device Technology, Inc. 0.88% due 11/15/22	1,813,000	1,848,127
Teradyne, Inc. 1.25% due 12/15/23 <sup>1,2</sup>	1,272,000	1,597,949
Western Digital Corp. 10.50% due 04/01/24 <sup>1</sup>	971,000	1,145,780
Seagate HDD Cayman 4.75% due 01/01/25	1,164,000	1,129,959
Veeco Instruments, Inc. 2.70% due 01/15/23	795,000	877,482
First Data Corp. 5.38% due 08/15/23 <sup>1,2</sup>	826,000	861,105
Total Technology		10,428,532
Financial – 4.6%		
Synovus Financial Corp. 7.88% due 02/15/19 <sup>1</sup>	2,102,000	2,295,909
Ally Financial, Inc. 8.00% due 03/15/20 <sup>1</sup>	1,300,000	1,470,625
5.13% due 09/30/24	510,000	522,113
Forest City Realty Trust, Inc. 4.25% due 08/15/18	1,564,000	1,781,983
Credit Acceptance Corp. 7.38% due 03/15/23 <sup>1</sup>	1,321,000	1,327,604
CoreCivic, Inc. 4.63% due 05/01/23 <sup>1</sup>	1,297,000	1,306,728
CIT Group, Inc. 5.00% due 05/15/18 <sup>1,2</sup>	836,000	841,350
Travelex Financing plc 8.00% due 08/01/18 <sup>1,2</sup>	375,000 GBP	494,920

Total Financial

10,041,232

See notes to financial statements.

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PORTFOLIO OF INVESTMENTS (Unaudited) continued April 30, 2017

	Face Amount~	Value
CORPORATE BONDS <sup>†‡</sup> 65.2% (continued)		
Utilities – 0.6%		
AmeriGas Partners, LP / AmeriGas Finance Corp. 5.75% due 05/20/27	881,000	\$ 887,608
Dynegy, Inc. 8.00% due 01/15/25 <sup>1,2</sup>	382,000	352,395
Total Utilities		1,240,003
Total Corporate Bonds (Cost \$137,811,039)		141,323,391
SENIOR FLOATING RATE INTERESTS <sup>††,‡</sup> 1.2%		
Consumer, Cyclical – 0.6%		
PetSmart, Inc. 4.16% due 03/11/22	1,349,566	1,245,818
Communications – 0.5%		
Sprint Communications, Inc. 3.31% due 02/29/24	1,015,000	1,017,009
Basic Materials – 0.1%		
Fortescue Resources August 2006 Pty Ltd. 3.75% due 06/30/19	196,720	198,172
Total Senior Floating Rate Interests (Cost \$2,553,091)		2,460,999
Total Investments – 169.2% (Cost \$353,934,597)		\$ 366,639,246
	Contracts (100 shares per contract)	Value
CALL OPTIONS WRITTEN <sup>†*</sup> – (0.1)%		
Biogen, Inc. Expiring June 2017 with strike price of \$300.00	68	\$ (8,024)
Alphabet, Inc. Expiring May 2017 with strike price of \$850.00	21	(125,769)
Total Call Options Written (Premiums received \$69,537)		(133,793)
Other Assets & Liabilities, net – (69.1)%		(149,742,711)
Total Net Assets – 100.0%		\$ 216,762,742



PORTFOLIO OF INVESTMENTS (Unaudited) continued April 30, 2017

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

\*Non-income producing security.

¶Value determined based on Level 1 inputs — See Note 2.

¶Value determined based on Level 2 inputs — See Note 2.

<sup>1</sup>All or a portion of these securities have been physically segregated in connection with borrowings and reverse repurchase agreements. As of April 30, 2017, the total value of the positions segregated was \$226,027,532.

Security is a 144A or Section 4(a)(2) security. These securities have been determined to be liquid under guidelines established by the Board of Trustees. The total market value of 144A or Section 4(a)(2) liquid securities is \$80,920,488 (cost \$79,759,648), or 37.3% of total net assets.

<sup>3</sup>Perpetual maturity.

<sup>4</sup>Rate indicated is the 7-day yield as of April 30, 2017.

<sup>5</sup>Zero coupon rate security.

<sup>6</sup>Security is a step up/step down bond. The coupon increases or decreases at regular intervals until the bond reaches full maturity.

<sup>7</sup>Security becomes an accreting bond after March 1, 2018 with a 2.00% principal accretion rate.

<sup>8</sup>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.

<sup>9</sup>Variable rate security. Rate indicated is rate effective at April 30, 2017.

AG	Stock Corporation
BV	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

See Sector Classification in Supplemental Information section.

## PORTFOLIO OF INVESTMENTS (Unaudited) continued April 30, 2017

The following table summarizes the inputs used to value the Fund's investments at April 30, 2017 (See Note 2 in the Notes to Financial Statements):

	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total
<b>Assets</b>				
Common Stocks	\$33,658,796	\$—	\$ —	\$33,658,796
Convertible Preferred Stocks	19,108,969	—	—	19,108,969
Short Term Investments	23,594,152	—	—	23,594,152
Convertible Bonds	—	146,492,939	—	146,492,939
Corporate Bonds	—	141,323,391	—	141,323,391
Senior Floating Rate Interests	—	2,460,999	—	2,460,999
Forward Foreign Currency Exchange Contracts	—	118,441	*	—
Unfunded Commitments	—	1,533,550	—	1,533,550
<b>Total Assets</b>	<b>\$76,361,917</b>	<b>\$291,929,320</b>	<b>\$ —</b>	<b>\$368,291,237</b>
<b>Liabilities</b>				
Forward Foreign Currency Exchange Contracts	\$—	\$1,755,849	* \$	—
Options Written	133,793	—	—	133,793
<b>Total Liabilities</b>	<b>\$133,793</b>	<b>\$1,755,849</b>	<b>\$ —</b>	<b>\$1,889,642</b>

\* Represents the unrealized gain/loss at the period end.

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

The Fund did not hold any Level 3 securities during the period ended April 30, 2017.

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

For the period ended April 30, 2017, there were no transfers between levels.

See notes to financial statements.



## STATEMENT OF ASSETS AND LIABILITIES (Unaudited) April 30, 2017

## ASSETS:

Investments, at value (cost \$353,934,597)	\$366,639,246
Unfunded loan commitments, at value (Note 10) (Commitment fees received \$1,528,461)	1,533,550
Unrealized appreciation on forward foreign currency exchange contracts	118,441
Receivables:	
Interest	2,635,970
Investments sold	4,691,820
Dividends	183,004
Tax reclaims	56,540
Total assets	375,858,571

## LIABILITIES:

Margin loan	80,000,000
Reverse repurchase agreements	70,000,000
Options Written, at Value (Premiums received \$69,537)	133,793
Unrealized depreciation on forward foreign currency exchange contracts	1,755,849
Interest due on borrowings	54,600
Payable for:	
Investments purchased	6,492,355
Investment management fees	180,019
Investment advisory fees	119,904
Trustees fees*	7,013
Other fees	352,296
Total liabilities	159,095,829
NET ASSETS	\$216,762,742

## 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	(8,545,006 )
Accumulated net realized loss on investments, written options, swap agreements and foreign currency transactions	(176,981,937)
Net unrealized appreciation on investments, written options, swap agreements and foreign currency translations	11,007,569
NET ASSETS	\$216,762,742
Shares outstanding (\$0.001 par value with unlimited amount authorized)	32,196,876
Net asset value, offering price and repurchase price per share	\$6.73

\* 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

April 30, 2017

For the Six Months Ended April 30, 2017 (Unaudited)

## INVESTMENT INCOME:

Interest	\$6,093,360
Dividends, net of foreign taxes withheld \$53,363	1,156,834
Total investment income	7,250,194

## EXPENSES:

Interest expense	1,544,005
Investment management fees	1,080,987
Investment advisory fees	720,658
Professional fees	132,004
Trustees' fees and expenses*	86,200
Administration fees	43,471
Printing fees	33,522
Insurance	23,926
Custodian fees	17,607
NYSE listing fees	15,566
Transfer agent fees	9,745
Fund accounting fees	1,948
Other fees	2,157
Total expenses	3,711,796
Net investment income	3,538,398

## NET REALIZED AND UNREALIZED GAIN (LOSS):

## Net realized gain (loss) on:

Investments	252,739
Written options	246,357
Swap agreements	(206,327 )
Foreign currency transactions	4,531,024
Net realized gain	4,823,793

## Net change in unrealized appreciation (depreciation) on:

Investments	14,284,957
Written options	(64,256 )
Swap agreements	235,242
Foreign currency translations	(3,773,120 )
Net change in unrealized appreciation	10,682,823
Net realized and unrealized gain	15,506,616
Net increase in net assets resulting from operations	\$19,045,014

\* 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	April 30, 2017	
	Period Ended April 30, 2017 (Unaudited)	Year Ended <b>October 31,</b> 2016
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:</b>		
Net investment income	\$3,538,398	\$7,897,840
Net realized gain (loss) on investments, written options, swap agreements and foreign currency transactions	4,823,793	(11,248,562 )
Net change in unrealized appreciation (depreciation) on investments, written options, swap agreements and foreign currency translations	10,682,823	1,151,737
Net increase (decrease) in net assets resulting from operations	19,045,014	(2,198,985 )
<b>DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:</b>		
Net investment income	(9,079,519	(7,143,863 )
Return of capital	—	(11,035,782 )
Total distributions	(9,079,519	(18,179,645 )
<b>SHAREHOLDER TRANSACTIONS:</b>		
Cost of shares repurchased	—	(255,233 )
Net increase (decrease) in net assets resulting from shareholder transactions	—	(255,233 )
Net increase (decrease) in net assets	9,965,495	(20,633,863 )
<b>NET ASSETS:</b>		
Beginning of period	206,797,247	227,431,110
End of period	\$216,762,742	\$206,797,247
Distributions in excess of net investment income at end of period	\$(8,545,006	\$(3,003,885 )

See notes to financial statements.

## STATEMENT OF CASH FLOWS

April 30, 2017

For the Six Months Ended April 30, 2017 (Unaudited)

## Cash Flows from Operating

## Activities:

Net increase in net assets resulting from operations	\$	19,045,014	
Adjustments to Reconcile Net Increase in Net Assets Resulting from Operations to Net Cash Used in Operating and Investing Activities:			
Net change in unrealized (appreciation) depreciation on investments		(14,284,957	)
Net change in unrealized (appreciation) depreciation on written options		64,256	
Net change in unrealized (appreciation) depreciation on foreign currency translations		3,773,120	
Net change in unrealized (appreciation) depreciation on swap agreements		(235,242	)
Net realized gain on investments		(252,739	)
Net realized gain on written options		(246,357	)
Purchase of long-term investments		(170,532,907	)
Proceeds from sale of long-term investments		176,528,564	
Net proceeds (purchases) from sale of short-term investments		(5,873,922	)
Net amortization/accretion of premium/discount		(455,547	)
Premiums received on written options		495,905	
Cost of closing written options		(180,012	)
Net change in premiums received on swap agreements		(377,023	)
Commitment fees received on unfunded commitments		(1,528,461	)
Decrease in restricted cash		1,400,336	
Increase in investments sold receivable		(1,979,736	)
Decrease in interest receivable		179,953	
Increase in dividends receivable		(84,864	)
Increase in tax reclaims receivable		(6,359	)
Decrease in other assets		16,600	
		(89,617	)

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Decrease in interest due on borrowings		
Increase in investments purchased payable	2,766,770	
Decrease in investment management fees payable	(3,029	)
Decrease in investment advisory fees payable	(2,019	)
Decrease in administration fees payable	(7,334	)
Increase in trustees' fees payable	6,013	
Increase in other fees	53,774	
Net Cash Provided by Operating and Investing Activities	8,434,431	
Cash Flows From Financing Activities:		
Distributions to common shareholders	(9,079,519	)
Net Cash Used in Financing Activities	(9,079,519	)
Net decrease in cash	(645,088	)
Cash at Beginning of Period	645,088	
Cash at End of Period	\$	—
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	\$	1,633,622

See notes to financial statements.

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FINANCIAL HIGHLIGHTS April 30, 2017

	Period Ended April 30, 2017 (Unaudited)	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
<b>Per Share Data:</b>						
Net asset value, beginning of period	\$ 6.42	\$ 7.05	\$ 7.63	\$ 8.18	\$ 7.18	\$ 7.40
Income from investment operations:						
Net investment income <sup>(a)</sup>	0.11	0.25	0.20	0.24	0.27	0.40
Net gain (loss) on investments (realized and unrealized)	0.48	(0.32 )	(0.22 )	(0.23 )	1.25	0.08
Distributions to preferred shareholders						
<b>from net investment income (common share equivalent basis)</b>	—	—	—	—	(0.01 )	(0.08 )
Total from investment operations	0.59	(0.07 )	(0.02 )	0.01	1.51	0.40
Less distributions from:						
Net investment income	(0.28 )	(0.22 )	(0.36 )	(0.56 )	(0.56 )	(0.36 )
Return of capital	—	(0.34 )	(0.20 )	—	—	(0.26 )
Total distributions to shareholders	(0.28 )	(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	\$ 6.73	\$ 6.42	\$ 7.05	\$ 7.63	\$ 8.18	\$ 7.18
Market value, end of period	\$ 6.22	\$ 5.57	\$ 5.78	\$ 6.66	\$ 7.15	\$ 6.66
Total Return <sup>(b)</sup>						
Net asset value	9.35	% -0.65	% -0.30	% -0.08	% 22.50	% <sup>(f)</sup> 5.80
Market value	17.02	% 6.68	% -5.10	% 0.60	% 16.35	% 6.42
<b>Ratios/Supplemental Data:</b>						
Net assets, end of period (in thousands)	\$ 216,763	\$ 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	N/A	\$ 170,000
Preferred shares asset coverage per share <sup>(c)</sup>	N/A	N/A	N/A	N/A	N/A	\$ 59,046

See notes to financial statements.

FINANCIAL HIGHLIGHTS continued April 30, 2017

	Period Ended April 30, 2017 (Unaudited)	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
Ratio to average net assets applicable to						
<b>Common Shares:</b>						
Net Investment Income, prior to the effect of dividends to preferred shares, including interest expense	3.35	% <sup>(g)</sup> 3.80	% 2.70	% 2.98	% 3.48	% 5.54
Net Investment Income, after effect of dividends to preferred shares, including interest expense	3.35	% <sup>(g)</sup> 3.80	% 2.70	% 2.98	% 3.37	% 4.46
Total expenses <sup>(h)</sup>	3.51	% <sup>(g)</sup> 3.78	% 3.21	% 3.06	% <sup>(e)</sup> 3.09	% <sup>(e)</sup> 2.35
Portfolio turnover rate	50	% 95	% 135	% 249	% 239	% 219
Senior Indebtedness						
Total Borrowings outstanding (in thousands)	\$ 150,000	\$ 150,000	\$ 170,000	\$ 170,000	\$ 170,000	N/A
Asset Coverage per \$1,000 of indebtedness <sup>(d)</sup>	\$ 2,445	\$ 2,379	\$ 2,338	\$ 2,448	\$ 2,550	N/A

(a) Based on average shares outstanding.

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

(b) 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) Annualized.

(h) Excluding interest expense, the operating expense ratio for the period ended April 30, 2017 and years ended October 31 would be:

Period

Ended

April 30, 2017

(Unaudited)	2016	2015	2014	2013	2012
2.05%	2.17%	2.04%	1.96%	2.07%	2.35%

N/A – Not Applicable

See notes to financial statements.



