Madison/Claymore Covered Call & Equity Strategy Fund
Form N-CSR
March 05, 2009

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 811-21582

Madison / Claymore Covered Call & Equity Strategy Fund

(Exact name of registrant as specified in charter)

2455 Corporate West Drive
Lisle, IL 60532

(Address of principal executive offices) (Zip code)

J. Thomas Futrell
Madison / Claymore Covered Call & Equity Strategy Fund
2455 Corporate West Drive
Lisle, IL 60532

(Name and address of agent for service)

Registrant's telephone number, including area code: (630) 505-3700

Date of fiscal year end: December 31

Date of reporting period: December 31, 2008

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. Section 3507.

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:

ANNUAL REPORT
December 31, 2008

MADISON/CLAYMORE | MCN
COVERED CALL & EQUITY STRATEGY FUND |

[PHOTO]

Logo: MADISON INVESTMENT ADVISORS

Logo: CLAYMORE(SM)

WWW.MADISONCLAYMORE.COM/MCN
... YOUR ROAD TO THE LATEST,
MOST UP-TO-DATE INFORMATION ABOUT THE
MADISON/CLAYMORE COVERED CALL & EQUITY STRATEGY FUND

MCN LISTED NYSE   Madison/Claymore Covered Call & Equity Strategy Fund

Logo: MADISON INVESTMENT ADVISORS

Logo: CLAYMORE(SM)

The shareholder report you are reading right now is just the beginning of the story. Online at WWW.MADISONCLAYMORE.COM/MCN, you will find:

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

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

Dear SHAREHOLDER |

We thank you for your investment in the Madison/Claymore Covered Call & Equity Strategy Fund (the "Fund"). This report covers the Fund's performance for the fiscal year ended December 31, 2008. This has been an extraordinarily difficult time for most investors, and we are disappointed to report that the Fund's return was negative for the period.

Madison Asset Management, LLC ("MAM"), a wholly-owned subsidiary of Madison Investment Advisors, Inc. ("Madison"), is the Fund's investment manager. Founded in 1974, Madison is an independently owned firm that, with its affiliates, manages more than $7 billion in individual, corporate, pension, insurance, endowment, and mutual fund assets. Claymore Advisors, LLC is the investment adviser to the Fund.

The Fund's Board of Trustees recently approved a revision to the Fund's previously effective non-fundamental investment policy that the Fund may invest up to 10% of the Fund's total assets in securities of other open- or closed-end investment companies, including ETFs, that invest primarily in securities of the types in which the Fund may invest directly. The revision to the previously effective non-fundamental investment policy authorizes the Fund to invest an unlimited amount of its uninvested cash in shares of money market funds in accordance with Rule 12d1-1 under the Investment Company Act of 1940. It is expected that the revised non-fundamental investment policy will provide the Fund with additional flexibility in managing its cash balances.

The Fund's primary investment objective is to provide a high level of current income and current gains, with a secondary objective of long-term capital appreciation. The Fund pursues its investment objectives by investing in a portfolio consisting primarily of high-quality, large-capitalization common stocks that are, in the view of the Fund's investment manager, selling at a reasonable price in relation to their long-term earnings growth rates. On an ongoing and consistent basis, the Fund sells covered call options to seek to generate a reasonably steady return from option premiums. There can be no assurance that the Fund will achieve its investment objectives.

Under normal market conditions, the Fund allocates at least 80% of its total assets to an integrated investment strategy pursuant to which the Fund invests in a portfolio of equity securities and writes (sells) covered call options on a portion of the equity securities held in the Fund's portfolio. Pending investment in equity securities or as covered call options, the assets of the Fund allocated to its integrated investment strategy are held in cash or cash equivalents. The Fund invests, under normal market conditions, at least 65% of its investments in equity securities in common stocks of large-capitalization issuers that meet the Fund's selection criteria.

All Fund returns cited--whether based on net asset value ("NAV") or market price--assume the reinvestment of all distributions. For the 12 months ended December 31, 2008, the Fund provided a total return based on market price of -38.12% and a total return of -34.53% based on NAV. As of December 31, 2008, the Fund's market price of $6.21 represented a discount of 18.72% to NAV of $7.64. Past performance is not a guarantee of future results.

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 current discount to NAV may provide

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

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 25 of the Fund's annual report. When shares trade at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the quarterly dividend distribution in common shares of the Fund purchased in the market at a price less than NAV. Conversely, when the market price of the Fund's common shares is at a premium above NAV, the DRIP reinvests participants' dividends in newly-issued common shares at NAV, subject to an IRS limitation that the purchase price cannot be more than 5% below the market price per share. The DRIP provides a cost-effective means to accumulate additional shares and enjoy the benefits of compounding returns over time. Since the Fund endeavors to maintain a steady monthly distribution rate, the DRIP plan effectively provides an income averaging technique, which causes shareholders to accumulate a larger number of Fund shares when the market price is depressed than when the price is higher.

During 2008 the Fund paid quarterly dividends of $0.33 on February 29 and May 30, $0.28 on August 29, and $0.24 on November 28. The latest quarterly dividend represents an annualized distribution rate of 15.46%, based on the Fund's closing market price of $6.21 on December 31, 2008. However, there is no guarantee that this level of distribution will be maintained.

To learn more about the Fund's performance and investment strategy, we encourage you to read the Questions & Answers section of the report, which begins on page 5. You will find information about MAM's investment philosophy and discipline, its views on the market environment and how it structured the Fund's portfolio based on its views.

We appreciate your investment and look forward to serving your investment needs in the future. For the most up-to-date information on your investment, please visit the Fund's website at www.claymore.com/mcn.

Sincerely,

/s/ J. Thomas Futrell

J. Thomas Futrell
Madison/Claymore Covered Call & Equity Strategy Fund

QUESTIONS & ANSWERS |

We at Madison Asset Management, LLC are pleased to address the progress of our Fund, the Madison/Claymore Covered Call & Equity Strategy Fund (the "Fund" or "MCN") for the period ending December 31, 2008. Introduced in July of 2004, the Fund continues to pursue its objectives by investing in high-quality, large-capitalization common stocks that are, in our view, selling at a reasonable price with respect to their long-term earnings growth rates. Our option-writing strategy seeks to provide a consistent income from option premiums, which we expect to help achieve our goal of providing a high level of current income and current gains with a secondary objective of long-term capital appreciation.

Madison Asset Management, LLC, (MAM) a wholly-owned subsidiary of Madison Investment Advisors, Inc., with its affiliates, manages more than $7 billion in individual, corporate, pension, insurance, endowment, and mutual fund assets.

This past year has been an extremely trying one for virtually all equity portfolios and the Fund has been no exception. While we have always looked to invest in the equity securities of what we believe to be high-quality companies, the stock market was indiscriminate in its downslide in 2008 and, although option income was a positive contributor, we could not maintain the Fund's net asset value ("NAV") in the past year's environment as it was overshadowed by the negative equity markets. That said, we should recognize that we invest for the future and cannot change the past, and we see some encouraging signs for the Fund. First of all, the potential to generate income from covered call option writing in 2009 looks as bright now as any time in the Fund's history, and we like the valuations we are obtaining for the Fund's underlying securities. We have confidence that the historic, massive interventions in the economy by the U.S. federal government will eventually gain traction and we should see better investment returns in 2009 than in 2008.

WHAT HAPPENED IN THE MARKET OF 2008?

This 12-month period has already been memorialized as one of the worst calendar years for stocks in history, as the S&P 500 (1) returned -37.0%, its second worst annual loss in its history. Unlike some previous market drops, such as the dot. com crash of 2000-2002, this decline was broad and relatively indiscriminate, affecting all market sectors and capitalization ranges.

Equity indices around the world were negatively impacted in 2008 in the wake of broad economic problems, while a flight to safety concentrated positive returns among the most secure assets, primarily securities issued by the U.S. Treasury. The stock market hit its 2008 peak in January, but it was far from clear at that time that 2008 was going to be as bad as it turned out. At first, it appeared that the credit problems sparked by the subprime loan crisis might be contained, and by May 19, 2008, the market was nipping at new annual highs in the wake of a bailout plan for investment bank Bear Stearns & Co. Inc. However, as the year progressed, the problems that began in the subprime mortgage area bloomed into a full-fledged credit crisis, with the signature event being the collapse of investment bank Lehman Brothers Inc. in September. The credit crisis sent unexpected shock waves into virtually all areas of the global economy, sparking a worldwide economic slowdown and recession. As credit froze, highly leveraged firms began to experience liquidity problems, and many financial and industrial firms with household names found themselves on the brink--or over the brink--of insolvency.

Countering the crisis in the financial sector was a series of significant, even historically unprecedented, interventions by the U.S. federal government. Beginning in January 2008, the Federal Reserve implemented the first of a series of cuts to the target Federal Funds Rate, which by December 2008 had been lowered to a range of 0% to 0.25%, the lowest in modern history. In addition to rate cuts, the U.S. federal government has injected massive stimulus into the financial system in order to provide a solid base from which to repair balance sheets and normalize credit markets. These interventions made headlines throughout the year, including the bailout of Bear Stearns, what amounted to a federal acquisition of mortgage companies Fannie Mae and Freddie Mac, and the Congressional creation of the $700 billion Troubled Asset Relief Program. An additional large stimulus package is expected under the new administration.

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

(1) The S&P 500 is an unmanaged, 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 S&P 500 hit its 2008 low on November 20 and rallied into the New Year with a 20% rise off the low, but still closed the year 37% lower than it opened. All in all, it was one of the most tumultuous years ever for the U.S. financial system and markets, and the result was widespread fear among investors and considerable uncertainty about the direction of the U.S. economy.

HOW DID THE FUND PERFORM GIVEN THE MARKETPLACE CONDITIONS DURING 2008?
We are pleased to report that MCN generated sufficient income in 2008 to return $1.18 per share to our shareholders in dividends. We continued to find ample opportunities to write call options at attractive premiums. The Fund's NAV per share decreased $5.38 in 2008 from $13.02 to $7.64, as most of the Fund's stocks participated in the market's decline in value in 2008. MCN's market value per share at year end was $6.21, and the Fund's common shares were trading at an 18.72% discount to NAV at that time.

For 2008, the Fund provided investors with total returns of -34.53% and -38.12% on an NAV and market price basis, respectively, compared to a return of -37.00% for the S&P 500. The Fund's benchmark, the CBOE S&P 500 Buy Write Index (the "BXM"), (2) lost -28.70% in 2008. The Fund's underlying stocks were the main source of the performance gap between the Fund and the BXM. MCN had its largest weighting in the consumer discretionary, financial, and technology sectors, all of which were strongly negative for the period, while the S&P 500's consumer staples and utility sectors, which were unrepresented in the Fund's portfolio, were two of the index's three strongest performers in 2008. Currently, we believe the Fund's portfolio is comprised of high-quality stocks trading at attractive prices based on a number of valuation metrics.

DESCRIBE THE FUND'S PORTFOLIO EQUITY AND OPTION STRUCTURE:
As of December 31, 2008, the Fund held 56 equity securities. Unexpired covered call options had been written against 96% of the Fund's stock holdings as of December 31, 2008. During 2008, the Fund generated total premiums of $50.5 million from its covered call writing activities. It is the strategy of the Fund to write "out-of-the-money" call options; at December 31, the majority of the Fund's options (about 86%) were still out-of-the-money. (Out-of-the-money means the stock price is below the strike price at which the shares could be called away by the option holder.) Since the Fund's option positions are primarily out-of-the-money, we believe the Fund is well positioned to participate in the upside should its stock holdings rally.

WHICH SECTORS ARE PREVALENT IN THE FUND?
From a sector perspective, MCN's largest exposure as of December 31, 2008 was to the technology (and technology related) sector, followed by consumer discretionary, financials, health care and energy. The Fund was not invested in the materials, consumer staples and utilities sectors as of December 31, 2008.

DESCRIBE THE FUND'S DIVIDEND HISTORY FOR THE PERIOD:
In 2008, the Fund declared quarterly dividends of $0.33 per share in February and May, $0.28 per share in August and $0.24 per share in November. At the Fund's closing market price of $6.21 per share on December 31, 2008 and at the latest quarterly rate of $0.24, the Fund's dividend yield was 15.46%.

DISCUSS THE FUND'S SECURITY AND OPTION SELECTION PROCESS:
The Fund is managed by two teams of investment professionals. We like to think of these teams as a "right hand" and "left hand" meaning they work together to make common stock and option decisions. We use fundamental analysis to select solid companies with good growth prospects and attractive valuations. We then seek attractive call options to write on those stocks. It is our belief that

this partnership of active management between the equity and option teams provides investors with an innovative, risk-moderated approach to equity investing.

MAM seeks to invest in a portfolio of common stocks that have favorable "PEG" ratios (Price-Earnings ratio

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(2) The CBOE S&P 500 Buy Write Index (BXM) is a benchmark index designed to show the hypothetical performance of a portfolio that purchases all the constituents of the S&P 500 Index and then sells at-the-money (meaning same as purchase price) calls of one-month duration against those positions.

to Growth rate) as well as financial strength and industry leadership. As bottom-up investors, we focus on the fundamental businesses of our companies. Our stock selection philosophy strays away from the "beat the street" mentality, as we seek companies that have sustainable competitive advantages, predictable cash flows, solid balance sheets and high-quality management teams. By concentrating on long-term prospects and circumventing the "instant gratification" school of thought, we believe we bring elements of consistency, stability and predictability to our shareholders.

Once we have selected attractive and solid names for the Fund, we employ our call writing strategy. This procedure entails selling calls that are primarily out-of-the-money, meaning that the strike price is higher than the common stock price, so that the Fund can participate in some stock appreciation. By receiving option premiums, the Fund receives a high level of investment income and adds an element of downside protection. Call options may be written over a number of time periods and at differing strike prices in an effort to maximize the protective value to the strategy and spread income evenly throughout the year.

WHAT IS THE MANAGEMENT'S OUTLOOK FOR THE MARKET AND FUND IN 2009?

As we enter 2009, the U.S. economy and most of the world is mired in a severe recession. It is increasingly difficult to find reason for optimism in upcoming economic data. U.S. consumer confidence has fallen to generational lows. Manufacturers are paring back production and employment in anticipation of a prolonged recession. Unemployment rates are rising and are likely to rise further, in our opinion. Credit remains tight and is only available to the most worthy of borrowers.

The process of deleveraging, begun in 2007, will likely continue into 2009 and beyond. The financial sector deleveraging, while well-advanced, has more room to run. Private sector corporate deleveraging will likely be a less troublesome issue, as non-financial corporate balance sheets remain in good shape. The process of consumer deleveraging, we fear, is still in its early stages, and should only be magnified as the unemployment rate rises and the recession deepens.

Despite this, there are bright spots. The monetary and fiscal stimulus brought to bear thus far is staggering and should eventually produce its intended effect. Estimates of the U.S. federal government budget deficit for 2009 could approach $1 trillion. And the $100 decline in the price of a barrel of crude oil could place up to $260 billion back in consumer's pockets - a large stimulus in and of itself. After a gloomy first half, we expect the economy to begin to show signs of life in the second half of 2009.

On the option writing side, the VIX Index (3) spiked as high as 80 in November, resulting in some of the most attractive option premiums since we launched the Fund. Going forward, we believe this higher level of volatility will allow us to earn very attractive option income for the Fund.

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(3) Indices are unmanaged and it is not possible to invest directly in an index. The S&P 500 is an unmanaged, 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 CBOE S&P 500 Buy Write Index (BXM) is a benchmark index designed to show the hypothetical performance of a portfolio that purchases all the constituents of the S&P 500 Index and then sells at-the-money (meaning same as purchase price) calls of one-month duration against those positions. VIX is the ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index and shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking and is calculated from both calls and puts. The VIX is a widely used measure of market risk and is often referred to as the "investor fear gauge."

MCN RISKS AND OTHER CONSIDERATIONS

The views expressed in this report reflect those of the portfolio 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 include forward looking statements that involve risk and uncertainty, and there is no guarantee that any predictions 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.

Equity Risk: The value of the securities held by the Funds will fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Funds participate, or factors relating to specific companies in which the Funds invest.

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

Foreign Investment Risk: Investing in non-U.S. issuers may involve unique risks such as currency, political, and economic risk, as well as less market liquidity, generally greater market volatility and less complete financial information than for U.S. issuers.

Risks of Mid-Cap Companies: Mid-cap companies often are newer or less established companies than larger companies. Investments in mid-cap companies carry additional risks because earnings of these companies tend to be less predictable; they often have limited product lines, markets, distribution channels or financial resources; and the management of such companies may be dependent upon one or a few key people. The market movements of equity securities of mid-cap companies may be more abrupt or erratic than the market movements of equity securities of larger, more established companies or the stock market in general.

Industry Concent ration Risk: To the extent that the Fund makes substantial investments in a single industry, the Fund will be more susceptible to adverse economic or regulatory occurrences affecting those sectors.

Fund Distribution Risk: In order to make regular quarterly distributions on its common shares, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment may not dictate such action. In addition, the Fund's ability to make distributions more frequently than annually from any net realized capital gains by the Fund is subject to the Fund obtaining exemptive relief from the Securities and Exchange Commission, which cannot be assured. To the extent the total quarterly distributions for a year exceed the Fund's net investment company income and net realized capital gain for that year, the excess will generally constitute a return of the Fund's capital to its common share-holders. Such return of capital distributions generally are tax-free up to the amount of a common shareholder's tax basis in the common shares (generally, the amount paid for the common shares). In addition, such excess distributions will decrease the Fund's total assets and may increase the Fund's expense ratio.

Financial Leverage: The Fund is authorized to utilize leverage through the issuance of preferred shares and/or the Fund may also borrow or issue debt securities for financial leveraging purposes and for temporary purposes such as settlement of transactions. Although the use of any financial leverage by the Fund may create an opportunity for increased net income, gains and capital appreciation for the Common Shares, it also results in additional risks and can magnify the effect of any losses. If the income and gains earned on securities purchased with financial leverage proceeds are greater than the cost of financial leverage, the Fund's return will be greater than if financial leverage had not been used. Conversely, if the income or gain from the securities purchased with such proceeds does not cover the cost of financial leverage, the return to the Fund will be less than if financial leverage had not been used. Financial leverage also increases the likelihood of greater volatility of net asset value and market price of and dividends on the Common Shares than a comparable portfolio without leverage.

An investment in the Fund includes, but is not limited to, risks and considerations such as: Investment Risk, Not a Complete Investment Program, Equity Risk, Risks Associated with Options on Securities, Limitation on Option Writing Risk, Risks of Mid-Cap Companies, Income Risk, Foreign Securities Risk, Industry Concentration Risk, Derivatives Risk, Illiquid Securities Risk, Fund

Distribution Risk, Market Discount Risk, Other Investment Companies, Financial Leverage Risk, Management Risk, Risks Related to Preferred Securities, Interest Rate Risk, Inflation Risk, Current Developments Risk and Anti-Takeover Provisions. Please see www.claymore.com/mcn for a more detailed discussion about Fund risks and considerations.

Fund SUMMARY | AS OF DECEMBER 31, 2008 (unaudited)

FUND STATISTICS

Share Price	$ 6.21
Common Share Net Asset Value	$ 7.64
Premium/(Discount) to NAV	-18.72%
Net Assets ($000)	$ 147,239

TOTAL RETURNS

(INCEPTION 7/28/04)	MARKET	NAV
One Year	-38.12%	-34.53%
Three Year - average annual	-16.82%	-11.46%
Since Inception - average annual	-9.82%	-5.02%

SECTOR BREAKDOWN	% OF LONG TERM INVESTMENTS
Consumer Discretionary	22.0%
Financials	19.2%
Technology	17.1%
Health Care	14.8%
Energy	8.8%
Exchange-Traded Funds	6.0%
Consumer Services	5.0%
Software	3.7%
Industrial	1.6%
Computers	1.6%
Insurance	0.2%

TOP TEN HOLDINGS	% OF LONG-TERM INVESTMENTS
Wells Fargo & Co.	4.1%
Kohl's Corp.	3.4%
Powershares QQQ	3.4%
Cisco Systems, Inc.	3.4%
Bed Bath & Beyond, Inc.	3.3%
UnitedHealth Group, Inc.	3.1%
Capital One Financial Corp.	2.9%
Apache Corp.	2.9%
Pfizer, Inc.	2.8%
Lowe's Cos., Inc.	2.6%

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

SHARE PRICE & NAV PERFORMANCE

[LINE CHART]

	Share Price	NAV
12/31/07	$ 11.41	$ 13.02
	11.48	12.86
	11.63	12.76
	11.29	12.48
	11.17	12.5
	11.1	12.27
	11.09	12.39
	11.15	12.56
	11.12	12.4
	11.18	12.54
	11.05	12.27
	11.04	12.33
	10.86	12.09
	10.64	12.12
	10.68	12.25
	11.05	12.6
	11.23	12.68
	11.18	12.5
	11.39	12.71
	11.53	12.78
	11.82	12.75
	12.03	12.92
	12.32	13.13
	12.11	12.98
	11.92	12.68
	11.8	12.59
	11.75	12.69
	11.8	12.62
	11.97	12.68
	12.17	12.69
	11.77	12.46
	11.27	12.29
	11.22	12.28
	11.25	12.28
	11.34	12.35
	11.13	12.24
	11.2	12.32
	11.3	12.48
	11.45	12.58
	11.4	12.63
	11.46	12.44
	11.21	12.15
	11.25	12.12
	11.35	12.11
	11.25	12.14
	11	11.83
	10.7	11.79
	10.59	11.58
	10.71	11.9
	10.8	11.82
	10.79	11.88
	10.55	11.64

10.15	11.44
10.53	11.96
10.33	11.76
10.55	12.06
10.72	12.28
10.78	12.26
10.84	12.11
10.77	11.95
10.56	11.83
10.62	11.93
10.91	12.34
11.02	12.35
10.9	12.33
10.92	12.33
10.91	12.31
10.98	12.25
10.91	12.1
10.98	12.19
10.73	12
10.62	11.93
10.47	11.99
10.78	12.18
10.83	12.23
10.97	12.45
10.95	12.43
10.96	12.32
11	12.36
11.02	12.5
11.1	12.6
11.19	12.61
11.2	12.61
11.16	12.54
11.39	12.77
11.54	12.78
11.44	12.65
11.5	12.7
11.38	12.53
11.44	12.5
11.39	12.45
11.52	12.6
11.19	12.24
11.19	12.31
11.18	12.43
11.25	12.4
11.16	12.37
11.1	12.26
10.93	12.1
10.92	12.18
10.91	12.06
10.91	12.17
11	12.21
11.09	12.34
11.17	12.35
11.12	12.25
11.09	12.26
11.19	12.28
11.32	12.38
11.1	12.05
11.02	11.97
10.88	11.98
10.69	11.72
10.69	11.79

	10.85	11.99
	10.94	12.04
	10.8	11.92
	10.71	11.81
	10.76	11.88
	10.54	11.65
	10.49	11.5
	10.37	11.53
	10.41	11.64
6/30/08	10.15	11.34
	10.1	11.26
	10	11.16
	9.96	11.22
	9.91	11.06
	9.89	11.08
	9.66	11.01
	9.98	11.28
	9.98	10.96
	9.69	10.88
	9.45	10.75
	9.35	10.55
	9.1	10.51
	9.34	11.04
	9.67	11.29
	9.82	11.27
	9.82	11.2
	9.89	11.46
	10.05	11.59
	9.97	11.24
	9.91	11.26
	9.81	11.01
	10.02	11.3
	10.14	11.32
	9.81	11.28
	9.87	11.24
	9.81	11.19
	9.96	11.53
	10.01	11.59
	9.9	11.41
	10.16	11.71
	10.27	11.87
	10.31	11.72
	10.09	11.36
	9.98	11.49
	9.99	11.58
	9.95	11.43
	9.9	11.29
	9.84	11.32
	9.9	11.32
	10	11.47
	9.84	11.29
	9.89	11.36
	9.97	11.45
	10.12	11.6
	10	11.51
	10.17	11.5
	10.06	11.54
	9.92	11.28
	9.93	11.36
	10.12	11.59
	9.96	11.19
	9.83	11.26

9.71	11.34
9.63	11.34
9.22	10.92
9	11.12
8.55	10.58
8.52	11.11
9.17	11.57
9.17	11.06
9.01	10.94
8.98	10.91
9.02	11.14
8.81	11.17
8.09	10.05
8.39	10.74
8.58	10.67
8.4	10.21
8.45	9.96
7.4	9.51
6.69	8.85
6.28	8.71
6.02	8.01
5.72	7.91
6.57	8.92
6.96	8.94
6.36	8
6.53	8.33
6.9	8.35
7.12	8.69
7.1	8.48
6.8	7.97
6.59	7.87
6.4	7.6
6.4	7.32
6.72	8.16
6.85	8.11
6.91	8.32
7.01	8.53
7.21	8.51
7.29	8.82
7.04	8.35
6.6	7.92
6.7	8.08
6.65	7.88
6.45	7.68
5.96	6.95
5.95	7.48
5.95	7.07
5.53	6.86
5.43	6.85
5	6.25
4.62	5.7
5	6.06
5.05	6.79
5.1	6.86
5.3	7.25
5.67	7.29
5.37	6.47
5.27	6.81
5.39	7.1
5.39	6.91
5.45	7.23
5.77	7.58

	5.69	7.44
	5.79	7.57
	5.75	7.28
	5.6	7.33
	5.55	7.17
	5.75	7.61
	5.67	7.6
	5.66	7.5
	5.73	7.58
	5.75	7.37
	5.7	7.3
	5.73	7.35
	5.78	7.38
	5.8	7.34
	5.95	7.54
12/31/08	6.21	7.64

QUARTERLY DIVIDENDS PER SHARE

[BAR CHART]

2/08	$ 0.33
5/08	0.33
8/08	0.28
11/08	0.24

PORTFOLIO COMPOSITION (% of Total Investments)

[PIE CHART]

Long-Term Investments	96.8%
Short-Term Investments	3.2%

Portfolio of INVESTMENTS | DECEMBER 31, 2008

NUMBER OF SHARES	DESCRIPTION	VALUE
	LONG-TERM INVESTMENTS 117.6%	
	COMMON STOCKS (A) 110.5%	
	COMPUTERS 1.8%	
265,800	Dell, Inc. (b)	$ 2,721,792
	CONSUMER DISCRETIONARY 25.9%	
400,000	American Eagle Outfitters, Inc.	3,744,000
226,000	Bed Bath & Beyond, Inc. (b)	5,744,920
110,000	Best Buy Co., Inc.	3,092,100
170,000	Coach, Inc. (b)	3,530,900
140,000	Home Depot, Inc.	3,222,800
165,000	Kohl's Corp. (b)	5,973,000
210,000	Lowe's Cos., Inc.	4,519,200

230,000	Starbucks Corp. (b)	2,175,800
125,000	Target Corp.	4,316,250
232,000	Williams-Sonoma, Inc.	1,823,520
		38,142,490
	CONSUMER SERVICES 5.9%	
263,400	eBay, Inc. (b)	3,677,064
100,000	Garmin, Ltd. (Cayman Islands)	1,917,000
130,000	Intuit, Inc. (b)	3,092,700
		8,686,764
	ENERGY 10.4%	
68,000	Apache Corp.	5,068,040
52,000	Schlumberger, Ltd. (Netherlands Antilles)	2,201,160
38,000	Transocean, Ltd. (Switzerland) (b)	1,795,500
50,000	Unit Corp. (b)	1,336,000
70,000	Valero Energy Corp.	1,514,800
96,000	XTO Energy, Inc.	3,385,920
		15,301,420
	FINANCIALS 22.6%	
60,000	Affiliated Managers Group, Inc. (b)	2,515,200
160,000	American Express Co.	2,968,000
58,304	Bank of America Corp.	820,920
160,000	Capital One Financial Corp.	5,102,400
170,000	Citigroup, Inc.	1,140,700
260,000	Marshall & Ilsley Corp.	3,546,400
171,000	Merrill Lynch & Co., Inc	1,990,440
150,000	Morgan Stanley	2,406,000
90,000	State Street Corp.	3,539,700
255,000	Synovus Financial Corp.	2,116,500
240,000	Wells Fargo & Co.	7,075,200
		33,221,460

NUMBER OF SHARES	DESCRIPTION	VALUE
	HEALTH CARE 17.4%	
91,000	Biogen Idec, Inc. (b)	$ 4,334,330
100,000	Community Health Systems, Inc. (b)	1,458,000
310,000	Mylan, Inc. (b)	3,065,900
270,000	Pfizer, Inc.	4,781,700
200,000	UnitedHealth Group, Inc.	5,320,000
70,000	Varian Medical Systems, Inc. (b)	2,452,800
50,000	Waters Corp. (b)	1,832,500
57,500	Zimmer Holdings, Inc. (b)	2,324,150
		25,569,380
	INDUSTRIAL 1.9%	
50,000	United Parcel Services, Inc. - Class B	2,758,000
	INSURANCE 0.2%	
108,800	MGIC Investment Corp.	378,624

	SOFTWARE 4.4%	
160,000	Check Point Software Technologies (Israel) (b)	3,038,400
250,000	Symantec Corp. (b)	3,380,000
		6,418,400
	TECHNOLOGY 20.0%	
80,000	Adobe Systems, Inc. (b)	1,703,200
100,000	Altera Corp.	1,671,000
160,000	Applied Materials, Inc.	1,620,800
361,900	Cisco Systems, Inc. (b)	5,898,970
394,000	EMC Corp. (b)	4,125,180
600,000	Flextronics International Ltd. (Singapore) (b)	1,536,000
10,000	Google, Inc. - Class A (b)	3,076,500
170,000	Microsoft Corp.	3,304,800
157,300	QLogic Corp. (b)	2,114,112
164,000	Yahoo!, Inc. (b)	2,000,800
122,000	Zebra Technologies Corp. - Class A (b)	2,471,720
		29,523,082
	TOTAL COMMON STOCKS - 110.5% (Cost $308,608,512)	162,721,412
	EXCHANGE-TRADED FUND - 7.1%	
200,000	Powershares QQQ	5,948,000
50,000	SPDR Trust Series 1	4,512,000
	(Cost $13,321,468)	10,460,000
	TOTAL LONG-TERM INVESTMENTS 117.6% (Cost $321,929,980)	173,181,412
	SHORT-TERM INVESTMENTS 3.9%	
	MONEY MARKET FUNDS 2.7%	
4,000,000	AIM Liquid Assets Money Market Fund (Cost $4,000,000)	4,000,000

See notes to financial statements.

PRINCIPAL AMOUNT		VALUE
	U.S. GOVERNMENT 1.2%	
$ 1,710,000	U.S. Treasury Note (coupon 4.875%, maturity 1/31/09) (Cost $1,716,082)	$ 1,716,082
	TOTAL SHORT-TERM INVESTMENTS 3.9% (Cost $5,716,082)	5,716,082

TOTAL INVESTMENTS 121.5%	
(Cost $327,646,062)	178,897,494
Other Assets in excess of Liabilities - 2.5%	3,752,362
Borrowings - (16.3%)	(24,000,000)
Total Value of Options Written - (7.7%)	(11,410,428)
NET ASSETS 100.0%	$147,239,428

(a) All or a portion of this security position represents cover (directly or through conversion rights) for outstanding options written.

(b) Non-income producing security.

CONTRACTS (100 SHARES PER CONTRACT)	CALL OPTIONS WRITTEN (B)	EXPIRATION DATE	EXERCISE PRICE	VALUE
250	Adobe Systems, Inc.	April 2009	$ 25.00	$ 29,375
150	Adobe Systems, Inc.	April 2009	30.00	4,500
200	Adobe Systems, Inc.	January 2010	30.00	33,500
200	Affiliated Managers Group, Inc.	June 2009	35.00	237,000
100	Affiliated Managers Group, Inc.	June 2009	45.00	65,500
300	Affiliated Managers Group, Inc.	January 2010	50.00	216,000
500	Altera Corp.	June 2009	17.50	93,750
500	Altera Corp.	January 2010	20.00	106,250
300	American Express Co.	July 2009	22.50	59,250
180	American Express Co.	April 2009	25.00	11,700
1,120	American Express Co.	January 2009	30.00	5,600
1,000	American Eagle Outfitters, Inc.	February 2009	10.00	75,000
300	American Eagle Outfitters, Inc.	August 2009	10.00	53,250
1,000	American Eagle Outfitters, Inc.	May 2009	12.50	55,000
246	American Eagle Outfitters, Inc.	January 2010	12.50	30,750
500	American Eagle Outfitters, Inc.	January 2009	25.00	2,500
315	Apache Corp.	July 2009	80.00	338,625
365	Apache Corp.	April 2009	90.00	153,300
700	Applied Materials, Inc.	April 2009	11.00	61,250
500	Applied Materials, Inc.	January 2010	12.50	76,250
300	Applied Materials, Inc.	January 2010	15.00	26,250
200	Bank of America Corp.	February 2009	17.50	9,700
460	Bed Bath & Beyond, Inc.	May 2009	25.00	179,400
300	Bed Bath & Beyond, Inc.	May 2009	27.50	81,750
600	Bed Bath & Beyond, Inc.	January 2009	30.00	15,000
900	Bed Bath & Beyond, Inc.	January 2010	30.00	355,500
300	Best Buy Co., Inc.	March 2009	25.00	150,000
200	Best Buy Co., Inc.	June 2009	27.50	96,000
200	Best Buy Co., Inc.	June 2009	32.50	53,500

CONTRACTS (100 SHARES PER CONTRACT)	CALL OPTIONS WRITTEN (B)	EXPIRATION DATE	EXERCISE PRICE	VALUE
200	Best Buy Co., Inc.	January 2010	$ 35.00	$ 68,000
200	Biogen Idec, Inc.	April 2009	45.00	128,000
110	Biogen Idec, Inc.	January 2009	50.00	8,800

400	Biogen Idec, Inc.	January 2010	50.00	310,000
200	Biogen Idec, Inc.	July 2009	55.00	70,000
500	Capital One Financial Corp.	March 2009	35.00	202,500
930	Capital One Financial Corp.	January 2009	45.00	4,650
900	Check Point Software Technologies (Israel)	July 2009	20.00	189,000
500	Check Point Software Technologies (Israel)	January 2009	22.50	2,500
200	Check Point Software Technologies (Israel)	July 2009	22.50	23,000
400	Cisco Systems, Inc.	January 2009	16.00	30,400
500	Cisco Systems, Inc.	April 2009	18.00	45,750
500	Cisco Systems, Inc.	January 2010	20.00	91,250
300	Citigroup, Inc.	January 2009	7.50	8,100
140	Coach, Inc.	February 2009	17.50	60,900
800	Coach, Inc.	May 2009	20.00	324,000
260	Coach, Inc.	May 2009	25.00	50,050
690	Community Health Systems, Inc.	January 2009	35.00	3,450
400	Dell, Inc.	January 2010	12.50	63,000
400	Dell, Inc.	May 2009	13.00	21,600
400	Dell, Inc.	January 2010	15.00	37,600
250	Dell, Inc.	January 2009	25.00	1,250
1,000	eBay, Inc.	April 2009	15.00	129,500
1,634	eBay, Inc.	April 2009	17.00	105,393
500	EMC Corp.	April 2009	12.00	33,000
300	EMC Corp.	July 2009	12.00	31,050
600	EMC Corp.	January 2010	12.50	88,200
500	EMC Corp.	July 2009	13.00	36,250
1,185	EMC Corp.	January 2009	17.50	5,925
2,100	Flextronics International Ltd. (Singapore)	January 2009	10.00	10,500
1,700	Flextronics International Ltd. (Singapore)	January 2009	12.50	8,500
350	Garmin, Ltd. (Cayman Islands)	April 2009	20.00	84,000
450	Garmin, Ltd. (Cayman Islands)	January 2009	50.00	2,250
50	Google, Inc. - Class A	January 2009	280.00	158,250
50	Google, Inc. - Class A	June 2009	350.00	121,500
328	Home Depot, Inc.	February 2009	27.50	10,168
772	Home Depot, Inc.	May 2009	27.50	102,290
743	Intuit, Inc.	April 2009	25.00	144,885
357	Intuit, Inc.	January 2009	27.50	2,678
1,150	Kohl's Corp.	April 2009	35.00	672,750
500	Kohl's Corp.	April 2009	40.00	180,000
400	Lowe's Cos., Inc.	January 2009	22.50	19,000
365	Lowe's Cos., Inc.	April 2009	22.50	78,475
400	Lowe's Cos., Inc.	January 2009	25.00	3,000
635	Lowe's Cos., Inc.	January 2010	25.00	219,075
500	Marshall & Ilsley Corp.	June 2009	15.00	101,250

See notes to financial statements.

CONTRACTS

(100 SHARES PER CONTRACT)	CALL OPTIONS WRITTEN (B)	EXPIRATION DATE	EXERCISE PRICE	VALUE
640	Marshall & Ilsley Corp.	March 2009	$ 22.50	$ 3,200
486	Marshall & Ilsley Corp.	January 2009	30.00	2,430
500	Merrill Lynch & Co., Inc.	January 2009	25.00	2,500
438	MGIC Investment Corp.	January 2009	10.00	2,190
400	Microsoft Corp.	July 2009	21.00	83,200
500	Microsoft Corp.	July 2009	23.00	68,500
800	Microsoft Corp.	April 2009	27.00	11,600
300	Morgan Stanley	January 2009	15.00	48,750
210	Mylan, Inc.	January 2010	12.50	39,900
2,730	Mylan, Inc.	January 2009	15.00	13,650
400	Pfizer, Inc.	January 2009	20.00	2,000
500	Powershares QQQ	January 2009	29.00	60,500
1,500	Powershares QQQ	February 2009	31.00	149,250
200	QLogic Corp.	July 2009	12.50	51,500
800	QLogic Corp.	January 2009	15.00	8,000
573	QLogic Corp.	January 2010	15.00	104,572
200	Schlumberger, Ltd. (Netherlands Antilles)	May 2009	50.00	66,000
120	Schlumberger, Ltd. (Netherlands Antilles)	February 2009	55.00	5,400
200	Schlumberger, Ltd. (Netherlands Antilles)	January 2010	60.00	79,000
500	SPDR Trust Series 1	January 2009	90.00	122,250
700	Starbucks Corp.	April 2009	10.00	73,500
200	Starbucks Corp.	January 2009	17.50	1,000
700	State Street Corp.	May 2009	50.00	220,500
200	State Street Corp.	January 2010	60.00	92,000
300	Symantec Corp.	April 2009	15.00	33,000
300	Symantec Corp.	July 2009	15.00	47,250
500	Symantec Corp.	January 2009	17.50	2,500
400	Symantec Corp.	April 2009	17.50	16,000
2,550	Synovus Financial Corp.	February 2009	10.00	82,875
800	Target Corp.	April 2009	37.50	372,000
350	Target Corp.	January 2009	40.00	17,150
180	Transocean, Ltd. (Switzerland)	August 2009	55.00	125,100
200	Transocean, Ltd. (Switzerland)	May 2009	70.00	32,500
200	Unit Corp.	June 2009	25.00	107,000
300	Unit Corp.	March 2009	35.00	18,000
1,300	UnitedHealth Group, Inc.	March 2009	30.00	178,750
200	UnitedHealth Group, Inc.	June 2009	30.00	51,500
500	UnitedHealth Group, Inc.	March 2009	31.00	53,750
500	United Parcel Services, Inc. - Class B	April 2009	55.00	220,000
200	Valero Energy Corp.	March 2009	22.50	46,800
500	Valero Energy Corp.	June 2009	25.00	126,000
218	Varian Medical Systems, Inc.	January 2010	40.00	99,190
50	Varian Medical Systems, Inc.	May 2009	40.00	10,750
284	Varian Medical Systems, Inc.	May 2009	45.00	25,560
300	Waters Corp.	May 2009	45.00	47,250
200	Waters Corp.	January 2009	50.00	55,500

CONTRACTS (100 SHARES PER CONTRACT)	CALL OPTIONS WRITTEN (B)	EXPIRATION DATE	EXERCISE PRICE	VALUE
2,400	Wells Fargo & Co.	January 2009	$ 30.00	$ 432,000
450	Williams-Sonoma, Inc.	August 2009	10.00	52,875

320	Williams-Sonoma, Inc.	February 2009	10.00	8,000
560	XTO Energy, Inc.	May 2009	45.00	130,200
400	XTO Energy, Inc.	January 2010	45.00	200,000
300	Yahoo!, Inc.	July 2009	15.00	54,000
400	Yahoo!, Inc.	April 2009	16.00	37,000
200	Yahoo!, Inc.	January 2010	17.50	31,600
500	Yahoo!, Inc.	January 2009	25.00	1,500
400	Zebra Technologies Corp. - Class A	May 2009	20.00	100,000
200	Zebra Technologies Corp. - Class A	August 2009	20.00	63,000
200	Zimmer Holdings, Inc.	June 2009	45.00	57,000
	TOTAL VALUE OF CALL OPTIONS WRITTEN (Premiums received $16,545,179)			11,014,131
	PUT OPTIONS WRITTEN			
436	Cisco Systems, Inc.	January 2009	22.50	271,410
95	Cisco Systems, Inc.	January 2009	25.00	82,887
200	Garmin, Ltd. (Cayman Islands)	April 2009	17.50	42,000
	TOTAL VALUE OF PUT OPTIONS WRITTEN (Premiums received $167,111)			396,297
	TOTAL OPTIONS WRITTEN (Premiums received $16,712,290)			$ 11,410,428

(b) Non-income producing security.

See notes to financial statements.

Statement of ASSETS AND LIABILITIES | DECEMBER 31, 2008

ASSETS	
Investments at value (cost $327,646,062)	$
Cash	
Investments sold receivable	
Dividends and interest receivable	
Other assets	
Total assets	
LIABILITIES	
Borrowings	
Options written, at value (premiums received of $16,712,290)	
Payables:	
Investments purchased	
Investment advisory fee	
Investment management fee	
Other affiliates	
Trustees' fees	
Interest due on borrowings	
Accrued expenses and other liabilities	

Total liabilities	
NET ASSETS	$
COMPOSITION OF NET ASSETS	
Common stock, $.01 par value per share; unlimited number of shares authorized, 19,268,423 shares issued and outstanding	$
Additional paid-in capital	
Accumulated net realized gain on investments and options transactions	
Accumulated net unrealized depreciation on investments and options transactions	
NET ASSETS	$
NET ASSET VALUE (based on 19,268,423 common shares outstanding)	$

See notes to financial statements.

Statement of OPERATIONS | FOR THE YEAR ENDED DECEMBER 31, 2008

INVESTMENT INCOME		
Dividends	$ 3,220,730	
Interest	253,595	
Total income		$
EXPENSES		
Investment advisory fee	1,108,341	
Investment management fee	1,108,341	
Professional fees	162,678	
Trustees' fees and expenses	141,122	
Printing expenses	85,117	
Administrative fee	57,524	
Fund accounting	55,974	
Custodian fee	53,597	
NYSE listing fee	24,508	
Transfer agent fee	18,624	
Insurance	16,497	
Line of credit fees	10,183	
Other	12,926	
Interest expense	530,176	
Total expenses		
NET INVESTMENT INCOME		
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		

Net realized gain (loss) on:	
Investments	
Options	
Net change in unrealized depreciation on:	
Investments	
Options	
Net realized and unrealized loss on investments and options transactions	
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	$

See notes to financial statements.

Statement of CHANGES IN NET ASSETS |

	FOR YEAR EN DECEMBER 31, 2
DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	
Net investment income	$ 88,
Net realized gain on investments and options	34,916,
Net unrealized depreciation on investments and options	(115,809,
Net decrease in net assets resulting from operations	(80,804,
DISTRIBUTIONS TO SHAREHOLDERS	
From and in excess of net investment income	(22,736,
CAPITAL SHARE TRANSACTIONS	
Reinvestment of dividends	
Total decrease in net assets	(103,541,
NET ASSETS:	
Beginning of period	250,780,
End of period (including accumulated undistributed net investment income of $0 and $0, respectively.)	$ 147,239,

See notes to financial statements.

Financial HIGHLIGHTS |

	FOR THE YEAR ENDED DECEMBER 31, 2008	FOR THE YEAR ENDED DECEMBER 31, 2007	FOR TH YEAR ENDE DECEMBE 31, 200
NET ASSET VALUE, BEGINNING OF PERIOD	$ 13.02	$ 14.84	$ 14.7
INVESTMENT OPERATIONS			
Net investment income (loss) (b)	-	0.17	0.0
Net realized and unrealized gain (loss) on investments and options	(4.20)	(0.67)	1.4
Total from investment operations	(4.20)	(0.50)	1.4
DISTRIBUTIONS FROM AND IN EXCESS OF NET INVESTMENT INCOME	(1.18)	(1.32)	(1.3
OFFERING EXPENSES CHARGED TO PAID-IN-CAPITAL	-	-	
NET ASSET VALUE, END OF PERIOD	$ 7.64	$ 13.02	$ 14.8
MARKET VALUE, END OF PERIOD	$ 6.21	$ 11.41	$ 15.1
TOTAL INVESTMENT RETURN (c)			
Net asset value	-34.53%	-3.81%	10.2
Market value	-38.12%	-16.85%	11.8
RATIOS AND SUPPLEMENTAL DATA			
Net assets end of period (thousands)	$ 147,239	$ 250,781	$ 283,85
Ratio of expenses to average net assets			
Ratios to Average Net Assets applicable to Common Shares:			
Total expenses, excluding interest expense	1.36%	1.25%	1.2
Total expenses, including interest expense	1.62%	N/A	N/
Net investment income, including interest expense	0.04%	N/A	N/
Ratios to Average Managed Assets: (e)			
Total expenses, excluding interest expense	1.29%	1.25%	1.2
Total expenses, including interest expense	1.53%	N/A	N/
Net investment income, including interest expense	0.04%	N/A	N/
Portfolio Turnover	33%	103%	5
Senior Indebtedness			
Total borrowings outstanding (in thousands)	$ 24,000	N/A	N/
Asset coverage per $1,000 of indebtedness (f)	$ 7,135	N/A	N/

*Commencement of investment operations.

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

(b) Based on average shares outstanding.

(c) Total investment return is calculated assuming a purchase of a common share at the beginning of the period and a sale on the last day of the period reported either at net asset value (NAV) or market price per share. Dividends and distributions are assumed to be reinvested at NAV for returns at NAV or in accordance with the Fund's dividend reinvestment plan for returns at market value. Total investment return does not reflect brokerage commissions. A return calculated for a period of less than one year is not annualized.

(d) Annualized.

(e) Managed assets are equal to net assets plus outstanding leverage.

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

See notes to financial statements.

Note 1 - ORGANIZATION:
Madison/Claymore Covered Call & Equity Strategy Fund (the "Fund") was organized as a Delaware statutory trust on May 6, 2004. The Fund is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940.

The Fund's primary investment objective is to provide a high level of current income and current gains, with a secondary objective of long-term capital appreciation. The Fund will, under normal market conditions, pursue its primary investment objective by allocating at least 80% of total assets to an integrated investment strategy pursuant to which the Fund invests in a portfolio of equity securities consisting primarily of high quality, large capitalization common stocks that are, in the view of the Fund's investment manager, selling at a reasonable price in relation to their long-term earnings growth rates and writes (sells) covered call options against a portion of the equity securities held; pending investment in equity securities or covered call options, assets of the Fund allocated to its integrated investment strategy will be held in cash or cash equivalents. The Fund seeks to produce a high level of current income and gains through premiums received from writing options and, to a lesser extent, from dividends. There can be no assurance that the Fund will achieve its investment objectives. The Fund's investment objectives are considered fundamental and may not be changed without shareholder approval.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES:
The preparation of the financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

The following is a summary of significant accounting policies consistently followed by the Fund.

(a) VALUATION OF INVESTMENTS
Readily marketable portfolio securities listed on an exchange or traded in the over-the-counter market are generally valued at their last reported sale price. If no sales are reported, the securities are valued at the mean of the closing bid and asked prices on such day. If no bid or asked prices are quoted on such day, then the security is valued by such method as the Fund's Board of Trustees shall determine in good faith to reflect its fair value. Securities traded on NASDAQ are valued at the NASDAQ official closing price. Portfolio securities

traded on more than one securities exchange are valued at the last sale price at the close of the exchange representing the principal market for such securities. Debt securities are valued at the last available bid price for such securities or, if such prices are not available, at the mean between the last bid and asked price. Exchange-traded options are valued at the mean of the best bid and best asked prices across all option exchanges. Short-term debt securities having a remaining maturity of sixty days or less are valued at amortized cost, which approximates market value.

For those securities whose bid or asked prices are not available, the valuations are determined in accordance with procedures established in good faith by the Board of Trustees. Valuations in accordance with these procedures are intended to reflect each security's (or asset's) "fair value". Such "fair value" is the amount that the Fund might reasonably expect to receive for the security (or asset) upon its current sale. Each such determination should be based on a consideration of all relevant factors, which are likely to vary from one pricing context to another. Examples of such factors may include, but are not limited to: (I) the type of security, (ii) the initial cost of the security, (iii) the existence of any contractual restrictions on the security's disposition, (iv) the price and extent of public trading in similar securities of the issuer or of comparable companies, (v) quotations or evaluated prices from broker-dealers and/or pricing services, (vi) information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange traded securities), (vii) an analysis of the company's financial statements, and (viii) an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold (e.g. the existence of pending merger activity, public offerings or tender offers that might affect the value of the security).

In September, 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No.157,"Fair Valuation Measurements" ("FAS 157"). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. FAS 157 establishes three different categories for valuations. Level 1 valuations are those based upon quoted prices in active markets. Level 2 valuations are those based upon quoted prices in inactive markets or based upon significant observable inputs (i.e. yield curves; benchmark interest rates; indices). Level 3 valuations are those based upon unobservable inputs (i.e. discounted cash flow analysis; non-market based methods used to determine fair valuation). Details of the valuations as of December 31, 2008 were as follows:

VALUATIONS AT DECEMBER 31, 2008

DESCRIPTION (VALUE IN $000S)	SECURITIES	OPTIONS	TOTAL
Assets:			
Level 1	$ 177,181	$ -	$ 177,181
Level 2	1,716	-	1,716
Level 3	-	-	-
Total	$ 178,897	$ -	$ 178,897

VALUATIONS AT DECEMBER 31, 2008
DESCRIPTION

(VALUE IN $000S)	SECURITIES	OPTIONS	TOTAL
Liabilities:			
Level 1	$ -	$11,410	$ 11,410
Level 2	-	-	-
Level 3	-	-	-
Total	$ -	$11,410	$ 11,410

(b) INVESTMENT TRANSACTIONS AND INVESTMENT INCOME
Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income is recorded net of applicable withholding taxes on the ex-dividend date and interest income is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the respective securities using the effective interest method.

To earn greater income on otherwise uninvested cash temporarily held by the Fund, such as income earned from stock sold or called away, stock dividends and covered call writing premiums, the Fund may invest such cash in repurchase agreements. Repurchase agreements are short-term investments in which the Fund acquires ownership of a debt security and the seller agrees to repurchase the security at a future time and specified price. Repurchase agreements are fully collateralized by the underlying debt security. The Fund will make payment for such securities only upon physical delivery or evidence of book entry transfer to the account of the custodian bank. The seller is required to maintain the value of the underlying security at not less than the repurchase proceeds due the Fund.

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

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

(d) DISTRIBUTIONS TO SHAREHOLDERS
The Fund declares and pays quarterly dividends to common shareholders. Distributions to shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. These dividends consist of investment company taxable income, which generally includes qualified dividend income, ordinary income and short-term capital gains, including premiums received on written options. Realized

short-term capital gains are considered ordinary income for tax purposes and will be reclassified at the Fund's fiscal year end on the Fund's Statement of Assets and Liabilities from accumulated net realized gains to distributions in excess of net investment income. Any net realized long-term capital gains are distributed annually to common shareholders.

Note 3 - INVESTMENT ADVISORY AGREEMENT, INVESTMENT MANAGEMENT AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES:
Pursuant to an Investment Advisory Agreement (the "Agreement") between the Fund and Claymore Advisors, LLC (the "Adviser"), the Adviser will furnish offices, necessary facilities and equipment, provide certain administrative services, oversee the activities of Madison Asset Management LLC (the "Investment Manager"), provide personnel, including certain officers required for the Fund's administrative management and compensate all officers and trustees of the Fund who are its affiliates. As compensation for these services, the Fund will pay the Investment Adviser a fee, payable monthly, in an amount equal to 0.50% of the Fund's average daily managed assets. Managed assets equal the net assets of the Fund plus any assets attributable to financial leverage.

Pursuant to an Investment Management Agreement between the Fund and the Investment Manager, the Investment Manager, under the supervision of the Fund's Board of Trustees and the Adviser, will provide a continuous investment program for the Fund's portfolio; provide investment research and make and execute recommendations for the purchase and sale of securities; and provide certain facilities and personnel, including officers required for the Fund's administrative management and compensation of all officers and trustees of the Fund who are its affiliates. As compensation for these services, the Fund will pay the Investment Manager a fee, payable monthly, in an amount equal to 0.50% of the Fund's average daily managed assets.

Under separate Fund Administration and Fund Accounting agreements, the Adviser provides fund administration services and the Investment Manager provides fund accounting services to the Fund. The Adviser receives a fund administration fee payable monthly at the annual rate set forth below as a percentage of the average daily-managed assets of the Fund:

MANAGED ASSETS	RATE
First $200,000,000	0.0275%
Next $300,000,000	0.0175%
Next $500,000,000	0.0125%
Over $1,000,000,000	0.0100%

The Investment Manager receives a fund accounting fee based on the combined net assets of the Fund and the Madison Strategic Sector Premium Fund, a closed-end investment company sponsored by the Investment Manager. The fund accounting fee is allocated on a prorated basis of the net assets of each fund. This fee is payable monthly at the annual rate set forth below as a percentage of the average daily net assets of the two funds:

NET ASSETS	RATE
First $200,000,000	0.0275%
Next $300,000,000	0.0200%
Next $500,000,000	0.0150%

Over $1,000,000,000	0.0100%

Certain officers and trustees of the Fund are also officers and directors of Claymore Advisors, LLC or Madison Asset Management LLC. The Fund does not compensate its officers or trustees who are officers or interested persons of the two aforementioned firms.

Note 4 - FEDERAL INCOME TAXES:
The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. In addition, by distributing substantially all of its ordinary income and long-term capital gains, if any, during each calendar year, the Fund intends not to be subject to U.S. federal excise tax.

Due to inherent differences in the recognition of income, expenses, and realized gains/losses under U.S. generally accepted accounting principles and federal income tax purposes, permanent differences between book and tax basis reporting have been identified and appropriately reclassified on the Statement of Assets and Liabilities. A permanent book and tax difference relating to a distribution reclass in the amount of $22,648,022 was reclassified from accumulated undistributed net investment income to accumulated net realized gain. Net realized gains or losses may differ for financial reporting and tax reporting primarily as a result of the deferral of losses relating to wash sale transactions. Information on the components of investments, excluding written options, and net assets as of December 31, 2008 is as follows:

Information on the tax components of investments, excluding written options, and net assets as of December 31, 2008 is as follows:

COST OF INVESTMENTS FOR TAX PURPOSES	GROSS TAX UNREALIZED APPRECIATION	GROSS TAX UNREALIZED DEPRECIATION	NET TAX UNREALIZED DEPRECIATION ON INVESTMENTS	NET TAX UNREALIZED DEPRECIATION ON DERIVATIVES	UNDISTRIBUTED ORDINARY INCOME
$ 328,084,143	$ 817,762	$ (150,004,411)	$ (149,186,649)	$ 5,301,862	$ 15,340,759

For the years ended December 31, 2008 and 2007, the tax character of distributions paid to common shareholders as reflected in the statement of changes in net assets was as follows:

DISTRIBUTIONS PAID FROM:	2008	2007
Ordinary income	$ 22,736,739	$ 25,023,276
Long-term capital gain	-	341,248
	$ 22,736,739	$ 25,364,524

The Fund adopted the provisions of the Financial Accounting Standards Board ("FASB") Interpretation No.48 ("FIN 48") Accounting for Uncertainty in Income Taxes on December 31, 2007. FIN 48 sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The implementation of FIN 48 did not result in any unrecognized tax benefits in the accompanying financial statements.

FIN 48 requires the Fund to analyze all open tax years. Open tax years are those years that are open for examination by the relevant income taxing authority. Tax years ended 2005, 2006 and 2007 remain subject to examination by major jurisdictions.

Note 5 - INVESTMENT TRANSACTIONS AND OPTIONS WRITTEN:
During the year ended December 31, 2008, the cost of purchases and proceeds from sales of investments, excluding written options with maturity less than one year and short-term investments were $142,922,402 and $75,019,562, respectively.

Transactions in option contracts during the year ended December 31, 2008 were as follows:

	NUMBER OF CONTRACTS	PREMIUMS RECEIVED
Options outstanding, beginning of year	58,498	$ 16,774,714
Options written during the year	176,718	50,451,520
Options expired during the year	(65,947)	(16,708,734)
Options closed during the year	(86,199)	(28,668,223)
Options assigned during the year	(13,945)	(5,136,987)
Options outstanding, end of year	69,125	$ 16,712,290

Note 6 - CAPITAL:

COMMON SHARES
The Fund has an unlimited amount of common shares, $0.01 par value authorized and 19,268,423 issued and outstanding. At December 31, 2008, Claymore Securities, Inc., an affiliate of the Fund's Investment Adviser, owned 7,374 shares of the Fund.

Transactions in common shares were as follows:

	YEAR ENDED DECEMBER 31, 2008	YEAR ENDED DECEMBER 31, 2007
Beginning Shares	19,268,423	19,124,936
Shares issued through dividend reinvestment	-	143,487
Ending Shares	19,268,423	19,268,423

Note 7 - SHORT-TERM BORROWINGS:
On April 30, 2008, the Fund entered into a $50,000,000 Revolving Credit Agreement with M&I Marshall & Ilsley Bank, which provides for a revolving credit facility to be used as leverage for the Fund. The credit facility provides for a secured line of credit for the Fund, where Fund assets are pledged against advances made to the Fund. The Fund may borrow an amount up to 20% of the Fund's total assets (including the proceeds of such financial leverage). Interest on the amount borrowed is based on the 1-month LIBOR plus 1.50%. An unused commitment fee of 0.10% is charged on the difference between the $50,000,000 credit agreement and the amount borrowed, which is included in "Line of credit fees" on the Statement of Operations. As of December 31, 2008, there was $24,000,000 outstanding in connection with the Fund's credit facility. The

average daily amount of the borrowings on the credit facility during the period ended December 31, 2008 was $12,058,470 with a related average interest rate of 4.29%. The maximum amount outstanding during the period was $ 29,600,000. The maturity date for the Revolving Credit Agreement is February 28, 2009. If the Fund is unable to renew the revolving credit facility or find a replacement facility, the Fund may need to liquidate portfolio securities in an amount necessary to repay the facility.

Note 8 - INDEMNIFICATIONS:
In the normal course of business, the Fund enters into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is dependent upon claims that may be made against the Fund in the future, and, therefore cannot be estimated; however, the risk of material loss from such claims is considered remote.

Note 9 - RECENT ACCOUNTING PRONOUNCEMENTS:
In March 2008, the FASB issued Statement of Financial Accounting Standards No.161 ("SFAS No.161"),"Disclosures about Derivative Instruments and Hedging Activities." This standard is intended to enhance financial statement disclosures for derivative instruments and hedging activities and enable investors to under-stand: a) how and why a fund uses derivative instruments, b) how derivative instruments and related hedge fund items are accounted for, and c) how derivative instruments and related hedge items affect a fund's financial position, results of operations and cash flows. SFAS No.161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. As of December 31, 2008, management does not believe the adoption of SFAS No.161 will impact the financial statement amounts; however, additional footnote disclosures may be required about the use of derivative instruments and hedging items.

Note 10 - SUBSEQUENT EVENT:
On February 2, 2009, the Board of Trustees declared a quarterly dividend of $0.24 per common share. The dividend is payable February 27, 2009 to shareholders of record on February 13, 2009.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM|

TO THE SHAREHOLDERS AND BOARD OF TRUSTEES OF
MADISON/CLAYMORE COVERED CALL & EQUITY STRATEGY FUND

We have audited the accompanying statement of assets and liabilities of Madison/Claymore Covered Call & Equity Strategy Fund (the "Fund"), including the portfolio of investments, as of December 31, 2008, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the four years in the period then ended and for the period from July 28, 2004 (commencement of investment operations) through December 31, 2004. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2008, by correspondence with the Fund's custodian and brokers or by other applicable auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Madison/Claymore Covered Call & Equity Strategy Fund as of December 31, 2008, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the four years in the period then ended and for the period from July 28, 2004 (commencement of investment operations) through December 31, 2004, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Chicago, Illinois
February 18, 2009

SUPPLEMENTAL INFORMATION | (UNAUDITED)

FEDERAL INCOME TAX INFORMATION
Qualified dividend income of as much as $3,215,174 was received by the Fund through December 31,2008. The Fund intends to designate the maximum amount of dividends that qualify for the reduced tax rate pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003.

For corporate shareholders, $3,184,763 of investment income qualifies for dividends-received deduction.

In January 2009, you will be advised on IRS Form 1099 DIV or substitute 1099 DIV as to the federal tax status of the distributions received by you in the calendar year 2008.

RESULTS OF SHAREHOLDER VOTES
The Annual Meeting of Shareholders of the Fund was held on July 22, 2008. Holders of the Fund's common shares of beneficial interest, par value $0.01 per share ("Common Shares") voted on the election of Class I Trustees.

Voting results with respect to the election of Class I Trustees by holders of Common Shares are set forth below:

NAME	# OF SHARES IN FAVOR	# OF SHARES WITHHELD
Randall C. Barnes	16,646,687	313,951

Frank E. Burgess	16,636,380	324,258

The terms of the following Trustees of the Fund did not expire in 2008:Philip E. Blake, Nicholas Dalmaso, James R. Imhoff, Jr., Ronald A. Nyberg, Ronald E. Toupin, Jr. and Lorence Wheeler.

TRUSTEES
The Trustees of the Madison/Claymore Covered Call & Equity Strategy Fund and their principal occupations during the past five years:

NAME, ADDRESS*, YEAR OF BIRTH AND POSITION(S) HELD WITH REGISTRANT	TERM OF OFFICE** AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION DURING THE PAST FIVE YEARS AND OTHER AFFILIATIONS	NUMBER OF PORTFOLIOS IN FUND COMPLEX** OVERSEEN BY TR
INDEPENDENT TRUSTEES:			
Randall C. Barnes Year of birth: 1951 Trustee	Since 2004	Private Investor (2001-present). Formerly, Senior Vice President and Treasurer, PepsiCo, Inc. (1993-1997), President, Pizza Hut International (1991-1993) and Senior Vice President, Strategic Planning and New Business Development (1987-1990) of PepsiCo, Inc. (1987-1997).	43
Philip E. Blake Year of birth: 1944 1 South Pinckney Street Suite 501 Madison, WI 53703 Trustee	Since 2004	Private investor; Managing Partner of Forecastle Inc. (2000-present).	1
James R. Imh off, Jr. Year of birth: 1944 5250 East Terrace Drive Madison, WI 53718 Trustee	Since 2004	Chairman and CEO of First Weber Group.	1
Ronald A. Nyberg Year of birth: 1953 Trustee	Since 2004	Partner of Nyberg & Cassioppi, LLC, a law firm specializing in corporate law, estate planning and business transactions (2000-present). Formerly, Executive Vice President, General Counsel and Corporate Secretary of Van Kampen Investments (1982-1999).	46
Ronald E. Toupin, Jr. Year of birth: 1958 Trustee	Since 2004	Retired. Formerly, Vice President, Manager and Portfolio Manager of Nuveen Asset Management (1998-1999), Vice President of Nuveen Investment Advisory Corp.	43

		(1992-1999),Vice President and Manager of Nuveen Unit Investment Trusts (1991-1999), and Assistant Vice President and Portfolio Manager of Nuveen Unit Investment Trusts (1988-1999), each of John Nuveen & Co., Inc. (1982-1999).	
Lorence Wheeler Year of birth: 1938 135 Sunset Blvd. Tabernash, CO 80478 Trustee	Since 2004	Formerly, President of Credit Union Benefits Services, Inc. and Pension Specialist for CUNA Mutual Group.	1

NAME, ADDRESS*, YEAR OF BIRTH AND POSITION(S) HELD WITH REGISTRANT	TERM OF OFFICE** AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS AND OTHER AFFILIATIONS	NUMBER OF PORTFOLIOS IN T FUND COMPLEX*** OVERSEEN BY TRU

INTERESTED TRUSTEES: