



## Investment Objective

The Fund's investment objective is to provide a high level of total after-tax return, including attractive tax-advantaged income. Under normal market conditions, the Fund seeks to achieve its investment objective by investing in a portfolio of assets consisting primarily of (i) municipal securities, the interest on which is exempt from regular Federal income tax, and which is not a preference item for purposes of the alternative minimum tax and (ii) common stocks and preferred securities that are eligible to pay dividends which, for individual shareholders, qualify for the long term capital gains rate. An investment in the Fund is not appropriate for all investors, and we cannot assure that the Fund's objective will be achieved.

Thompson, Siegel & Walmsley LLC

Thompson, Siegel & Walmsley ("TS&W") serves as Investment Sub-Adviser to the Fund and is responsible for the day-to-day management of the equity and income securities portion of the Fund. TS&W was founded in 1969 and provides investment management services to corporations, pension and profit-sharing plans, 401(k) and thrift plans, trusts, estates and other institutions and individuals. TS&W is an affiliated asset manager within Old Mutual (US) Holdings.

SMC Fixed Income Management, LP

SMC Fixed Income Management, LP, the Fund's investment manager, is responsible for the day-to-day management of the municipal securities portion of the Fund. SMC Fixed Income Management, LP uses both bottom-up and top-down analysis in constructing portfolios. Through their research, SMC Fixed Income Management, LP identifies what it believes to be undervalued sectors and credits with rating upgrade and capital appreciation potential. SMC Fixed Income Management, LP's strategy is to optimize tax-exempt income while attempting to avoid undue credit and interest rate risk.

<sup>1</sup> "Tax-Advantaged Distribution Rate" is calculated based upon the 35% federal income tax bracket and assumes the 2007 tax characterization of dividends, whereby 22.75% of distributions are ordinary income (of which 67.21% are qualified dividend income taxed at the maximum 15% long-term capital gains rate), 29.14% are tax-exempt income and 48.11% are long-term capital gains. There can be no assurance that this characterization is indicative of future allocations nor that this distribution rate will be achieved in the future. There can be no assurance as to what percentage of the dividends paid on the common shares, if any, will consist of tax-exempt interest, tax-qualified dividends or long-term capital gains, each of which are currently taxed at lower rates for individuals than ordinary income. Distributions from sources other than interest income from the Fund's portfolio of municipal securities, including capital gain distributions and qualified dividend income, are not exempt from federal income tax. It is important to note that common shareholders must meet the holding period requirements, as it pertains to qualified dividend income, as set forth by the Jobs and Growth Tax Relief Reconciliation Act of 2003, to be consistent with the tax-advantaged distribution rate shown herein. If new tax legislation is not enacted, the taxation rates on qualifying dividend income and long-term capital gains will revert to the pre-2003 Tax Act rates in 2009. Taxation rates on taxable bond interest income, non-qualifying dividend income and short-term capital gains are scheduled to revert to the pre-2001 rates in 2011. Please consult your tax advisor for further information as it pertains to the potential tax advantages and implications of this Fund.

<sup>2</sup> Quarterly dividend per share is subject to change on the ex-dividend date. The distribution amount may include net investment income, capital gains and/or return of capital. The distribution amount alone is not indicative of Fund performance.

<sup>3</sup> Latest declared quarterly dividend per share annualized and divided by the current share price. To determine the portion of the Current Distribution attributed to sources other than Income, such as Return of Capital, please refer to the Rule 19a-1 Notice found in the Fund News section of the Fund's News/Literature tab, if applicable. The distribution rate may include net investment income, capital gains and/or return of capital. The distribution rate alone is not indicative of Fund performance.

<sup>4</sup> As a percentage of total assets. This figure is calculated on a weekly basis.

<sup>5</sup> Based on prospectus information.

<sup>6</sup> Expense Ratio is annualized.

## Fund Overview (as of 01/06/2009)

Share Price	\$7.90	NAV	\$8.97
Premium/(Discount)	(11.93%)	Current Distribution Rate <sup>3</sup>	12.78%
Dividend Per Share <sup>2</sup>	\$0.25250	Tax-Advantaged Distribution Rate <sup>1</sup>	17.29%
Leverage <sup>4</sup>	47.01%	Daily Volume	142,192
Ticker	TYW	Exchange	NYSE
Inception <sup>5</sup>	4/27/2004	Contact Fund	866-882-0688
Inception Price	\$15.00	Website	www.tswclaymore.com
Inception NAV	\$14.33	CUSIP	87280R108
Expense Ratio (Common Shares) <sup>6</sup>	1.59%	Email	tyw@claymore.com
Expense Ratio (Total Fund) <sup>6</sup>	1.02%		

## Performance History (as of 12/31/2008)

	Share Price	NAV		Share Price	NAV
2008 YTD	-43.41%	-37.97%	2008	-43.41%	-37.97%
1 Year	-43.41%	-37.97%	2007	-8.92%	-3.60%
3 Year	-13.41%	-11.59%	2006	25.98%	15.50%
5 Year	N/A	N/A	2005	4.80%	6.02%
Since Inception	-9.13%	-4.25%	2004 (Partial Year)	-6.05%	11.42%

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. Since Inception returns assume a purchase of common shares at the initial offering price of \$15.00 per share for market price returns or initial net asset value (NAV) of \$14.33 per share for NAV returns. Returns for periods of less than one year are not annualized. All distributions are assumed to be reinvested either in accordance with the dividend reinvestment plan (DRIP) for market price returns or NAV for NAV returns. Until the DRIP price is available from the Plan Agent, the market price returns reflect the reinvestment at the closing market price on the last business day of the month. Once the DRIP is available around mid-month, the market price returns are updated to reflect reinvestment at the DRIP price.

## Distribution History

Payable Date	Total Distribution Amount *
12/31/2008	\$0.252500
09/30/2008	\$0.252500
06/30/2008	\$0.252500
03/31/2008	\$0.252500
12/31/2007	\$0.115000
12/31/2007	\$0.252500

\* See the Funds Section 19a-1 letters, if any, under the "Fund News" section of the News and Literature Tab of the Fund's website for estimates of distribution sources other than income. See the "Tax Information" tab of the Fund's website for final characterization of the Funds distributions for federal income tax purposes. Past performance is not indicative of future results.

## Price History (as of 01/06/2009)



# TS&W/Claymore Tax-Advantaged Balanced Fund (TYW)

## Portfolio Composition (as of 11/30/2008)

Portfolio Concentration		Equity Sector Concentration		Top 10 Equity Holdings (as of 11/30/2008)	
Municipal Securities	54.97%	Energy	15.54%	Verizon Communications Inc	3.91%
Equity Securities	35.85%	Financials	15.08%	BP Plc (ADS)	3.80%
Income/Other	9.18%	Utilities	12.71%	AT&T Inc	3.42%
		Health Care	12.52%	Royal Dutch Shell PLC (ADS)	3.37%
		Industrials	10.30%	Chevron Corp	3.29%
		Consumer Staples	9.81%	CenterPoint Energy Inc	3.20%
		Telecommunications Services	8.62%	Pfizer Inc	2.99%
		Information Technology	6.62%	General Electric Co	2.91%
		Consumer Discretionary	5.81%	Progress Energy Inc	2.89%
		Materials	2.99%	DTE Energy Co	2.61%
Municipal Credit Quality		Top 10 Muni Holdings (as of 11/30/2008)			
VMIG1	11.38%	California Health Fac. Finance Auth, Sutter Health			3.93%
AAA	49.64%	Puerto Rico Housing Auth, Cap Fund Modernization			3.10%
AA	13.36%	Frisco Independent School District, (TX)			2.85%
A	15.69%	Forney Independent School District, (TX)			2.72%
BBB	5.99%	North Texas Tollway Auth, (TX) First Tier			2.60%
BB	2.45%	Prosper Independent School District (TX)			2.58%
Not Rated	1.49%	Detroit, MI, Water Supply System, Second Lien			2.10%
		Alhambra, (CA), Cert of Participation			2.08%
		Metropolitian Trans Auth, (NY), Trans Revenue, Ser			2.06%
		Seguin Independent School District, (TX)			2.00%

Subject to change daily

### Claymore Advisors, LLC

Claymore Advisors, LLC, an affiliate of Claymore Securities, Inc., serves as the Fund's Investment Adviser. Claymore Securities, Inc. is a privately-held financial services company offering unique investment solutions for financial advisors and their valued clients. Claymore entities have provided supervision, management, servicing or distribution through closed-end funds, unit investment trusts and exchange-traded funds. Additional information on Claymore's closed-end funds is available at [www.claymore.com/CEFs](http://www.claymore.com/CEFs).

## Contact Information

Investors For questions concerning the Fund, please contact Transfer Agent, The Bank of New York Mellon.

Financial Advisors For questions concerning the Fund, please contact the Investment Adviser, Claymore Advisors, LLC

TYW Transfer Agent  
The Bank of New York Mellon  
101 Barclay Street  
New York, NY 10286  
866-488-3559

TYW Investment Adviser  
Claymore Advisors, LLC  
2455 Corporate West Drive  
Lisle, IL 60532  
866-882-0688

TYW Municipal Investment Manager  
SMC Fixed Income Management, LP  
5 Vaughn Drive, Suite 119  
Princeton, NJ 08540

Claymore Securities, Inc. Member FINRA/SIPC (01/09)

## Risks and Other Considerations

There can be no assurance that the Fund will achieve its investment objective. The value of the Fund will fluctuate with the value of the underlying securities. Historically, closed-end funds often trade at a discount to their net asset value. The Fund is subject to investment risk, including the possible loss of the entire amount that you invest.

**Municipal Securities Market Risk.** The yields on and market prices of municipal securities are dependent on a variety of factors, including general conditions of the municipal securities market, the size of a particular offering, the maturity of the obligation and the rating of the issue. The value of outstanding municipal securities will vary as a result of changing evaluations of the ability of their issuers to meet interest and principal payments. Such values will also change in response to changes in the interest rates payable on new issues of municipal securities and changes in general interest rate levels. Changes in the value of the municipal securities held in the Fund's portfolio arising from these or other factors will cause changes in the Fund's net asset value per share.

**Income and Interest Rate Risk.** The income shareholders receive from the Fund is based primarily on the dividends and interest earned by the Fund from its investments, which can vary widely over the short and long term. The dividend income from the Fund's investment in equity securities will be influenced by both general economic activity and issuer-specific factors. In the event of a recession or adverse events effecting a specific industry or issuer, the issuers of the common stocks held by the Fund may reduce the dividends paid on such common stocks. Interest rate risk is the risk that municipal securities and other debt (and, in certain cases, equity) securities in which the Fund invests (and the Fund's net assets) will decline in value because of changes in interest rates.

**Lower Grade Securities.** Investment in fixed income securities of below-investment grade quality (commonly known as "Junk bonds") involves substantial risk of loss. They are considered predominantly speculative with respect to the issuer's ability to pay interest and repay principal and are susceptible to default or decline in market value due to adverse economic and business developments. Debt securities in the lowest investment grade category may also be considered to have speculative characteristics by certain ratings agencies. The market values for fixed income securities of below investment grade quality tend to be more volatile, and these securities are less liquid, than investment grade debt securities.

**Common Stock Risk.** The common stocks and other equity securities in which the Fund invests may experience substantial volatility in their market value. Although common stocks typically provide higher returns than debt securities, they are also more susceptible to adverse changes in market value due to issuer-specific events. The market values of common stocks are also sensitive to changes in investor perceptions as well as general movements in the equities markets.

**Leverage Risk.** Certain risks are associated with the leveraging of common stock. Both the net asset value and the market value of shares of common stock may be subject to higher volatility and a decline in value.

The federal tax advice contained herein was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer; the advice was written to support the promotion or marketing of the matters addressed; and the taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

In addition to the risks described above, the Fund is also subject to: Investment Risk, Common Share Market Risk, Tax Risk, Credit Risk, Geographical and Sector Risk, Interest Rate and Hedging Transactions Risk, Value Investing Risk, Illiquid Investments Risk, Foreign Securities Risk, Small- and Medium-Sized Company Risk, Fund Distribution Risk, Market Discount Risk, Portfolio Turnover, and Current Developments. Please see [www.tswclaymore.com](http://www.tswclaymore.com) for a more detailed discussion about Fund risks and considerations.

NOT FDIC-INSURED

NOT BANK-GUARANTEED

MAY LOSE VALUE