

DREMAN CLAYMORE DIVIDEND & INCOME FUND
Form N-Q
September 29, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21455

Dreman /Claymore Dividend & Income Fund

(Exact name of registrant as specified in charter)

2455 Corporate West Drive, Lisle, IL
(Address of principal executive offices)

60532
(Zip code)

Nicholas Dalmaso, Chief Legal and Executive Officer

Dreman/Claymore Dividend & Income Fund

2455 Corporate West Drive, Lisle, IL 60532

(Name and address of agent for service)

Registrant's telephone number, including area code: 1-630-505-3700

Date of fiscal year end: October 31

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Date of reporting period: July 31, 2004

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q 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 the 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. § 3507.

Item 1. Schedule of Investments.

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Dreman/Claymore Dividend & Income Fund

Portfolio of Investments - July 31, 2004 (unaudited)

| Number of Shares | Security Name | Value |
|---------------------------------|---|----------------|
| Common Stocks - 117.9% | | |
| Consumer Staples - 35.1% | | |
| 2,451,700 | Altria Group, Inc. | \$ 116,700,920 |
| 1,046,900 | Loews Corp. - Carolina Group | 24,874,344 |
| 1,185,400 | R.J. Reynolds Tobacco Holdings, Inc. | 85,289,530 |
| 166,800 | Universal Corp. | 8,044,764 |
| 1,363,000 | US Tobacco, Inc. | 51,725,850 |
| 385,500 | Vector Group Ltd. | 6,087,045 |
| | | 292,722,453 |
| Energy - 13.8% | | |
| 189,500 | BP Prudhoe Bay Royalty Trust | 6,950,860 |
| 265,300 | ChevronTexaco Corp. | 25,375,945 |
| 343,100 | ConocoPhillips | 27,025,987 |
| 168,000 | Devon Energy Corp. | 11,674,320 |
| 50,900 | Enerplus Resources Fund | 1,508,167 |
| 201,800 | Kerr-McGee Corp. | 10,594,500 |
| 108,300 | Nicor, Inc. | 3,585,813 |
| 100,000 | Pengrowth Energy Trust | 1,495,000 |
| 374,700 | Peoples Energy Corp. | 14,613,300 |
| 150,800 | San Juan Basin Royalty Trust | 4,266,132 |
| 190,200 | Star Gas Partners, L.P. | 3,921,924 |
| 233,400 | Williams Coal Seam Gas Royalty Trust | 3,963,132 |
| | | 114,975,080 |
| Financials - 38.7% | | |
| 225,000 | American Home Mortgage Investment Corp. | 5,816,250 |
| 180,900 | American International Group, Inc. | 12,780,585 |
| 270,000 | Bank of America Corp. | 22,952,700 |
| 759,100 | Fannie Mae | 53,865,736 |
| 1,087,200 | Freddie Mac | 69,917,832 |
| 670,000 | Impac Mortgage Holding, Inc. | 15,376,500 |
| 724,800 | KeyCorp | 21,874,464 |
| 794,100 | Luminent Mortgage Capital, Inc. | 8,520,693 |
| 1,163,300 | MFA Mortgage Investments, Inc. | 9,434,363 |
| 181,700 | Newcastle Investment Corp. | 5,140,293 |
| 246,100 | Novastar Financial, Inc. | 9,871,071 |
| 233,600 | PNC Financial Services Group | 11,820,160 |
| 415,000 | Regions Financial Corp. | 12,321,350 |
| 448,600 | U.S. Bancorp | 12,695,380 |
| 65,000 | Wachovia Corp. | 2,880,150 |
| 1,232,800 | Washington Mutual, Inc. | 47,832,640 |
| | | 323,100,167 |

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Dreman/Claymore Dividend & Income Fund

Portfolio of Investments - July 31, 2004 (unaudited)

| Number of Shares | Security Name | Value |
|--|---|-------------|
| Healthcare - 5.7% | | |
| 1,465,000 | Bristol-Myers Squibb Co. | 33,548,500 |
| 80,700 | Medco Health Solutions, Inc. ^(c) | 2,445,210 |
| 50,000 | Merck & Co., Inc. | 2,267,500 |
| 300,000 | Pfizer, Inc. | 9,588,000 |
| | | 47,849,210 |
| Information Technology - 0.4% | | |
| 161,800 | Electronic Data Systems Corp. | 2,990,064 |
| Telecommunications - 5.9% | | |
| 1,495,000 | SBC Communications, Inc. | 37,883,300 |
| 290,000 | Verizon Communications, Inc. | 11,176,600 |
| | | 49,059,900 |
| Utilities - 18.3% | | |
| 735,600 | Ameren Corp. | 32,873,964 |
| 659,700 | Consolidated Edison, Inc. | 27,027,909 |
| 354,200 | DTE Energy Co. | 14,228,214 |
| 361,900 | Empire District Electric Co. | 7,205,429 |
| 327,200 | Great Plains Energy, Inc. | 9,387,368 |
| 221,400 | Hawaiian Electric Industries, Inc. | 5,652,342 |
| 155,200 | KeySpan Corp. | 5,585,648 |
| 525,000 | OGE Energy Corp. | 13,067,250 |
| 385,100 | Pepco Holdings, Inc. | 6,931,800 |
| 433,800 | Progress Energy, Inc. | 18,280,332 |
| 311,300 | Public Service Enterprise Group, Inc. | 12,140,700 |
| | | 152,380,956 |
| Total Common Stocks | | |
| (Cost \$1,014,241,537) | | 983,077,830 |
| Corporate Bonds - 1.5% | | |
| Financials - 0.6% | | |
| \$5,000,000 | BF Saul REIT, B+, ^(a) | |
| | 7.500%, 3/1/14 | 5,000,000 |
| Telecommunications Equipment - 0.9% | | |
| 7,500,000 | SBA Communications Corp., CCC - 10.250%, 02/01/09 | 7,800,000 |
| Total Corporate Bonds | | |
| (Cost \$12,601,106) | | 12,800,000 |

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Dreman/Claymore Dividend & Income Fund

Portfolio of Investments - July 31, 2004 (unaudited)

| Number of Shares | Security Name | Value |
|--|--|-------------|
| Number of Shares Preferred Stocks - 26.5% | | |
| Consumer Discretionary - 0.3% | | |
| 125,000 | Westcoast Hospitality Co., 9.500% | 3,159,375 |
| Consumer Staples - 0.5% | | |
| 40,000 | Dairy Farmers Of America, 7.875%, ^(a) | 4,092,500 |
| Energy - 3.5% | | |
| 440,000 | EL Paso Tennessee Pipe, 8.250% | 18,796,272 |
| 385,500 | Southern Union Co., 7.550% | 10,369,950 |
| | | 29,166,222 |
| Financials - 22.0% | | |
| 7,000,000 | Abbey Natl Cap Trust I, 8.963%, ^(b) | 8,976,338 |
| 58,000 | Abbey National PLC, Series B, ADR, 7.375% | 1,522,500 |
| 200,000 | ABN AMRO Cap Fund TR VII, 6.080% | 4,738,000 |
| 200,000 | Affordable Residential, 8.250% | 5,100,000 |
| 18,000 | Apartment Investment & Management Co., 10.100% | 478,260 |
| 80,000 | Banco Santander, 6.410%, ^(a) | 1,947,040 |
| 10,000,000 | Barclays Bank PLC, 8.550%, ^{(a)(b)} | 11,960,330 |
| 9,000,000 | CA Preferred Fund Trust, 7.000% | 9,078,948 |
| 189,300 | Chevy Chase Bank, 8.000% | 5,158,425 |
| 1,000 | Doral Financial Corp., Series B, 8.350% | 26,625 |
| 8,660 | Doral Financial Corp., Series C, 7.250% | 220,830 |
| 7,042,000 | HSBC Capital Funding, LP, 10.176%, ^{(a)(b)} | 9,969,465 |
| 12,840,000 | HSBC Capital Funding LP, 9.547%, ^{(a)(b)} | 15,791,941 |
| 140,500 | Lehman Brothers Holdings, 6.500% | 3,675,480 |
| 2,000,000 | Lloyds TSB Bank PLC, 6.900% | 2,038,260 |
| 80,000 | LTC Properties, Inc., 8.000% | 1,937,600 |
| 21,000 | Novastar Financial, Inc., Series C, 8.900% | 527,100 |
| 13,354,000 | Old Mutual Cap Funding 8%, 8.000% | 13,287,230 |
| 400,000 | Omega Healthcare, 8.375% | 10,036,000 |
| 31,000,000 | Prudential PLC, 6.500% | 29,195,862 |
| 6,400,000 | RBS Capital Trust B, 6.800% | 6,439,981 |
| 12,000,000 | Royal Bank Of Scotland, 9.118% | 14,511,480 |
| 5,750,000 | Royal Bank Of Scotland, 7.648%, ^(b) | 6,541,913 |
| 16,775,000 | UBS Pfd Funding Trust I, 8.622%, ^(b) | 19,983,219 |
| | | 183,142,827 |
| Utilities - 0.2% | | |
| 80,000 | Alabama Power Co., 5.300% | 1,844,800 |
| Total Preferred Stocks | | |

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Portfolio of Investments - July 31, 2004 (unaudited)

| Number of Shares | Security Name | Value |
|--|---|-----------------------|
| | (Cost \$230,135,062) | 221,405,724 |
| Investment Companies - 2.5% | | |
| 116,000 | Cohen & Steers REIT and Preferred Income Fund | 2,761,960 |
| 296,200 | Evergreen Income Advantage Fund | 4,511,126 |
| 232,600 | Hyperion Total Return Fund | 2,244,590 |
| 240,000 | Nuveen Preferred and Convertible Income Fund II | 3,249,600 |
| 211,200 | Nuveen Quality Preferred Income Fund II | 3,085,632 |
| 295,200 | Pioneer High Income Trust | 4,590,360 |
| 6,400 | Salomon Brothers Worldwide Income Fund, Inc. | 99,136 |
| Total Investment Companies | | |
| | (Cost \$21,925,956) | 20,542,404 |
| Total Long-Term Investments | | |
| | (Cost \$1,278,903,661) - 148.4% | 1,237,825,958 |
| Short-Term Investments - 2.4% | | |
| 20,321,534 | JP Morgan Prime Money Market Fund | |
| | (Cost \$20,321,534) | 20,321,534 |
| Total Investments | | |
| | (Cost \$1,299,225,195) - 150.8% | 1,258,147,492 |
| | Other Assets in Excess of Liabilities - 0.1% | 864,385 |
| | Preferred Shares, at Liquidation Value - (-50.9% of Net Assets Available to Common Shares or -33.8% of Total Investments) | (425,000,000) |
| Net Assets Applicable to Common Shares - 100.0% | | \$ 834,011,877 |

Ratings shown are per Standard & Poor's.

PLC Public Limited Company.

(a) Securities are exempt from registration under Rule 144A of the securities act of 1933.

These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At July 31, 2004 these securities amounted to \$48,761,276 or 5.85% of net assets

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- (b) Floating or Variable rate security.
- (c) Non-income producing security.

All percentages shown in the Portfolio of Investments are based on net assets applicable to Common Shares unless otherwise noted.

Futures:

| <u>Description</u> | <u>Number of Contracts</u> | <u>Expiration Month</u> | <u>Original Value</u> | <u>Value at 31-Jul-04</u> | <u>Unrealized Appreciation/ (Depreciation)</u> |
|---------------------------------|--------------------------------|-----------------------------|---------------------------|-------------------------------|--|
| Short Futures Contracts: | | | | | |
| U.S. Long Bond Futures (CBT) | 2,889 | Sep-04 | \$ 300,654,771.67 | \$ 312,643,968.75 | \$ (11,989,197.08) |
| 1 Month Libor Future | 48 | Sep-04 | 11,766,306.58 | 11,787,000.00 | (20,693.42) |
| | | | <u>\$ 312,421,078.25</u> | <u>\$ 324,430,968.75</u> | <u>\$ (12,009,890.50)</u> |

Item 2. Controls and Procedures.

- (a) The President and Treasurer have evaluated the registrant's disclosure controls and procedures within 90 days of the filing date of this report and have concluded that these controls and procedures are effective.

- (b) There were no changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during its last quarter that have materially affected or are reasonably likely to materially affect these controls.

Item 3. Exhibits.

A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Investment Company Act (17 CFR 270.30a-2(a)), exactly as set forth below: Attached hereto.

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) Dreman/Claymore Dividend & Income Fund

By: /s/ Nicholas Dalmaso
Nicholas Dalmaso
Chief Legal and Executive Officer

Date: September 29, 2004

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/ Nicholas Dalmaso
Nicholas Dalmaso
Chief Legal and Executive Officer

Date: September 29, 2004

By: /s/ Steven M. Hill
Steven M. Hill
Treasurer and Chief Financial Officer

Date: September 29, 2004