

Edgar Filing: DREMAN CLAYMORE DIVIDEND & INCOME FUND - Form N-Q

DREMAN CLAYMORE DIVIDEND & INCOME FUND  
Form N-Q  
March 26, 2009

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 60532  
-----

(Address of principal executive offices) (Zip code)

J. Thomas Futrell

2455 Corporate West Drive, Lisle, IL 60532  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: (630) 505-3700  
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Date of fiscal year end: October 31  
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Date of reporting period: January 31, 2009  
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Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (ss.ss. 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. ss. 3507.

ITEM 1. SCHEDULE OF INVESTMENTS.  
Attached hereto.

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DREMAN/CLAYMORE DIVIDEND & INCOME FUND  
 PORTFOLIO OF INVESTMENTS  
 JANUARY 31, 2009 (UNAUDITED)

NUMBER OF SHARES

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|           |                               |  |
|-----------|-------------------------------|--|
|           | TOTAL INVESTMENTS - 199.9%    |  |
|           | COMMON STOCKS - 86.0%         |  |
|           | CONSUMER DISCRETIONARY - 0.1% |  |
| 4,600     |                               | Walt Disney Co. (The)                              |
|           |                               |  |
|           | CONSUMER STAPLES - 2.3%       |  |
| 152,500   |                               | Altria Group, Inc.                                 |
|           |                               |  |
|           | ENERGY - 76.9%                |  |
| 422,882   |                               | Anadarko Petroleum Corp.                           |
| 183,600   |                               | Apache Corp.                                       |
| 369,600   |                               | ARC Energy Trust (Canada)                          |
| 326,704   |                               | Bonavista Energy Trust (Canada)                    |
| 309,300   |                               | ConocoPhillips                                     |
| 535,502   |                               | Crescent Point Energy Trust (Canada)               |
| 265,000   |                               | Devon Energy Corp.                                 |
| 20,009    |                               | DHT Maritime, Inc. (Marshall Islands)              |
| 50,436    |                               | Enerplus Resources Fund (Canada)                   |
| 42,801    |                               | Harvest Energy Trust (Canada)                      |
| 24,200    |                               | Pengrowth Energy Trust - Class A (Canada)          |
| 10,994    |                               | San Juan Basin Royalty Trust                       |
|           |                               |  |
|           | FINANCIALS - 3.3%             |  |
| 7,175     |                               | Apollo Investment Corp.                            |
| 250,000   |                               | Cypress Shapridge Investments, Inc. - REIT (a) (b) |
| 68,600    |                               | Hartford Financial Services Group, Inc.            |
| 2,090,015 |                               | Washington Mutual, Inc. (c)                        |
| 25,425    |                               | Wells Fargo & Co.                                  |
| 6,980     |                               | W.P. Stewart & Co. Ltd. (Bermuda) (c)              |
|           |                               |  |
|           | HEALTH CARE - 0.1%            |  |
| 6,100     |                               | Pfizer, Inc.                                       |
|           |                               |  |
|           | INDUSTRIALS - 3.3%            |  |
| 2,600     |                               | Caterpillar, Inc.                                  |
| 288,606   |                               | Contrans Income Fund (Canada)                      |
| 145,000   |                               | General Electric Co.                               |
| 52,400    |                               | New Flyer Industries, Inc. (Canada)                |
|           |                               |  |
|           | TOTAL COMMON STOCKS - 86.0%   |  |
|           | (Cost \$128,333,434)          |  |
|           |                               |  |
|           | PREFERRED STOCKS - 29.6%      |  |

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|           |  |  |
|-----------|--|--|
|           | CONSUMER DISCRETIONARY - 0.9%                              |  |
| 81,250    | Red Lion Hotels Capital Trust, 9.500%                      |  |
|           | CONSUMER STAPLES - 7.2%                                    |  |
| 140,000   | Dairy Farmers of America, 7.875% (a)                       |  |
|           | FINANCIALS - 21.5%   |  |
| 218,100   | Axis Capital Holdings Ltd., Series A, 7.250% (Bermuda)     |  |
| 50,000    | Axis Capital Holdings Ltd., Series B, 7.500% (Bermuda) (d) |  |
| 131,200   | Bank of America Corp. 6.700%                               |  |
| 60,000    | CIT Group, Inc., Series A, 6.350%                          |  |
| 360,000   | Endurance Specialty Holdings, Ltd., 7.750% (Bermuda)       |  |
| 1,060,000 | Fannie Mae, 6.750% (c)                                     |  |
| 1,500,000 | Fannie Mae, Series S, 8.250% (c) (d) (e)                   |  |
| 200,000   | Fannie Mae, Series E, 5.100% (c)                           |  |
| 80,000    | Fannie Mae, Series O, 7.000% (c) (d)                       |  |
| 280,000   | Fannie Mae, Series P, 4.500% (c) (d)                       |  |
| 100,000   | Freddie Mac, Series O, 5.810% (c)                          |  |
| 25,000    | Freddie Mac, Series T, 6.420% (c)                          |  |
| 242,000   | Odyssey Re Holdings Corp., Series A, 8.125%                |  |
| 577,400   | Scottish Re Group Ltd., 7.250% (Cayman Islands) (d) (c)    |  |
|           | TOTAL PREFERRED STOCKS - 29.6%                             |  |
|           | (Cost \$150,702,826)                                       |  |
|           | CONVERTIBLE PREFERRED STOCKS - 6.2%                        |  |
|           | FINANCIALS - 6.2%  |  |
| 225,000   | CIT Group, Inc. 8.750%                                     |  |
| 505       | Fannie Mae, 5.375% (c)                                     |  |
| 1,500,000 | Fannie Mae, Series 08-1, 8.750% (c)                        |  |
|           | TOTAL CONVERTIBLE PREFERRED STOCKS                         |  |
|           | (Cost \$136,081,000)                                       |  |

| PRINCIPAL AMOUNT |   | OPTIONAL<br>CALL PROVISIONS |
|------------------|---|-----------------------------|
|                  | CORPORATE BONDS - 21.2%   |                             |
|                  | ENERGY - 0.2%   |                             |
| \$ 500,000       | Connacher Oil and Gas Ltd., BB+, 10.250%, 12/15/15<br>(Canada) (a)                          | 12/15/11 @ 105              |
|                  | FINANCIALS - 21.0%  |                             |
| 6,000,000        | Barclays Bank PLC, A, 8.550%, 9/15/49<br>(United Kingdom) (a) (d)                           | 6/15/11 @ 100               |
| 13,354,000       | Old Mutual Capital Funding LP, NR, 8.000%, 5/29/49<br>(Channel Islands)                     | 3/22/09 @ 100               |
| 2,000,000        | Preferred Term Securities XI Ltd., NR<br>Subordinate Income Notes 0.000%, 9/24/33 (a) (c)   | N/A                         |
| 3,000,000        | Preferred Term Securities XIX Ltd., NR<br>Subordinate Income Notes 0.000%, 12/22/35 (a) (c) | N/A                         |
| 2,000,000        | Preferred Term Securities XX Ltd., NR   |                             |

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|            |  |               |
|------------|--|---------------|
|            | Subordinate Income Notes 0.000%, 3/22/38 (a) (c)         | N/A           |
| 2,000,000  | Preferred Term Securities XXI Ltd., NR                   |               |
|            | Subordinate Income Notes 0.000%, 3/22/38 (c)             | N/A           |
| 31,000,000 | Prudential PLC, A-, 6.500%, 6/29/49 (United Kingdom) (d) | 3/23/09 @ 100 |

TOTAL CORPORATE BONDS - 21.2%  
(Cost \$59,458,192)

NUMBER OF SHARES

|            |   |  |
|------------|---|--|
|            | EXCHANGE-TRADED FUNDS - 12.1%   |  |
|            | FINANCIALS - 12.1%  |  |
| 1,410,100  | Financial Select Sector SPDR Fund<br>(Cost \$36,397,170)  |  |
|            | LIMITED PARTNERSHIP - 0.4%  |  |
|            | REAL ESTATE - 0.4%  |  |
| 400,000    | Kodiak Funding, LP (b)<br>(Cost \$3,562,000)  |  |
|            | SHORT-TERM INVESTMENTS - 44.4%  |  |
| 47,717,485 | Dreyfus Money Market Bond Fund (f)<br>(Cost \$47,717,485)   |  |
|            | TOTAL INVESTMENTS - 199.9%<br>(Cost \$562,252,107)  |  |
|            | Liabilities in excess of Other Assets - (6.8%)  |  |
|            | Preferred Shares, at Liquidation Value - (93.1% of Net Assets Applicable<br>to Common Shares or 46.6% of Total Investments) (g) |  |
|            | NET ASSETS APPLICABLE TO COMMON SHARES - 100.0%   |  |

LP - Limited Partnership  
REIT - Real Estate Investment Trust

- (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 January 31, 2009, these securities amounted to 11.9% of net assets applicable to common shares.
- (b) Security is valued in accordance with Fair Valuation procedures established in good faith by the Board of Trustees. The total market value of such securities is \$2,400,000 which represents 2.2% of Net Assets Applicable to Common Shares.
- (c) Non-income producing security.
- (d) Floating or variable rate security.
- (e) All or a portion of these securities have been physically segregated in connection with open futures contracts.
- (f) Includes \$15,025,000 segregated for the announced redemption of \$15,000,000 of auction market preferred shares.
- (g) Reflects the announced redemption and defeasance of \$15,000,000 of auction market preferred shares on January 29, 2009.

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Ratings shown are per Standard & Poor's; securities classified NR are not rated by Standard & Poor's.

All percentages shown in the Portfolio of Investments are based on Net Assets Applicable to Common Shares unless otherwise noted.

At January 31, 2009, the following futures contracts were outstanding:

| SHORT<br>CONTRACTS                          | NUMBER OF<br>CONTRACTS | EXPIRATION<br>MONTH | ORIGINAL<br>VALUE | JANUARY |
|---|------------------------|---------------------|-------------------|---------|
| <hr style="border-top: 1px dashed black;"/> |                        |                     |                   |         |
| S&P 500 Future                              | 38                     | Mar-09              | \$ 8,444,694      | \$ 7    |

| Country Breakdown*                          | % of Total<br>Investments |
|---|---------------------------|
| <hr style="border-top: 1px dashed black;"/> |                           |
| United States                               | 72.0%                     |
| Canada                                      | 11.1%                     |
| United Kingdom                              | 8.2%                      |
| Bermuda                                     | 5.9%                      |
| Channel Island                              | 2.2%                      |
| Cayman Islands                              | 0.5%                      |
| Marshall Islands                            | 0.1%                      |
| <hr style="border-top: 1px dashed black;"/> |                           |

\* Subject to change daily.

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 January 31, 2009 were as follows:

| DESCRIPTION       | SECURITIES<br>----- | DERIVATIVES<br>----- | TOTAL<br>----- |
|-------------------|---------------------|----------------------|----------------|
| (value in \$000s) |                     |                      |                |
| Assets:           |                     |                      |                |
| Level 1           | \$ 189,537          | \$ -                 | \$ 189,537     |

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|         |            |        |            |
|---------|------------|--------|------------|
| Level 2 | 22,755     | 631    | 23,386     |
| Level 3 | 2,400      | -      | 2,400      |
|         | -----      | -----  | -----      |
| Total   | \$ 214,692 | \$ 631 | \$ 215,323 |
|         | =====      | =====  | =====      |

Liabilities:

|         |       |       |       |
|---------|-------|-------|-------|
| Level 1 | \$ -  | \$ -  | \$ -  |
| Level 2 | -     | -     | -     |
| Level 3 | -     | -     | -     |
|         | ----- | ----- | ----- |
| Total   | \$ -  | \$ -  | \$ -  |
|         | ===== | ===== | ===== |

| LEVEL 3 HOLDINGS               | SECURITIES | DERIVATIVES | TOTAL    |
|--------------------------------|------------|-------------|----------|
|                                | -----      | -----       | -----    |
| Beginning Balance at 10/31/08  | \$ 2,900   | \$ -        | \$ 2,900 |
| Total Realized Gain/Loss       | -          | -           | -        |
| Change in Unrealized Gain/Loss | (500)      | -           | (500)    |
| Net Purchases and Sales        | -          | -           | -        |
| Net Transfers In/Out           | -          | -           | -        |
|                                | -----      | -----       | -----    |
| Ending Balance at 1/31/09      | \$ 2,400   | \$ -        | \$ 2,400 |
|                                | =====      | =====       | =====    |

ITEM 2. 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, 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-Q was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

- (b) There was no change 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 last fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Separate certifications for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940, are 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.

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Dreman/Claymore Dividend & Income Fund

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By: /s/ J. Thomas Futrell

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J. Thomas Futrell  
Chief Executive Officer

Date: March 25, 2009

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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

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J. Thomas Futrell  
Chief Executive Officer

Date: March 25, 2009

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By: /s/ Steven M. Hill

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Steven M. Hill  
Treasurer and Chief Financial Officer

Date: March 25, 2009

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