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e evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold would be recorded as a tax expense in the current year. Management has evaluated the implications of FIN 48 and has determined it does not have any impact to the financial statements as of August 31, 2008. There is no tax liability resulting from unrecognized tax expenses relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year-end August 31, 2008. The Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax expenses will significantly change in twelve months. 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. As of August 31, 2008, open Federal and state income tax years include the tax years for 2006, 2007 and 2008. The Fund has no examination in progress. Note 5 - INVESTMENTS IN SECURITIES: For the year ended August 31, 2008, the cost of purchases and proceeds from sales of investments, other than short-term securities, were \$305,069,343 and \$325,791,591, respectively. Note 6 - CAPITAL: COMMON SHARES The Fund has an unlimited amount of common shares, \$0.01 par value, authorized and 11,122,822 issued and outstanding. In connection with the Fund's dividend reinvestment plan, the Fund did not issue any shares during the years ended August 31, 2008 and 2007. Note 7 - INDEMNIFICATIONS: In the normal course of business, the Fund enters into contracts that contain a variety of representations, which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would require future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote. Note 8 - ACCOUNTING PRONOUNCEMENTS: In September 2006, the 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 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. As of August 31, 2008, the Fund does not believe the adoption of FAS 157 will impact the amounts reported in the financial statements, however, additional disclosure will be required about the inputs used to develop measurements of fair value and the effect of certain of the measurements reported in the statement of operations for a fiscal period. 14 | Annual Report | August 31, 2008 RYJ | Claymore/Raymond James SB-1 Equity Fund Report of INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM | TO THE SHAREHOLDERS AND BOARD OF TRUSTEES OF CLAYMORE/RAYMOND JAMES SB-1 EQUITY FUND We have audited the accompanying statement of assets and liabilities of Claymore/Raymond James SB-1 Equity Fund (the "Fund"), including the portfolio of investments, as of August 31, 2008, and the related statements of operation 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 two years in the period then ended and for the period from May 19, 2006 (commencement of investment operations) through August 31, 2006. 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 audit 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 August 31, 2008, by correspondence with the custodian. 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 Claymore/Raymond James SB-1 Equity Fund at August 31, 2008, and the results of its operations for the year then

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ended, the changes in its net assets for each of the two years in the period then ended, and financial highlights for each of the two years in the period then ended and from May 19, 2006 (commencement of investment operations) through August 31, 2006, in conformity with U.S. generally accepted accounting principles. /s/ Ernst & Young LLP Chicago, Illinois October 22, 2008 Annual Report | August 31, 2008 | 15 RYJ | Claymore/Raymond James SB-1 Equity Fund Supplemental INFORMATION (unaudited) FEDERAL INCOME TAX INFORMATION Qualified dividend income of as much as \$1,686,322 was received to the Fund through August 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, \$1,668,227 of investment income qualifies for the dividends received deduction. The Fund hereby designates \$4,660,603 distributions as long-term capital gains according to IRC Section 852 (b)(3)(C). 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 2007. RESULT OF SHAREHOLDER VOTES The Annual Meeting of Shareholders of the Fund was held on August 28, 2008. Common shareholders voted on the Agreement and Plan of Reorganization between the Fund and Claymore/Raymond James SB-1 Equity ETF and the election of Class II Trustees. 1) With regard to the approval of the Agreement and Plan of Reorganization between the Fund and Claymore/Raymond James SB-1 Equity ETF: # OF SHARES

----- In Favor: 6,460,015 Against: 11,724 Abstain: 23,251 Broker Non-Votes: 3,799,015 ----- 2) With regard to the election of the following Trustees by common shareholders of the Fund: # OF SHARES # OF SHARES IN FAVOR WITHHELD ----- Ronald A. Nyberg 9,289,332 1,004,673 Ronald E. Toupin, Jr. 9,289,932 1,004,073

----- The other Trustees of the Fund whose terms did not expire in 2008 are Randall C. Barnes and Nicholas Dalmaso. TRUSTEES The Trustees of the Claymore/Raymond James SB-1 Equity Fund and their principal occupations during the past five years: NUMBER OF NAME, ADDRESS*, YEAR OF TERM OF OFFICE** PRINCIPAL OCCUPATIONS DURING PORTFOLIOS IN THE BIRTH AND POSITION(S) AND LENGTH OF THE PAST FIVE YEARS AND FUND COMPLEX*** OTHER DIRECTORSHIPS HELD WITH REGISTRANT TIME SERVED OTHER AFFILIATIONS OVERSEEN BY TRUSTEE HELD BY TRUSTEE

INDEPENDENT TRUSTEES:

----- Randall C. Barnes Since 2006 Private Investor (2001-present). Formerly, 43 None Year of Birth: 1951 Senior Vice President and Treasurer, Trustee 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).

----- Ronald A. Nyberg Since 2006 Partner of Nyberg & Cassioppi, LLC, a law 46 None Year of Birth: 1953 firm specializing in corporate law, estate Trustee planning and business transactions (2000-present). Formerly, Executive Vice President, General Counsel and Corporate Secretary of Van Kampen Investments (1982-1999).

----- Ronald E. Toupin, Jr. Since 2006 Retired. Formerly, Vice President, Manager 43 None Year of Birth: 1958 and Portfolio Manager of Nuveen Asset Trustee Management (1998-1999), Vice President of Nuveen Investment Advisory Corp. (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).

INTERESTED TRUSTEES:

----- Nicholas Dalmaso+ Since 2006 Attorney. Formerly, Senior Managing Director 46 None Year of Birth: 1965 and Chief Administrative Officer (2007-2008) Trustee and General Counsel (2001-2007) of Claymore Advisors, LLC and Claymore Securities, Inc. Formerly, Assistant General Counsel, John Nuveen and Co., Inc. (1999-2000). Former Vice President and Associate General Counsel of Van Kampen Investments, Inc. (1992-1999).

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Address for all Trustees unless otherwise noted: 2455 Corporate West Drive, Lisle, IL 60532 ** After a Trustee's initial term, each Trustee is expected to serve a two-year term concurrent with the class of Trustees for which he serves. *** The Claymore Fund Complex consists of U.S. registered investment companies advised or serviced by Claymore Advisors, LLC or Claymore Securities, Inc. The Claymore Fund Complex is overseen by multiple Boards of Trustees. + Mr. Dalmaso is an "interested person" (as defined in Section 2(a) (19) of the 1940 Act) of the Fund because of his former position as an officer of, and his equity ownership in, the Adviser and certain of its affiliates. 16 | Annual Report | August 31, 2008 RYJ | Claymore/Raymond James SB-1 Equity Fund | SUPPLEMENTAL INFORMATION (unaudited) continued OFFICERS The officers of the Claymore/Raymond James SB-1 Equity Fund and their principal occupations during the past five years: NAME, ADDRESS*, YEAR OF BIRTH AND TERM OF OFFICE** AND PRINCIPAL OCCUPATION DURING THE PAST FIVE YEARS POSITION(S) HELD WITH REGISTRANT LENGTH OF TIME SERVED AND OTHER AFFILIATIONS

----- OFFICERS:

----- J. Thomas Futrell Since 2008 Senior Managing Director, Chief Investment Officer of Claymore Year of birth: 1955 Advisors, LLC and Claymore Securities, Inc. (2008-present); Chief Executive Officer Chief Executive Officer of certain funds in the Fund Complex. Formerly, Managing Director in charge of Research for Nuveen Asset Management (2000-2007).

----- Kevin M. Robinson Since 2008 Senior Managing Director, General Counsel and Corporate Secretary Year of birth: 1959 of Claymore Advisors, LLC and Claymore Securities, Inc. Chief Legal Officer (2007-present); Chief Legal Officer of certain funds in the Fund Complex. Formerly, Associate General Counsel of NYSE Euronext, Inc. (2000- 2007). Formerly, Archipelago Holdings, Inc. Senior Managing Director and Associate General Counsel of ABN Amro Inc. (1997-2000). Formerly, Senior Counsel in the Enforcement Division of the U.S. Securities and Exchange Commission (1989-1997).

----- Steven M. Hill Since 2006 Senior Managing Director of Claymore Advisors, LLC and Claymore Year of Birth: 1964 Securities, Inc. (2005-present). Formerly, Chief Financial Chief Financial Officer, Chief Officer (2005-2006) of Claymore Group Inc. Managing Director of Accounting Officer and Treasurer Claymore Advisors, LLC and Claymore Securities, Inc. (2003-2005). Formerly, Treasurer of Henderson Global Funds and Operations Manager of Henderson Global Investors (NA) Inc. (2002-2003); Managing Director, FrontPoint Partners LLC (2001-2002); Vice President, Nuveen Investments (1999-2001).

----- Bruce Saxon Since 2006 Vice President, Fund Compliance Officer of Claymore Advisors, LLC Year of Birth: 1957 (2006-present). Formerly, Chief Compliance Officer/Assistant Chief Compliance Officer Secretary of Harris Investment Management, Inc. (2003-2006). Director-Compliance of Harrisdirect LLC (1999-2003).

----- Mark E. Mathiasen Since 2008 Assistant Vice President; Assistant General Counsel of Claymore Year of birth: 1978 Securities, Inc. (2007-present). Secretary of certain funds in Secretary the Fund Complex. Previously, Law Clerk, Idaho State Courts (2003-2006).

----- * Address for all Officers: 2455 Corporate West Drive, Lisle, IL 60532 ** Officers serve at the pleasure of the Board of Trustees and until his or her successor is appointed and qualified or until his or her earlier resignation or removal. Annual Report | August 31, 2008 | 17 RYJ | Claymore/Raymond James SB-1 Equity Fund Dividend Reinvestment PLAN | (unaudited) Unless the registered owner of common shares elects to receive cash by contacting the Plan Administrator, all dividends declared on common shares of the Fund will be automatically reinvested by The Bank of New York Mellon (the "Plan Administrator"), Administrator for shareholders in the Fund's Dividend Reinvestment Plan (the "Plan"), in additional common shares of the Fund. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution. Some brokers may automatically elect to receive cash on your behalf and may re-invest that cash in additional common shares of the Fund for you. If you wish for all dividends

declared on your common shares of the Fund to be automatically reinvested pursuant to the Plan, please contact your broker. The Plan Administrator will open an account for each common shareholder under the Plan in the same name in which such common shareholder's common shares are registered. Whenever the Fund declares a dividend or other distribution (together, a "Dividend") payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in common shares. The common shares will be acquired by the Plan Administrator for the participants' accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized common shares from the Fund ("Newly Issued Common Shares") or (ii) by purchase of outstanding common shares on the open market ("Open-Market Purchases") on the New York Stock Exchange or elsewhere. If, on the payment date for any Dividend, the closing market price plus estimated brokerage commission per common share is equal to or greater than the net asset value per common share, the Plan Administrator will invest the Dividend amount in Newly Issued Common Shares on behalf of the participants. The number of Newly Issued Common Shares to be credited to each participant's account will be determined by dividing the dollar amount of the Dividend by the net asset value per common share on the payment date; provided that, if the net asset value is less than or equal to 95% of the closing market value on the payment date, the dollar amount of the Dividend will be divided by 95% of the closing market price per common share on the payment date. If, on the payment date for any Dividend, the net asset value per common share is greater than the closing market value plus estimated brokerage commission, the Plan Administrator will invest the Dividend amount in common shares acquired on behalf of the participants in Open-Market Purchases. If, before the Plan Administrator has completed its Open-Market Purchases, the market price per common share exceeds the net asset value per common share, the average per common share purchase price paid by the Plan Administrator may exceed the net asset value of the common shares, resulting in the acquisition of fewer common shares than if the Dividend had been paid in Newly Issued Common Shares on the Dividend payment date. Because of the foregoing difficulty with respect to Open-Market Purchases, the Plan provides that if the Plan Administrator is unable to invest the full Dividend amount in Open-Market Purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Administrator may cease making Open-Market Purchases and may invest the uninvested portion of the Dividend amount in Newly Issued Common Shares at net asset value per common share at the close of business on the Last Purchase Date provided that, if the net asset value is less than or equal to 95% of the then current market price per common share; the dollar amount of the Dividend will be divided by 95% of the market price on the payment date. The Plan Administrator maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common shares in the account of each Plan participant will be held by the Plan Administrator on behalf of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instruction of the participants. There will be no brokerage charges with respect to common shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commission incurred in connection with Open-Market Purchases. The automatic reinvestment of Dividends will not relieve participants of any Federal, state or local income tax that may be payable (or required to be withheld) on such Dividends. The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. All correspondence or questions concerning the Plan should be directed to the Plan Administrator, The Bank of New York Mellon, P.O. Box 463, East Syracuse, New York 13057-0463; Attention: Shareholder Services Department, Phone Number: (866) 488-3559. 18 | Annual Report | August 31, 2008 RYJ | Claymore/Raymond James SB-1 Equity Fund Investment Advisory Agreement and Investment Sub-Advisory Agreement: CONTRACT RE-APPROVAL | (unaudited) On April 21, 2008, the Board of Trustees (the "Board") of the Claymore/Raymond James SB-1 Equity Fund (the "Fund"), including the Independent Trustees (those trustees who are not "interested persons" as defined by the Investment Company Act of 1940, as amended (the "1940 Act")), on the recommendation of the Nominating and Governance Committee (referred to as the "Committee" and consisting solely of those trustees who are not "interested persons" as defined by the 1940 Act) of the Board of the Fund renewed: (1) the investment advisory agreement ("Investment Advisory Agreement") between the Fund and Claymore Advisors, LLC ("Adviser") and (2) the investment sub-advisory agreement ("Sub-Advisory Agreement") among the Adviser, the Fund and Raymond James & Associates, Inc. ("Sub-Adviser"). (The Investment Advisory Agreement and

the Sub-Advisory Agreement are together referred to as the "Advisory Agreements.") As part of its review process, the Committee was represented by independent legal counsel. The Board and the Committee reviewed materials received from the Adviser, the Sub-Adviser and independent legal counsel. The Board also had previously received quarterly Board meeting information regarding performance and operating results of the Fund. In preparation for its review, the Committee communicated with independent legal counsel regarding the nature of information to be provided, and independent legal counsel, on behalf of the Committee, sent a formal request for information and a supplemental request for information to the Adviser and Sub-Adviser. In addition, the Committee asked the Adviser and the Sub-Adviser to explore the feasibility of converting the Fund into an open-end exchange-traded fund ("ETF"). The Adviser and the Sub-Adviser provided extensive information in response to the requests. Among other information, the Adviser and Sub-Adviser provided general information to assist the Committee in assessing the nature and quality of services provided by the Adviser and Sub-Adviser, information comparing the investment performance, advisory fees and total expenses of the Fund to other funds and information about the profitability from the Advisory Agreements to each of the Adviser and the Sub-Adviser. Based upon their review, the Board and the Committee concluded that it was in the best interests of the Fund to renew each of the Advisory Agreements. In addition, on May 8, 2008, the Board approved in principle the conversion of the Fund to an ETF. In reaching this conclusion for the Fund, no single factor was determinative in the Board's analysis, but rather the Board considered a variety of factors. INVESTMENT ADVISORY AGREEMENT With respect to the nature, extent and quality of services provided by the Adviser, the Board noted that the Adviser manages the day-to-day investment of the Fund's assets consistent with the Fund's investment objective to provide capital appreciation, which the Adviser seeks to achieve by investing substantially all of the Fund's net assets in equity securities that are rated, at the time of purchase, Strong Buy 1 ("SB-1") by the Sub-Adviser's research analysts. The Board also considered the secondary market support provided by the Adviser to the Fund, including the Adviser's efforts to educate investment professionals about the Fund and other funds sponsored by the Adviser. The Board reviewed financial information regarding the Adviser and its parent company and considered the parent company's guaranty of the Adviser's obligations under the Investment Advisory Agreement. The Board considered the experience and qualifications of the Adviser's personnel, including those personnel providing portfolio management and compliance oversight. Specifically, the Board noted the ongoing activities performed by the Adviser, including monitoring of compliance with policies and procedures and with the Fund's investment policies. After considering these factors, the Board concluded that the Adviser and its personnel were qualified to serve the Fund. The Board considered the Fund's investment performance by reviewing the Fund's total return on a net asset value and market price basis for the three month, six month, one year and since inception periods ended February 29, 2008. The Board noted that the Adviser was responsible for investing and reinvesting the Fund's net assets using a modified equal-weighting methodology to invest in the stocks rated SB-1 by the Sub-Adviser's research analysts (the "SB-1 List"). The Board then compared the Fund's investment performance to the performance of the Sub-Adviser's SB-1 daily and SB-1 bi-weekly model portfolios (the "Model Portfolios"). Because of the unique nature of the Fund, the Board concluded that the performance of other closed-end funds did not provide meaningful comparisons for purposes of considering the Fund's investment performance. With respect to the Fund's performance relative to the Model Portfolios, the Board concluded that the Adviser had satisfactorily tracked the Model Portfolios. The Board noted that the Fund's investment results were consistent with overall market conditions. With respect to the Fund's market price performance, the Board noted that, like many other closed-end funds in the current market environment, the Fund's shares were trading at a discount. The Board considered that the Fund's share price discount was within the range of the discounts of the other closed-end funds that follow a rules-based methodology provided for comparison purposes by the Adviser (the "Comparison Funds"). The Board also considered the provisions in the Fund's governing documents which provide that, beginning eighteen months after the Fund's initial public offering (which would be November 2007), if the Fund's common shares close on the New York Stock Exchange for seventy-five consecutive trading days at a price that is a 10% or greater discount from the Fund's net asset value per share, the Fund will commence promptly the process necessary to convert the Fund into an open-end investment company. The Board noted that, since November 2007, the Fund's common shares generally have traded at discounts less than and slightly greater than 10% from net asset value. The Board considered that, while this automatic conversion feature has been successful to an extent in limiting the discount at which shares of the Fund have traded, the Fund's Board of Trustees has regularly discussed the discount to net asset value at which the Fund's shares, and shares of closed-end funds in general, have traded. Given the above factors, the Board concluded that the

Adviser's performance was satisfactory. The Board compared the Fund's advisory and sub-advisory fees and expense ratio to the Comparison Funds and to the advisory fee that the Adviser charges to other closed-end funds for which it serves as adviser. The Board also reviewed the mean and median advisory fees and expense ratios of the Comparison Funds. The Board noted that the Fund's expense ratio Annual Report | August 31, 2008 | 19 RYJ | Claymore/Raymond James SB-1 Equity Fund | INVESTMENT ADVISORY AGREEMENT AND INVESTMENT SUB-ADVISORY AGREEMENT: CONTRACT RE-APPROVAL (unaudited) continued was within the range of the expense ratios of the Comparison Funds and lower than the estimated expense ratio disclosed in the Fund's initial offering prospectus. The Board also considered that the combined advisory and sub-advisory fees were within the range of those of the Comparison Funds and concluded that the Fund's advisory fee was reasonable. With respect to the costs of services to be provided and profits realized by the Adviser from its relationship to the Fund, the Board reviewed information regarding the revenues the Adviser received under the Investment Advisory Agreement as well as the estimated allocated direct and indirect costs the Adviser incurred in providing the services to the Fund and concluded that the Adviser's profitability was not unreasonable. The Board considered the extent to which economies of scale could be realized with respect to the management of the Fund as the Fund grows and whether fee levels reflected a reasonable sharing of such economies of scale for the benefit of Fund investors. The Board considered the Adviser's statement that, by design, closed-end funds' assets remain relatively fixed and therefore economies of scale in such funds are not typically obtained through growth in assets, although the Adviser has increased assets under management as a result of new product offerings and has experienced related economies in its servicing, information technology and operations functions. The Adviser has, however, also increased staff and upgraded systems and the Adviser anticipates neither economies of scale nor increased costs of services to the Fund. Accordingly, the Board concluded that fee levels were appropriate. The Board considered other benefits available to the Adviser because of its relationship with the Fund and noted that the administrative services fees received by the Adviser from serving as administrator provide it with additional revenue but concluded that the advisory fee was reasonable taking into account any benefits from such administration agreement. The Board also considered the Adviser's statement that it does not participate in any soft dollar arrangements. In reaching the conclusion that the advisory fee was reasonable, the Board also considered the Adviser's statement that it benefited from its association with the Sub-Adviser because the Adviser's relationship with the Sub-Adviser could lead to the launch of additional products in the future. SUB-ADVISORY AGREEMENT With respect to the nature, extent and quality of services provided by the Sub-Adviser, the Board considered that that the Adviser manages the investment and reinvestment of the Fund's assets and that the Sub-Adviser's primary responsibility under the Sub-Advisory Agreement is to regularly provide the Adviser with the SB-1 List. The Board concluded that the Sub-Adviser was qualified to provide the services under the Sub-Advisory Agreement. In considering investment performance, the Board compared the performance of the Fund to that of the Standard & Poor's 500 Index, the Standard & Poor's Mid-Cap 400 Index and the Russell 2000 Growth Index (collectively, the "Indices") for the three month, six month, one year and since inception periods ended February 29, 2008. The Board noted that the Fund had underperformed each of the Indices since inception, but that the Fund's performance had improved relative to the Indices over the last one year, six month and three month periods. The Board also considered that the stock market was generally down during the periods being reviewed and noted the Sub-Adviser's statement that, historically, over the long term SB-1-rated securities have outperformed relevant benchmarks. Given these factors, the Board concluded that the Sub-Adviser's investment performance met expectations. The Board reviewed the subadvisory fee paid by the Fund to the Sub-Adviser and noted the Sub-Adviser's statement that it does not provide comparable services to any other clients. The Board considered that the combined advisory and sub-advisory fees were within the range of those of the Comparison Funds and concluded that the subadvisory fee was reasonable. With respect to the costs of services to be provided and profits realized by the Sub-Adviser from its relationship to the Fund, the Board considered that the Adviser paid the Sub-Adviser, an unaffiliated third party, from the advisory fee and the Sub-Adviser's statement that given the nature of the services it provided, that calculation of profitability was not possible. Therefore, the Board concluded that the Sub-Adviser's profitability was not unreasonable. The Board reviewed the extent to which economies of scale with respect to the sub-advisory services provided to the Fund would be realized as the Fund grows and whether fee levels reflect a reasonable sharing of such economies of scale for the benefit of Fund investors. The Board considered the Sub-Adviser's statement that, because the Sub-Adviser does not provide similar services to any other client, the Sub-Adviser does not expect to achieve any economies of scale with respect to the Fund. Given this statement, the Board concluded that the Fund was unlikely to realize any significant

economies of scale with respect to the sub-advisory services. The Board considered other benefits available to the Sub-Adviser because of its relationship to the Fund and noted that the shareholder support services fee that the Sub-Adviser receives under the underwriting agreement for the initial offering of the Fund provided it with additional revenue, but concluded that the sub-advisory fee was reasonable considering any benefits from this arrangement.

OVERALL CONCLUSIONS Based upon all of the information considered and the conclusions reached, the Board determined that the terms of each Advisory Agreement continue to be fair and reasonable and that the continuation of each Advisory Agreement is in the best interests of the Fund. 20 | Annual Report | August 31, 2008 (This page is intentionally left blank) (This page is intentionally left blank) RYJ | Claymore/Raymond James SB-1 Equity Fund

FUND INFORMATION | BOARD OF TRUSTEES Randall C. Barnes Nicholas Dalmaso* Ronald A. Nyberg Ronald E. Toupin, Jr. * Trustee is an "interested person" of the Fund as defined in the Investment Company Act of 1940, as amended, because of his former position as an officer of, and his equity ownership in, the Adviser and certain of its affiliates.

OFFICERS J. Thomas Futrell Chief Executive Officer Kevin M. Robinson Chief Legal Officer Steven M. Hill Chief Financial Officer, Chief Accounting Officer and Treasurer Mark E. Mathiasen Secretary Bruce Saxon Chief Compliance Officer

INVESTMENT ADVISER AND ADMINISTRATOR Claymore Advisors, LLC Lisle, Illinois

INVESTMENT SUB-ADVISER Raymond James & Associates, Inc. St. Petersburg, Florida

ACCOUNTING AGENT, CUSTODIAN AND TRANSFER AGENT The Bank of New York Mellon New York, New York

LEGAL COUNSEL Skadden, Arps, Slate, Meagher & Flom LLP Chicago, Illinois

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Ernst & Young LLP Chicago, Illinois

PRIVACY PRINCIPLES OF CLAYMORE/RAYMOND JAMES SB-1 EQUITY FUND FOR SHAREHOLDERS The Fund is committed to maintaining the privacy of its shareholders and to safeguarding its non-public personal information. The following information is provided to help you understand what personal information the Fund collects, how we protect that information and why, in certain cases, we may share information with select other parties. Generally, the Fund does not receive any non-public personal information relating to its shareholders, although certain non-public personal information of its shareholders may become available to the Fund. The Fund does not disclose any non-public personal information about its shareholders or former shareholders to anyone, except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator). The Fund restricts access to non-public personal information about the shareholders to Claymore Advisors, LLC employees with a legitimate business need for the information. The Fund maintains physical, electronic and procedural safeguards designed to protect the non-public personal information of its shareholders.

QUESTIONS CONCERNING YOUR SHARES OF CLAYMORE/RAYMOND JAMES SB-1 EQUITY FUND?

- o If your shares are held in a Brokerage Account, contact your Broker.
- o If you have physical possession of your shares in certificate form, contact the Custodian and Transfer Agent: The Bank of New York Mellon, 111 Sanders Creek Parkway, East Syracuse, New York 13057 (800) 701-8178

This report is sent to shareholders of Claymore/Raymond James SB-1 Equity Fund for their information. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report. Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may from time to time purchase its shares of common stock in the open market. A description of the Fund's proxy voting policies and procedures related to portfolio securities is available without charge, upon request, by calling the Fund at (866) 889-3830. Information regarding how the Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request by calling the Fund at (866) 889-3830 or by accessing the Fund's Form N-PX on the SEC's website at www.sec.gov or www.claymore.com. The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC website at www.sec.gov or www.claymore.com. The Fund's Form N-Q may also be viewed and copied at the SEC's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330 or at www.sec.gov.

Annual Report | August 31, 2008 | 23 CLAYMORE SECURITIES, INC. 2455 Corporate West Drive Lisle, IL 60532 Member FINRA/SIPC NOT FDIC-INSURED | NOT BANK-GUARANTEED | MAY LOSE VALUE RYJ LISTED NYSE RYJ-AR-0808

ITEM 2. CODE OF ETHICS. (a) The registrant has adopted a code of ethics (the "Code of Ethics") that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. (b) No information need be disclosed pursuant to this paragraph. (c) During the period covered by the shareholder report presented in Item 1, the Code of Ethics was not amended. (d) The registrant

has not granted a waiver or an implicit waiver to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions from a provision of its Code of Ethics during the period covered by this report. (e) Not applicable. (f) (1) The registrant's Code of Ethics is attached hereto as an exhibit. (2) Not applicable. (3) Not applicable. ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT. The registrant's Board of Trustees has determined that it has at least one audit committee financial expert serving on its audit committee, Ronald E. Toupin, Jr. Mr. Toupin is an independent Trustee for purposes of this Item 3 of Form N-CSR. Mr. Toupin qualifies as an audit committee financial expert by virtue of his experience obtained as a portfolio manager and research analyst, which included review and analysis of offering documents and audited and un-audited financial statements using GAAP to show accounting estimates, accruals and reserves. (Under applicable securities laws, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as amended, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liability imposed on such person as a member of the audit committee and Board of Trustees in the absence of such designation or identification. The designation or identification of a person as an audit committee financial expert does not affect the duties, obligations or liability of any other member of the audit committee or Board of Trustees.) ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES (a) Audit Fees: the aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were \$32,000 and \$30,000 for the fiscal years ending August 31, 2008 and August 31, 2007, respectively. (b) Audit-Related Fees: the aggregate fees billed for in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph 4(a), including agreed upon procedures reports performed for rating agencies and the issuance of comfort letter, were \$0 and \$0 for the fiscal years ending August 31, 2008 and August 31, 2007, respectively. (c) Tax Fees: the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning, including federal, state and local income tax return preparation and related advice and determination of taxable income and miscellaneous tax advice were \$6,000 and \$5,000 for the fiscal years ending August 31, 2008 and August 31, 2007, respectively. (d) All Other Fees: the aggregate fees billed for both fiscal years ending August 31, 2008 and August 31, 2007 for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item were \$0. (e) Audit Committee Pre-Approval Policies and Procedures. (1) The registrant's audit committee reviews, and in its sole discretion, pre-approves, pursuant to written pre-approval procedures (A) all engagements for audit and non-audit services to be provided by the principal accountant to the registrant and (B) all engagements for non-audit services to be provided by the principal accountant (1) to the registrant's investment adviser (not including a sub-adviser whose role is primarily portfolio management and is sub-contracted or overseen by another investment adviser) and (2) to any entity controlling, controlled by or under common control with the registrant's investment adviser that provides ongoing services to the registrant; but in the case of the services described in subsection (B)(1) or (2), only if the engagement relates directly to the operations and financial reporting of the registrant; provided that such pre-approval need not be obtained in circumstances in which the pre-approval requirement is waived under rules promulgated by the Securities and Exchange Commission or New York Stock Exchange listing standards. Sections IV.C.2 and IV.C.3 of the Audit Committee's revised Audit Committee Charter contain the Audit Committee's Pre-Approval Policies and Procedures and such sections are included below. IV.C.2 Pre-approve any engagement of the independent auditors to provide any non-prohibited services to the Trust, including the fees and other compensation to be paid to the independent auditors (unless an exception is available under Rule 2-01 of Regulation S-X). (a) The Chairman or any member of the Audit Committee may grant the pre-approval of services to the Fund for non-prohibited services up to \$10,000. All such delegated pre-approvals shall be presented to the Audit Committee no later than the next Audit Committee meeting. IV.C.3 Pre-approve any engagement of the independent auditors, including the fees and other compensation to be paid to the independent auditors, to provide any non-audit services to the Adviser (or any "control affiliate" of the Adviser providing ongoing services to the Trust), if the engagement relates directly to the operations and financial reporting of the Trust (unless an exception is available under Rule 2-01 of Regulation S-X). (a) The Chairman or any member of

the Audit Committee may grant the pre-approval for non-audit services to the Adviser up to \$10,000. All such delegated pre-approvals shall be presented to the Audit Committee no later than the next Audit Committee meeting. (2) None of the services described in each of Items 4(b) through (d) were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X. (f) The percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year attributable to work performed by persons other than the principal accountant's full-time, permanent employees was 0%. (g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, the registrant's investment adviser and/or any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant (not including a sub-adviser whose role is primarily portfolio management and is sub-contracted with or overseen by another investment adviser) that directly related to the operations and financial reporting of the registrant for each of the last two fiscal years, ending August 31, 2008 and August 31, 2007, of the registrant were \$0. (h) Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT. The registrant has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The audit committee of the registrant is composed of: Ronald A. Nyberg; Ronald E. Toupin, Jr.; and Randall C. Barnes. ITEM 6. SCHEDULE OF INVESTMENTS. The Schedule of Investments is included as part of Item 1. ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES. The Board of Trustees of the registrant has delegated the voting of proxies relating to its voting securities to its investment adviser, Claymore Advisors, LLC (the "Adviser"). The Proxy Voting Policies and Procedures of the Adviser (the "Proxy Voting Policies") are included as an Exhibit hereto. ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES. (a)(1) Portfolio Manager. As of August 31, 2008, Chuck Craig, Managing Director, Research and Development, of Claymore Securities, Inc., serves as portfolio manager for the registrant and is responsible for the day-to-day management of the registrant's portfolio. He has been associated with the registrant since May 2003. Prior to joining Claymore, Mr. Craig worked for four years at First Trust Portfolios, L.P. as an equity research analyst and portfolio manager within the Equity Strategy Research Group. (a)(2)(i-iii) Other Accounts Managed by the Portfolio Manager. As of August 31, 2008, Chuck Craig managed the following other accounts:

	Type of Account
Number of Accounts	Total Assets in the Accounts
Charged	Performance
Fees	Fees
----- Registered investment	
510*	\$6,749,001,725
0	0 companies
----- Other pooled	
investment	0 0 0 0
0 0 0 0	Other accounts

* Included in this amount are 478 unit investment trusts (valued at \$4,675,533,242), for which Mr. Craig provides day-to-day supervision. (a)(2)(iv) Potential Conflicts of Interest. Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other account. More specifically, portfolio managers who manage multiple funds and/or other accounts may be presented with one or more of the following potential conflicts. The management of multiple funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each fund and/or other account. The Investment Adviser seeks to manage such competing interests for the time and attention of a portfolio manager by having the portfolio manager focus on a particular investment discipline. Most other accounts managed by a portfolio manager are managed using the same investment models that are used in connection with the management of the registrant. If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one fund or other account, a fund may not be able to take full advantage of the opportunity due to an allocation of filled purchase or sale orders across all eligible funds and other accounts. To deal with these situations, the Investment Adviser has adopted procedures for allocating portfolio transactions across multiple accounts. The Investment Adviser determines which broker to use to execute each order, consistent with its duty to seek best execution of the transaction. However, with respect to certain other accounts (such as mutual funds for which the Investment Adviser acts as adviser, other pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals), the Investment Adviser may be limited by the client with respect to the selection of

brokers or may be instructed to direct trades through a particular broker. In these cases, trades for a fund in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security for the execution of the transaction, or both, to the possible detriment of the registrant or other account(s) involved. The Investment Adviser has adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises. (a)(3) Portfolio Manager Compensation. The portfolio manager's compensation consists of the following elements: Base salary: The portfolio manager is paid a fixed base salary by the Investment Adviser which is set at a level determined to be appropriate based upon the individual's experience and responsibilities. Annual bonus: The portfolio manager is eligible for a discretionary annual bonus. There is no policy regarding, or agreement with, the portfolio manager to receive bonuses or any other compensation in connection with the performance of any of the accounts managed by the portfolio manager. The portfolio manager also participates in benefit plans and programs generally available to all employees of the Investment Adviser. (a)(4) Securities Ownership of the Portfolio Manager. As of August 31, 2008, Mr. Craig owned between \$1-\$10,000 in shares of the registrant. (b) Not applicable. ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS. No purchases were made by or on behalf of the registrant or any "affiliated purchaser," as defined in Rule 10b-18(a)(3) under the Exchange Act, of shares or other units of any class of the registrant's equity securities that is registered by the registrant pursuant to Section 12 of the Exchange Act. ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. The registrant has not made any material changes to the procedures by which shareholders may recommend nominees to the registrant's Board of Trustees. ITEM 11. CONTROLS AND PROCEDURES. (a) The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) within 90 days of this filing and have concluded based on such evaluation as required by Rule 30a-3(b) under the Investment Company Act of 1940, that the registrant's disclosure controls and procedures were effective as of that date in ensuring that information required to be disclosed by the registrant in this Form N-CSR was recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the registrant's second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting. ITEM 12. EXHIBITS. (a)(1) Code of Ethics for Chief Executive and Senior Financial Officer. (a)(2) Certifications of principal executive officer and principal financial officer pursuant to Rule 30a-2 of the Investment Company Act of 1940. (b) Certifications of principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (c) Proxy Voting Policies and Procedures. SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. (Registrant) Claymore/Raymond James SB-1 Equity Fund By: /s/ J. Thomas Futrell

----- J. Thomas Futrell Chief Executive Officer Date:
November 7, 2008 Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. By: /s/ J. Thomas Futrell

----- J. Thomas Futrell Chief Executive Officer Date:
November 7, 2008 By: /s/ Steven M. Hill ----- Steven M. Hill
Chief Financial Officer, Chief Accounting Officer and Treasurer Date: November 7, 2008