



# Flaherty & Crumrine/Claymore Total Return Fund (FLC)

## Investment Objective

### High Current Income

The Fund's investment objective is to provide high current income for holders of its common stock. The Fund's secondary investment objective is capital appreciation.

### Investment Parameters

At least 80% of the Fund's total assets will be invested in a diversified portfolio of preferred securities and other income-producing securities consisting of various debt securities. The portion of the Fund's assets invested in preferred securities, on the one hand, and debt securities, on the other, will vary from time to time consistent with the Fund's investment objectives, although the Fund will normally invest at least 50% of its total assets in preferred securities. At least 80% of the Fund's holdings of preferred and debt securities will be investment grade quality at the time of purchase. Up to 20% of the Fund's total assets may be invested in securities rated below investment grade (which securities must be rated at least either Ba3 or BB- at the time of purchase), provided the issuer has investment grade senior debt outstanding. Preferred and debt securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay dividends and interest and repay principal. Due to the risks involved in investing in preferred and debt securities of below investment grade quality, an investment in the Fund should be considered speculative. Under normal market conditions, the Fund will invest 25% or more of its total assets in securities of companies in each of the utilities industry and the banking industry.

### Hedging Strategy

The response of the Fund's income to changes in long-term interest rates will be impacted by the effectiveness of its hedging strategies. The hedging positions that the Fund currently expects to hold normally are anticipated to appreciate in value when long-term interest rates rise significantly, reflecting either the rise in yields of Treasury securities or interest-rate swap yields, as applicable, and the associated decline in the prices of underlying Treasury securities or decreased net market value of an obligation to pay a fixed-income stream in a higher interest rate environment.

### Flaherty & Crumrine Incorporated

The preferred securities market is a complex one for the individual investor or average investment advisor to effectively navigate. Flaherty & Crumrine was formed in 1983 with the express intention of managing portfolios of preferred securities for institutional investors. The firm has experience in managing leveraged and hedged preferred securities funds dating back to 1991. Through its experience in the preferred securities markets, Flaherty & Crumrine has developed the expertise necessary to implement the portfolio and interest rate management strategies necessary in seeking to obtain the highest sustainable income.

<sup>1</sup> Based on prospectus information

<sup>2</sup> NAV for this Fund is computed weekly and at month-end.

<sup>3</sup> Premium/Discount is based upon the prior day's market price and the last computed NAV.

<sup>4</sup> Latest declared monthly dividend per share annualized and divided by the current share price. To the extent any portion of the current distribution is estimated to be sourced from something other than income, such as return of capital, the source would be disclosed on a Section 19a-1 letter located under the "Fund News" section of the "News & Literature" section of the Fund's website. 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>5</sup> Monthly Dividend per share is subject to change. 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>6</sup> As a percentage of total assets. This figure is calculated on a weekly basis.

<sup>7</sup> Expense ratio is annualized.

## Fund Overview (as of 03/12/2010)

Share Price	\$16.02	Inception <sup>1</sup>	8/26/2003
NAV <sup>2</sup>	\$15.88	Inception NAV	\$23.88
Premium/(Discount) <sup>3</sup>	0.88%	Inception Price	\$25.00
Daily Volume	52,806	Ticker	FLC
Current Distribution Rate <sup>4</sup>	8.69%	Exchange	NYSE
Dividend Per Share <sup>5</sup>	\$0.11600	CUSIP	338479108
Leverage <sup>6</sup>	33.14%	Website	claymore.com/flc
Expense Ratio (Common Shares) <sup>7</sup>	1.83%	Contact Fund	866-233-4001
Expense Ratio (Total Fund) <sup>7</sup>	1.07%	E-mail	flc@claymore.com

## Performance History (as of 02/28/2010)

	Share Price	NAV		Share Price	NAV
2010 YTD	9.78%	5.63%	2009	107.94%	77.55%
1 Year	156.47%	121.30%	2008	-45.57%	-43.89%
3 Year	1.19%	-3.19%	2007	-15.08%	-11.39%
5 Year	2.17%	0.14%	2006	20.93%	9.03%
10 Year	N/A	N/A	2005	-16.05%	1.33%
Since Inception	2.44%	2.08%	2004	4.00%	6.99%
			2003 (Partial Year)	4.88%	3.97%

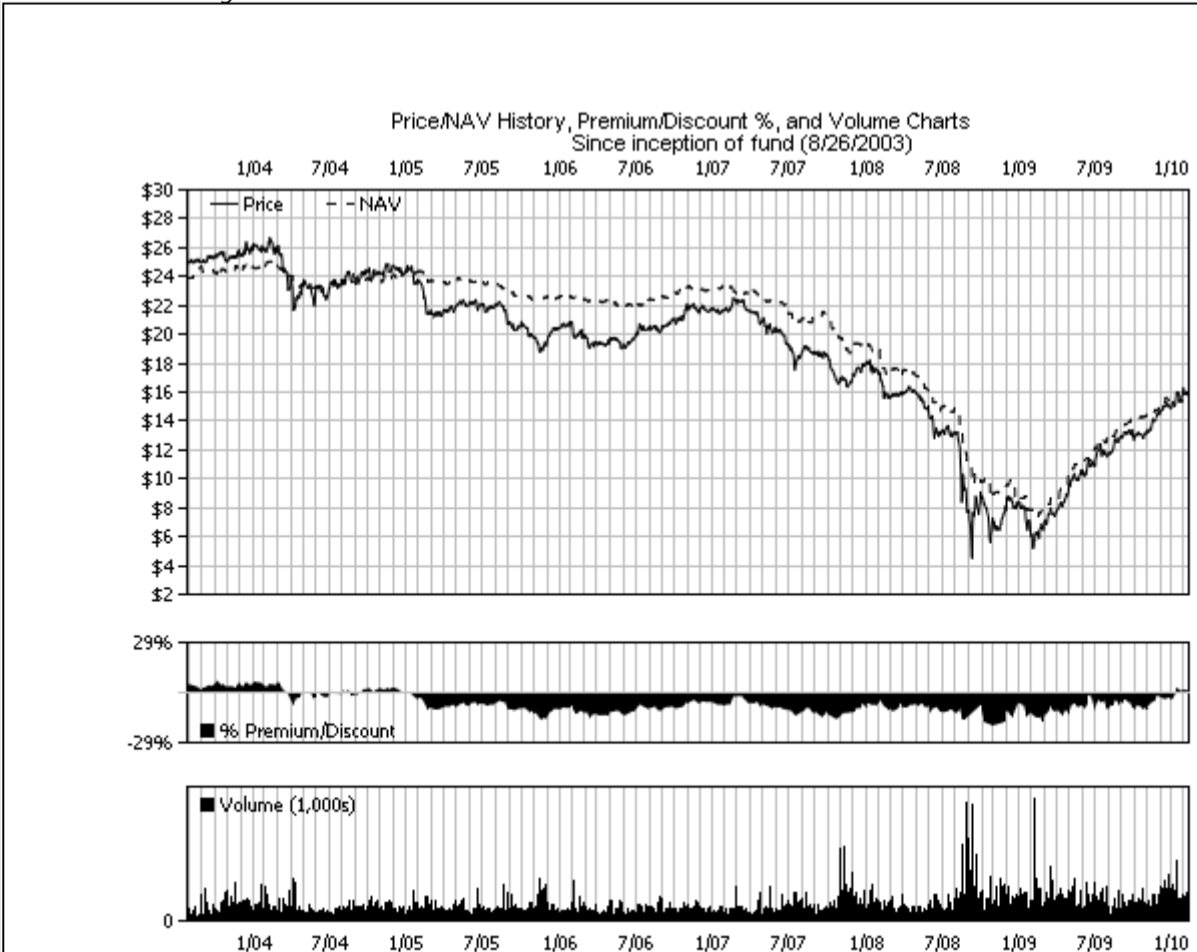
Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. Since Inception returns assume a purchase of common shares at the initial offering price of \$25.00 per share for market price returns or initial net asset value (NAV) of \$23.88 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 *
03/31/2010	\$0.116000
02/26/2010	\$0.116000
01/29/2010	\$0.116000
12/31/2009	\$0.116000
11/30/2009	\$0.110000
10/30/2009	\$0.110000

\* 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 03/12/2010)



Past performance is not indicative of future results.

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## Portfolio Composition (as of 02/28/2010)

Sector Concentration		Top 25 Issuers	
Bank	39.00%	Liberty Mutual Group	5.70%
Utilities	26.80%	Banco Santander	5.40%
Insurance	25.20%	Capital One Financial	4.60%
Energy	4.80%	Comerica	3.60%
Finance	1.10%	Dominion Resources	3.50%
REITs	0.20%	PNC Financial Services	3.50%
Communications	0.10%	Metlife	3.40%
Miscellaneous	2.80%	Unum Group	2.90%
		Sovereign Bancorp	2.60%
		Axis Capital	2.50%
		Georgia Power	2.40%
		Barclays Bank Plc	2.40%
		Enbridge Energy Partners	2.40%
		Puget Energy	2.30%
		Enterprise Products Partners	2.20%
		Goldman Sachs	2.20%
		Astoria Financial	2.20%
		BB&T Corp	2.10%
		MidAmerican Energy Holdings	2.10%
		Entergy Louisiana	2.10%
		Wells Fargo	2.00%
		Everest Re Group	2.00%
		Southern Union	1.90%
		Wisconsin Energy	1.90%
		HSBC Plc	1.80%

Subject to change daily

<sup>8</sup> Bonds with a credit rating of Ba or lower are considered below investment grade. "Non-Rated" are securities that do not have a rating from S&P, Moody's or Fitch.

### Claymore Securities, Inc.

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, PFPC Inc..

Financial Advisors For questions concerning the Fund, please contact the Shareholder Servicing Agent, Claymore Securities, Inc.

FLC Transfer Agent  
PFPC Inc.  
P.O. Box 43027  
Providence, RI 02940  
800-331-1710

FLC Shareholder Servicing Agent  
Claymore Securities, Inc.  
2455 Corporate West Drive  
Lisle, IL 60532  
866-233-4001

FLC Investment Adviser  
Flaherty & Crumrine Incorporated  
301 East Colorado Boulevard  
Suite 720  
Pasadena, CA 91101

Claymore Securities, Inc. Member FINRA/SIPC (03/10)

## Risks and Other Considerations

This information does not represent an offer to sell securities of the Fund nor is it soliciting an offer to buy securities of the Fund. 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. 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. Certain risks are associated with the leveraging of common stock.

An investment in the Fund includes, but is not limited to, risks and considerations such as: Interest Rate Risk, Credit Risk, Investment and Market Risk, Management Risk, Hedging Risk, Leverage Risk, Concentration Risk, Inflation Risk, Anti-Takeover Provisions, Market Disruption, Subordination, Limited Voting Rights, Deferral Risk, Special Redemption Rights, Illiquidity and Tax Risks. Please consider the Fund's investment objective and risks carefully before you invest.

Preferred securities, which will constitute the principal portion of the Fund's assets, may be substantially less liquid than many other securities such as common stocks or Government Securities. At any particular time, a preferred security may not be actively traded in the secondary market, even though it may be listed on the New York Stock Exchange or other securities exchange. Many preferred securities currently outstanding are listed on the New York Stock Exchange, although secondary market transactions in preferred securities are frequently effected in the over-the-counter market, even in those preferred securities that are listed. The prices of illiquid securities may be more volatile than more actively traded securities and the absence of a liquid secondary market may adversely affect the ability of the Fund to buy or sell its preferred securities holdings at the times and prices desired and the ability of the Fund to determine its net asset value. The Fund will only purchase investment-grade securities or securities issued by companies whose senior debt is rated investment grade.

Additionally, there is interest rate risk associated with the Fund. Changes in the level of interest rates are expected to affect the value of the Fund's portfolio holdings of fixed rate securities, and, under certain circumstances, its holdings of adjustable rate securities. Significant changes in the interest rate environment, as well as other factors, may cause the Fund's holding of preferred and debt securities to be redeemed by the issuers, thereby reducing the Fund's holdings of higher-income paying securities at a time when the Fund may be unable to acquire other securities paying comparable income rates with the redemption proceeds.

The Fund may seek to enhance the level of the Fund's current income through the use of leverage. 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.

NOT FDIC-INSURED

NOT BANK-GUARANTEED

MAY LOSE VALUE