DREMAN CLAYMORE DIVIDEND & INCOME FUND
Form N-CSRS
July 09, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

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)**

Nicholas Dalmaso

Claymore Advisors, LLC

2455 Corporate West Drive

Lisle, IL 60532

(Name and address of agent for service)

Registrant s telephone number, including area code: (630) 505-3700

Date of fiscal year end: October 31

Date of reporting period: April 30, 2007

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

Item 1. Reports to Stockholders.

www.dremanclaymore.com

... your path to the LATEST,

most up-to-date INFORMATION about the

Dreman/Claymore Dividend & Income Fund

The shareholder report you are reading right now is just the beginning of the story. Online at **www.dremanclaymore.com**, you will find:

Daily, weekly and monthly data on share prices, net asset values, distributions and more

Monthly portfolio overviews and performance analyses

Announcements, press releases and special notices

Fund and advisor contact information

Dreman Value Management and Claymore Securities are constantly updating and expanding shareholder information services on the Fund s website, in an ongoing effort to provide you with the most current information about how your Fund s assets are managed, and the results of our efforts. It is just one more small way we are working to keep you better informed about your investment in the Fund.

Dear Shareholder |

David N. Dreman

We thank you for your investment in the Dreman/Claymore Dividend & Income Fund (DCS or the Fund). This report covers performance for the six-months ended April 30, 2007.

As you may know, the Fund s investment objective is to construct and manage a portfolio of investments that provide a high level of current income with a secondary objective of capital appreciation. The Investment Manager manages with the goal of taking advantage of the favorable tax rates on qualified dividend income. The basis for our security selection process comes from Dreman Value Management s contrarian value philosophy of investing, which focuses on what we believe to be quality companies trading at attractive valuations relative to the market. Since many of the income-oriented securities in the portfolio are sensitive to changes in interest rates, we frequently employ hedging techniques to balance the impact on return of rising or falling interest rates. We believe that this defensive value-oriented style of investing has good potential to provide investors attractive risk-adjusted returns in a wide variety of market conditions.

All Fund returns cited whether based on net asset value (NAV) or market price assume the reinvestment of all distributions. The Fund s market price return for the six-months ended April 30, 2007, was 5.64%. This reflects a market price of $22.15 at the close of the period versus $21.61 on October 31, 2006. On an NAV basis, the Fund returned 4.84% for the six-month period, which reflects a change in NAV to $24.39 on April 30, 2007 from $23.91 at the start of the period. In comparison, the S&P 500 Index returned 8.60% for the six-month period ended April 30, 2007. The Fund s market price discount to NAV narrowed over the last six months to approximately 9.2% as of April 30, 2007, compared to a market price discount to NAV of 9.6% on October 31, 2006.

During the six-month period ended April 30, 2007, the Fund declared two quarterly dividends of $0.325 each. Subsequently, another dividend of $0.325 was declared on May 1, 2007. The current dividend rate represents an annualized distribution rate of 5.87% based upon the closing market price of $22.15 on April 30, 2007. Given the Fund s tax characteristics for the 2006 calendar year, this rate represents a tax-advantaged distribution rate of 7.48% for an individual shareholder subject to the maximum federal income tax rate of 35%. The final determination of the tax characteristics of dividends paid is made after the end of each calendar year. There can be no assurance that this characterization is indicative of future allocations or that this distribution rate will be achieved in the future.

We are pleased that the Fund s discount to NAV narrowed during the period. However, we believe the current discount continues to represent a compelling opportunity for investors, as common shares of the Fund are available in the market at prices significantly below the value of the securities in the underlying portfolio. When shares trade at a discount to NAV, the Dividend Reinvestment Plan (DRIP) takes advantage of the discount by reinvesting distributions in common shares of the Fund purchased in the market at a price less than NAV. Conversely, when the market price of the Fund s common shares is at a premium above NAV, the DRIP reinvests participants dividends in newly-issued common shares at NAV, subject to an IRS limitation that the purchase price cannot be more than 5% below the market price per share. The DRIP provides a cost effective method to accumulate additional shares and enjoy the benefits of compounding returns over time. Shareholders have the opportunity to reinvest their dividends from the Fund through the DRIP, which is described in detail on page 24 of this report. We provide a detailed discussion of the Fund s performance over the last six months in the Questions & Answers section of the report. You ll find information on the overall market environment, a discussion of which sectors and securities contributed and detracted from the Fund s performance and a summary of our contrarian value investment philosophy in that section, which begins on page 5 of this report.

We thank you for your continued investment in the Fund and we are honored that you have chosen the Dreman/Claymore Dividend & Income Fund as part of your investment portfolio. For the most up-to-date information on your investment, please visit the Fund s website at www.dremanclaymore.com

Sincerely,

David N. Dreman

Founder, Chairman and Chief Investment Officer of Dreman Value Management, LLC and

Trustee of the Dreman/Claymore Dividend & Income Fund

May 25, 2007

Questions & Answers |

David N. Dreman leads the management team of the Dreman/Claymore Dividend & Income Fund (the Fund). Dreman is the Founder, Chairman and Chief Investment Officer of Dreman Value Management, LLC (DVM). In the following interview he shares his thoughts on the equity market and the Fund s performance for the six-month period ended April 30, 2007

How did the U.S. equity market perform over the last six months?

Except for a period of weakness in late February and early March, equity markets were quite strong over the last six months. In fact, by the end of April, most indices were near their all-time highs. The Standard & Poor s 500 Index (S&P 500), which is generally regarded as a good indicator of the broad stock market, returned 8.60% for the period.

The market s strength during the period was broadly based, encompassing large-cap and small-cap issues and both growth and value stocks. While the difference between returns of growth and value stocks was not as great as it has been in some periods, large-cap value stocks such as those in which the Fund invests generally performed better than large-cap growth stocks. The Russell 1000® Value Index returned 9.79%, while the Russell 1000® Growth Index returned 8.42%. In contrast, among small-cap stocks, as measured by the Russell 2000® Index and the Russell 2000® Growth and Value Indices, growth stocks were stronger than value stocks.

How did the Fund perform in this market environment?

All Fund returns cited whether based on net asset value (NAV) or market price assume the reinvestment of all distributions. For the six-month period ending April 30, 2007, the Dreman/Claymore Dividend & Income Fund (the Fund) produced total returns of 4.84% and 5.64% based on NAV and market price, respectively.

We believe these returns are consistent with the Fund s investment objective, which is to provide its common shareholders with a high level of current income with a secondary objective of capital appreciation. We seek to manage the Fund to take advantage of the favorable tax rates on qualified dividend income. Equity securities are selected based on our contrarian value investment philosophy, as we try to take advantage of market inefficiencies and investor over-reaction to perceived negatives affecting solid companies. We consider this a defensive style of investing, as many of the securities in which we invest are, in our opinion, currently undervalued in the market. The Fund s sector positioning adds a further measure of defensiveness. For example, as of April 30, 2007, the Fund had a significantly greater weight than the S&P 500 Index in the consumer staples sector, which tends to experience fairly stable demand regardless of economic conditions. The Fund also held a much smaller weight than the index in economically sensitive sectors such as materials and industrials. In order to help satisfy the Fund s income requirement, we hold positions in utility stocks, preferred stocks and corporate bonds. To help reduce the interest rate sensitivity of these securities, we have taken a short position in Treasury bond futures. If interest rates rise, possibly pushing the prices of these income-oriented securities down, the loss should be offset through a gain on the short position. This would benefit the portfolio further as it would allow us the flexibility to purchase higher yielding instruments with the gain on the hedge. The Fund also has a partial hedge in place to help protect against the impact of rising short-term interest rates paid on its AMPS (Auction Market Preferred Shares) that are used as a means to leverage the portfolio. We believe our style of investment, with a combination of defensive elements, has good potential to provide investors solid returns from a combination of income and capital appreciation in a wide variety of market conditions.

The Fund s total return for the one-year period ended April 30, 2007 was 14.04% based on NAV and 23.37% based on market price. For the period from the Fund s inception on January 27, 2004 through April 30, 2007, the Fund generated an average annualized total return of 14.10% based on NAV and 9.76% based on market price, compared to a 15.30% total return for the Russell 1000® Value Index and a 10.27% total return for the S&P 500.

The Fund s market price discount to NAV narrowed over the last six months to approximately 9.2% as of April 30, 2007, compared to a market price discount to NAV of 9.6% on October 31, 2006.

In evaluating the Fund s performance, and especially when comparing performance to equity indices such as the S&P 500 and the Russell 1000® Value Index, it is important to remember that this is not a typical equity fund. Almost a third of the Fund s net assets are in corporate bonds, convertible preferred stocks, and preferred stocks, which are held because of the high level of qualified dividend income they provide. (Qualified dividend income is taxed at a more favorable rate than other types of investment income.) The returns of corporate bonds and preferred stocks tend to be less volatile than those of equities and therefore can be expected to provide lower rates of total return than equities over the long run. (Volatility is a measure of the extent to which the price of a financial asset fluctuates.)

Will you remind us of your process for selecting portfolio securities?

The portfolio s investment goal of providing a high level of income from qualified dividend income is central to investment selection. We choose stocks based on our contrarian value philosophy, which is based on our belief that consensus opinion, especially when it comes to investing, is often wrong. We seek companies that we believe are financially sound and that have, for one reason or another, fallen out of favor with the investing public. We look for stocks that we feel are trading below their intrinsic values, with prices that are low relative to their earnings (P/E the most common measure of how expensive a stock is) book value (P/B) and cash flow (P/CF). Typically, such companies have provided potential for above-market returns over time. We base our stock selection on fundamental bottom-up analysis a process of evaluation that accounts for the individual merits of each stock. While our disciplined process has generated favorable results over time, there is no guarantee that the perceived intrinsic value we see in individual securities will be realized.

Which trends or investment decisions most helped the Fund s performance and why

In prior periods, the Fund s concentration in tobacco stocks has contributed significantly to performance, and these stocks continued to move up over the last six months. Our two largest holdings as of April 30, 2007 were Altria Group, Inc., (9.3% of long-term investments) and UST (7.6% of long-term investments), Inc. Altria Group owns the domestic and international tobacco business of Philip Morris International as well as other non-tobacco assets. UST is the leader in smokeless tobacco in the United States. These tobacco stocks have great brands and we believe that they continue to provide good value, especially in light of recent court rulings in liability lawsuits, some of which have been more favorable than had been anticipated. However, since the stock prices have risen, their dividend yields are not as high as they were in the past. Accordingly, we have reduced our holdings somewhat. As anticipated, Altria spun off Kraft, Inc. to shareholders at the end of March 2007; we have sold the Kraft shares received.

We have held a significant position in energy stocks for some time because we believe that worldwide demand for energy is growing faster than supply and that energy prices will therefore remain high. Energy stocks were major contributors to performance in prior periods, but were essentially neutral over the last six months. However, the Fund s largest energy holding, ConocoPhillips (3.2% of long-term investments), performed quite well over the period. In order to generate the level of income appropriate for this Fund, a number of our energy holdings are Canadian income trusts with energy-related operations. Income trusts are publicly-traded entities whose interests in oil or gas fields are traded on securities exchanges like shares of corporate stock. Due to their structure, the income generated by these trusts is often treated as qualified dividend income. Stocks of several of the Canadian income trusts we hold, including ARC Energy Trust, Bonavista Energy Trust, Fairborne Energy Trust and Harvest Energy Trust (0.4%, 0.4%, 0.3% and 0.6% of long-term investments, respectively), dropped sharply last October in response to a proposed change in Canadian tax law that would change the tax treatment accorded to Canadian income trusts, in essence raising the amount of taxes to be paid on these investments. Most of these securities have since seen their price rebound. The outcome of this proposal, which would, if enacted, take effect in 2011, remains unclear. We believe it makes sense to maintain these investments, as they continue to provide good income and potential growth for the Fund.

Which areas of the Fund hurt performance during the period?

The Fund s greatest concentration was in the financial sector and this positioning detracted from performance over the last six months. Two large holdings, Freddie Mac (7.4% of long-term investments) and Washington Mutual, Inc. (3.4% of long-term investments) dropped sharply in the first quarter of 2007 on investor concerns about the profitability of their mortgage businesses in a weakening housing market. Although these companies are, in our view, financially sound and their exposure to mortgages of less credit-worthy borrowers who are likely to default is minimal, the stocks declined significantly because of the problems experienced by weaker mortgage lenders. We believe that these strong companies will increase market share as the marginal players exit the business, and we are maintaining our positions. While these stocks did not provide positive total returns during this period, their relatively high dividends added to current income.

Another detractor was Bank of America Corp. (2.8% of long-term investments), which dropped despite strong earnings reports; although this bank has a minimal position in sub-prime mortgages, investors may be concerned about the strength of its large consumer banking business. We have recently changed the structure of our positioning in the financial sector to achieve better diversification, adding to holdings in regional banks, including Regions Financial Corp., U.S. Bancorp. and Wachovia Corp. (1.0%, 1.0% and 1.3% of long-term investments, respectively).

Please tell us about the Fund s distributions during the period

During the six-month period, the Fund declared two quarterly dividends of $0.325 each. Subsequently, another dividend of $0.325 was declared on May 1, 2007. The current dividend rate represents an annualized distribution rate of 5.87% based upon the closing market price of $22.15 on April 30, 2007. This compares to a dividend yield of approximately 1.7% on the S&P 500.

Given the Fund s tax characteristics for the 2006 calendar year, the Fund s current dividend rate represents a tax-advantaged distribution rate of 7.48% for an individual shareholder subject to the maximum federal income tax rate of 35%. The final determination of the tax characteristics of dividends paid is made after the end of each calendar year. There can be no assurance that this characterization is indicative of future allocations or that this distribution rate will be achieved in the future.

Are there any special techniques you use to enhance the Fund s income?

We occasionally use a technique called dividend recapture, which involves purchasing a stock with a high dividend or one that has announced a special dividend just before the ex-dividend date. Theoretically the price of a stock should drop by the amount of the dividend on the day after the ex dividend date, since investors who buy on that day will not receive the dividend. We will often write a call option against a stock purchased for dividend recapture, generating income from the option writing premium. We will typically hold a stock purchased for dividend recapture for slightly more than 60 days, and then repeat the process with another stock. Dividend recapture added marginally to income over the last six months.

The Fund also invests in corporate bonds, which represented 1.2% of long-term investments as of April 30, 2007, which, of course, have higher yields than most stocks. Since bond interest does not qualify for the favorable tax treatment that dividends do, we generally try to limit bond income to an amount sufficient to pay the Fund s expenses.

Would you explain the Fund s leverage strategy?

Like many of its peers, the Fund utilizes leverage (borrowing) as part of its investment strategy. The purpose of leverage is to finance the purchase of additional securities that provide increased income and potentially greater appreciation potential to common shareholders than could be achieved from a portfolio that is not leveraged. Over the last six months, borrowings were approximately 28% of the Fund s managed assets. In executing this strategy, the Fund issued short-term AMPS (Auction Market Preferred Shares), which are essentially short-term notes. Because the Fund has a AAA credit rating, it is possible to borrow at a very low interest rate. A leveraged portfolio, of course, results in greater NAV volatility and entails more downside risk than an unleveraged portfolio. The use of leverage also makes the Fund more vulnerable to rising interest rates. However, we employed a hedge on approximately 35% of the Fund s AMPS over this period to lock in the interest rate, protecting against the possibility of rising rates, thereby increasing the defensiveness of the portfolio. Over the last six months, steady short-term interest rates meant that the Fund s cost of leverage remained stable. We will continue to employ our leverage strategy as long as we believe there is a benefit to doing so.

What is your outlook for the markets and the Fund in the coming months?

After three years of above-trend growth, the US economy seems to have shifted to a pace near or slightly below most estimates of its long-term potential. History indicates that economies go through periods of expansion and contraction and any slowing in economic growth tends to result in less robust equity markets. We urge investors to take a long-term view and avoid reacting to the fluctuations that are unavoidable when investing in stocks and bonds. We have confidence that our contrarian value investing philosophy can help shareholders achieve better risk-adjusted returns than the broader market over time through a combination of current income and capital appreciation. We believe that our defensive style of investing is likely to prove particularly rewarding for investors if a reduced rate of economic growth produces increased volatility or general weakness in the equity market.

DCS Risks and Other Considerations

The views expressed in this report reflect those of the Portfolio Managers and Claymore only through the report period as stated on the cover. These views are subject to change at any time, based on market and other conditions and should not be construed as a recommendation of any kind. The material may also contain forward-looking statements that involve risk and uncertainty, and there is no guarantee they will come to pass.

There can be no assurance that the Fund will achieve its investment objectives. 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. Past performance does not guarantee future results.

Risks and considerations include, but are not limited to: Hedging Risk; Not a Complete Investment Program; Market Discount Risk; Equity Risk; Special Risks Related to Preferred Securities; Income Risk; Value Investing Risk; Fund Distribution Risk; Interest Rate Risk; Inflation Risk; Foreign Securities; Non-diversified Status; Industry Concentration Risk; Lower-Rated Securities; Financial Leverage; Management Risk; Dependence on Key Personnel; Anti-Takeover Provisions; Illiquid Securities; Common Stock Risk; Special Risks of Derivative Transactions and Geopolitical Risks. There can be no assurance that a percentage of dividends paid on common shares, if any, will consist of qualifying dividend income. Investors should consider the investment objectives and policies, risk considerations, charges and expenses of the Fund before they invest.

DCS | Dreman/Claymore Dividend & Income Fund

Fund Summary | As of April 30, 2007 (unaudited)

Fund Statistics	
Share Price	$ 22.15
Common Share Net Asset Value	$ 24.39
Premium/Discount to NAV	-9.18%
Net Assets Applicable to Common Shares ($000)	$ 1,107,400

Total Returns **(Inception 1/27/04)**	**Market**	**NAV**
Six Months	5.64%	4.84%
One Year	23.37%	14.04%
Since Inception average annual	9.76%	14.10%

Sector Breakdown	**% of Long-Term Investments**
Financials	46.5%
Consumer Staples	21.3%
Energy	14.0%
Health Care	8.5%
Utilities	4.4%
Investment Companies	2.6%
Telecommunications	1.2%
Information Technology	0.3%
Other	1.2%

Industry Breakdown	**% of Long-Term Investments**
Tobacco	19.8%
Thrifts & Mortgage Finance	16.0%
Commercial Banks	15.2%
Oil & Gas	14.6%
Pharmaceuticals	7.7%
Diversified Financial Services	6.6%
Insurance	4.8%
Electric Utilities	3.8%
Real Estate & Real Estate Investment Trusts	2.6%
Investment Companies	2.6%
Diversified Telecommunication	1.2%
Health Care Providers & Services	1.1%
Other	4.0%

Past performance is not a guarantee of future results. Portfolio information is subject to change.

Share Price & NAV Performance

Portfolio Composition (% of Total Investments)

Top Ten Issuers	**% of Long-Term Investments**
Altria Group Inc.	9.3%
UST, Inc.	7.6%
Freddie Mac	7.4%
Pfizer, Inc.	6.0%
Washington Mutual, Inc.	3.4%
Fannie Mae	3.4%
ConocoPhillips	3.2%
Bank of America Corp.	2.8%
Universal Corp.	2.5%
Prudential PLC	2.1%

DCS | Dreman/Claymore Dividend & Income Fund

Portfolio of Investments | April 30, 2007 (unaudited)

Number of Shares		Value
	Long-Term Investments 135.9%	
	Common Stocks 93.8%	
	Consumer Discretionary 0.2%	
123,700	Regal Entertainment Group Class A	$ 2,690,475
	Consumer Staples 24.3%	
2,037,500	Altria Group Inc (a)	140,424,500
100,000	Dean Foods Co. (e)	3,643,000
135,000	Domino s Pizza, Inc.	4,353,750
2,096,500	UST, Inc. (a)	113,966,476
349,650	Vector Group Ltd.	6,381,113
		268,768,839
	Energy 19.0%	
163,800	Anadarko Petroleum Corp.	7,642,908
116,600	Apache Corp.	8,453,500
288,700	ARC Energy Trust (Canada)	5,675,842
150,000	Baytex Energy Trust (Canada)	2,850,000
192,500	Bonavista Energy Trust (Canada)	5,420,800
43,800	BP Prudhoe Bay Royalty Trust	2,817,654
303,400	Chevron Corp.	23,601,486
686,200	ConocoPhillips (a)	47,587,970
1,060,900	Crescent Point Energy Trust (Canada)	18,067,127
336,000	Devon Energy Corp (a)	24,484,320
100,000	Double Hull Tankers, Inc. (Channel Islands)	1,593,000
361,200	Enerplus Resources Fund (Canada)	15,712,200
654,300	Fairborne Energy Trust (Canada)	5,090,454
100,000	Focus Energy Trust (Canada)	1,698,000
325,000	Harvest Energy Trust (Canada)	9,022,000
131,500	Pengrowth Energy Trust (Canada)	2,271,005
685,000	Penn West Energy Trust (Canada)	20,515,750
100,800	San Juan Basin Royalty Trust	3,237,696
91,800	Vermilion Energy Trust (Canada)	2,791,638
95,200	W.P. Stewart & Co. (Bermuda)	973,896
57,500	Williams Coal Seam Gas Trust	642,850
		210,150,096
	Financials 31.9%	
99,400	Allstate Corp.	6,194,608
344,600	American Home Mortgage Investment Corp., REIT	8,539,188
250,600	Apollo Investment Corp.	5,505,682
818,300	Bank of America Corp. (a)	41,651,470
100,000	Crystal River Capital, Inc., REIT	2,627,000
750,000	Cypress Shapridge Investments, Inc. (b) (e)	7,687,500
1,712,200	Freddie Mac (a)	110,916,316
68,600	Hartford Financial Services Group, Inc.	6,942,320
163,900	JER Investors Trust, Inc., REIT	2,886,279

724,800	KeyCorp.	25,860,864
277,900	KKR Financial Corp., REIT	7,422,709
282,100	Newcastle Investment Corp., REIT	8,240,141
233,600	PNC Financial Services Group, Inc.	17,309,760
415,000	Regions Financial Corp.	14,562,350
448,600	U.S. Bancorp	15,409,410
348,300	Wachovia Corp. (a)	19,344,582
1,232,800	Washington Mutual, Inc. (a)	51,752,944
		352,853,123
	Healthcare 11.5%	
432,400	Eli Lilly & Co.	25,567,812
3,423,100	Pfizer, Inc. (a)	90,575,226
211,400	UnitedHealth Group, Inc. (a)	11,216,884
		127,359,922
	Industrials 0.1%	
56,800	Eagle Bulk Shipping, Inc. (Marshall Island)	1,279,136
	Information Technology 0.5%	
5,000,000	Freescale Semiconductor, Inc. (b)	5,075,000
	Telecommunications 1.7%	
107,000	Alaska Communications Systems Group, Inc.	1,701,300
429,500	AT&T, Inc.	16,630,240
		18,331,540
	Utilities 4.6%	
361,900	Empire District Electric Co.	8,938,930
317,200	Great Plains Energy, Inc.	10,353,408
267,878	Integrys Energy Group, Inc.	15,027,928
345,600	Progress Energy, Inc.	17,470,080
		51,790,346
	Total Common Stocks 93.8%	
	(Cost $849,971,378)	1,038,298,477
	Preferred Stocks 32.2%	
	Consumer Discretionary 0.2%	
81,250	Red Lion Hotels Capital Trust, 9.500%	2,158,000
	Consumer Staples 4.6%	
140,000	Dairy Farmers of America, 7.875% (b)	14,420,000
25,000	Universal Corp., 6.750%	37,043,750
		51,463,750
	Financials 26.0%	
7,000,000	Abbey National Capital Trust I, 8.963% (c)	9,297,407
200,000	ABN AMRO Capital Fund Trust VII, 6.080%	4,976,000
80,000	AEGON N.V., 6.875% (Netherlands)	2,118,400
200,000	Affordable Residential, Series A, 8.250%	4,950,000
33,400	Arch Capital Group, Ltd., 7.875% (Bermuda)	881,426
340,000	Arch Capital Group, Ltd., 8.000% (Bermuda)	9,061,000

20,000	Aspen Insurance Holdings Ltd, 7.401% (Bermuda) (c)	514,000
218,100	Axis Capital Holdings Ltd., Series A, 7.250% (Bermuda)	5,659,695
50,000	Axis Capital Holdings Ltd., Series B, 7.500% (Bermuda) (c)	5,421,875
80,000	Banco Santander, Series 1, 6.410% (Spain)	2,040,000
10,000,000	Barclays Bank PLC, 8.550% (United Kingdom) (b) (c)	11,213,160
11,000,000	CA Preferred Funding Trust, 7.000%	11,208,263

See notes to financial statements.

DCS | Dreman/Claymore Dividend & Income Fund | **Portfolio of Investments** (unaudited) continued

Number of Shares		Value
189,300	Chevy Chase Bank, Series C, 8.000%	$ 5,003,199
310,000	CIT Group, Inc., Series A, 6.350%	8,056,900
300,000	Deutsche Bank Capital Funding Trust VIII, 6.375%	7,680,000
1,000	Doral Financial Corp., Series B, 8.350% (Puerto Rico)	15,250
8,660	Doral Financial Corp., Series C, 7.250% (Puerto Rico)	113,013
412,000	Endurance Specialty Holdings, Ltd., 7.750% (Bermuda)	10,955,080
200,000	Fannie Mae, Series E, 5.100%	9,481,260
80,000	Fannie Mae, Series O, 7.015% (c)	4,225,000
200,000	First Republic Bank, 6.700%	5,100,000
50,000	Franklin Bank Corp., Series A, 7.500%	1,300,000
100,000	Freddie Mac, Series O, 5.810%	5,141,000
25,000	Freddie Mac, Series T, 6.420%	1,345,125
80,000	Goldman Sachs Group, Inc., 6.200%	2,052,800
5,000,000	HCA Inc., 9.250% (b)	5,462,500
7,042,000	HSBC Capital Funding LP, 10.176% (Channel Islands) (b) (c)	10,281,637
12,840,000	HSBC Capital Funding LP, 9.547% (Channel Islands) (b) (c)	14,410,679
100,000	HSBC Holdings PLC, Series A, 6.200% (United Kingdom)	2,534,000
140,500	Lehman Brothers Holdings, Inc., Series F, 6.500%	3,658,620
2,000,000	Lloyds TSB Bank PLC, 6.900% (United Kingdom)	2,007,320
80,000	LTC Properties, Inc., Series F, 8.000%	2,040,000
50,000	MetLife, Inc., Series B, 6.500%	1,316,000
100,000	Morgan Stanley, Series A, 6.074% (c)	2,620,000
245,000	Odyssey Re Holdings Corp., Series A, 8.125%	6,367,550
152,100	Odyssey Re Holdings Corp., Series B, 8.610% (c)	4,004,793
13,354,000	Old Mutual Capital Funding, 8.000% (Channel Islands)	13,872,135
400,000	OMEGA Healthcare, Series D, 8.375%	10,356,000
31,000,000	Prudential PLC, 6.500% (United Kingdom)	31,270,971
6,400,000	RBS Capital Trust, Series B, 6.800%	6,458,732
5,750,000	Royal Bank Of Scotland Group PLC, 7.648% (United Kingdom) (c)	6,705,569
12,000,000	Royal Bank Of Scotland Group PLC, Series 1, 9.118% (United Kingdom), ADR	13,247,472
100,000	Santander Finance Preferred SA Unipersonal, 6.800% (Spain) (b)	2,546,880
577,400	Scottish Re Group Ltd., 7.250% (Cayman Islands) (c)	12,991,500
6,775,000	UBS Preferred Fund, 8.622% (c)	7,483,746
		287,445,957
	Utilities 1.4%	
80,000	Alabama Power Co., 5.300%	1,942,400
120,000	PPL Electric Utilities Corp., 6.250%	3,161,256
385,500	Southern Union Co., 7.550%	9,926,625
		15,030,281
	Total Preferred Stocks 32.2%	
	(Cost $341,566,307)	356,097,988
	Convertible Preferred Stocks 4.6%	
	Financials 4.6%	
505	Fannie Mae, 5.375%	
	(Cost $49,831,000)	51,303,960

	Investment Companies 3.6%	
116,000	Cohen & Steers REIT and Preferred Income Fund	3,502,040
246,200	Evergreen Income Advantage Fund	3,619,140
222,600	Hyperion Total Return Fund	2,021,208
190,000	Nuveen Preferred and Convertible Income Fund 2	2,648,600
161,200	Nuveen Quality Preferred Income Fund II	2,356,744
272,200	Pioneer High Income Trust	4,913,210
138,500	Spdr Trust Series 1	20,538,165
	Total Investment Companies	
	(Cost $39,312,301)	39,599,107

Principal Amount		Value
	Corporate Bonds 1.2%	
	Financials 0.7%	
$ 2,000,000	Preferred Term Securities XI Ltd., NR	
	6.70%, 9/24/33 (b) (c)	1,473,900
3,000,000	Preferred Term Securities XIX Ltd., NR	
	6.42%, 12/22/35 (b) (c)	2,421,900
2,000,000	Preferred Term Securities XX Ltd., NR	
	5.80%, 3/22/38 (b) (c)	1,694,000
2,000,000	Preferred Term Securities XXI Ltd., NR	
	5.95%, 3/22/38 (c)	1,813,700
		7,403,500
	Retail 0.5%	
5,000,000	Neiman-Marcus Group, Inc., B-	
	10.375% 10/15/15	5,643,750
	Total Corporate Bonds 1.2%	
	(Cost $14,519,701)	13,047,250
	Asset-Backed Securities 0.1%	
2,000,000	Kodiak, Inc., Series 2006-1A, (Cayman Islands) NR CDO Equity Tranche, Variable Rate, 8/07/37 (Cost $2,000,000)	1,000,000

See notes to financial statements.

DCS | Dreman/Claymore Dividend & Income Fund | **Portfolio of Investments** (unaudited) continued

Number of Shares		Value
	Master Limited Partnership 0.4%	
	Real Estate 0.4%	
4,000,000	Kodiak Funding, LP (d)	
	(Cost $3,610,000)	$ 4,431,571
	Total Long-Term Investments 135.9%	
	(Cost $1,300,810,687)	1,503,778,353
	Short-Term Investments 2.7%	
	Money Market Fund 2.7%	
30,003,297	JP Morgan Prime Money Market Fund	
	(Cost $30,003,297)	30,003,297
	Total Investments 138.6%	1,533,781,650
	(Cost $1,330,813,984)	
	Liabilities in excess of Other Assets (0.1%)	(701,948)
	Total Options Written (0.1%)	(679,423)
	Preferred Shares, at Liquidation Value (-38.4% of Net Assets Applicable to Common Shares or -27.8% of Total Investments)	(425,000,000)
	Net Assets Applicable to Common Shares 100.0%	**$ 1,107,400,279**

Contracts (100 shares per contract)	Call Options Written[e]	Expiration Date	Exercise Price	Market Value
1,000	Dean Foods Co.	May 2007	$ 46.50	$ 510,322
1,350	Domino s Pizza, Inc.	June 2007	19.25	169,101
	Total Call Options Written			
	(Premiums received $327,941)			$ 679,423

LP Limited Partnership

REIT Real Estate Investment Trust

ADR American Depository Receipt

(a) All or a portion of these securities have been physically segregated in connection with a swap agreement and open futures contracts.

(b) 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 April 30, 2007, these securities amounted to 6.9% of net assets applicable to common shares.

(c) Floating or variable rate security.

(d) 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 $4,431,571 which represents 0.4% of Net Assets Applicable to Common Shares.

(e) Non-incoming producing security.

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.

See notes to financial statements.

DCS | Dreman/Claymore Dividend & Income Fund

Statement of Assets and Liabilities | April 30, 2007 (unaudited)

Assets	
Investments in securities, at value (cost $1,330,813,984)	$ 1,533,781,650
Dividends and interest receivable	4,527,718
Unrealized appreciation on interest rate swap	1,775,966
Other assets	360,647
Total assets	1,540,445,981
Liabilities	
Payable for securities purchased	3,104,545
Variation margin payable	2,437,597
Advisory fee payable	1,068,417
Options written at value (premiums received of $327,941)	679,423
Dividends payable preferred shares	452,125
Due to custodian	118,893
Administrative fee payable	19,468
Accrued expenses and other liabilities	165,234
Total liabilities	8,045,702
Preferred Shares, at redemption value	
Auction Market Preferred Shares authorized, $.01 par value per share;	
17,000 issued and outstanding at $25,000 per share liquidation preference	425,000,000
Net Assets Applicable to Common Shareholders	$ 1,107,400,279
Composition of Net Assets Applicable to Common Shareholders	
Common stock, $.01 par value per share; unlimited number of shares authorized, 45,399,424 shares issued and outstanding	$ 453,994
Additional paid-in capital	859,670,266
Accumulated net unrealized appreciation on investments, futures, options and swap transactions	207,845,413
Accumulated net realized gain on investments, futures and swap transactions	45,002,350
Accumulated undistributed net investment income	(5,571,744)
Net Assets Applicable to Common Shareholders	$ 1,107,400,279
Net Asset Value Applicable to Common Shareholders (based on 45,399,424 common shares outstanding)	$ 24.39

See notes to financial statements.

DCS | Dreman/Claymore Dividend & Income Fund

Statement of Operations | For the six months ended April 30, 2007 (unaudited)

Investment Income		
Dividends (net of foreign withholding taxes of $421,501 and return of capital received of $290,000)	$ 34,855,783	
Interest (net of foreign withholding taxes of $176,805)	6,865,834	
Total income		$ 41,721,617
Expenses		
Advisory fee	6,373,625	
Auction agent fee-preferred shares	548,118	
Administrative fee	119,614	
Professional fees	111,583	
Fund accounting	104,478	
Trustees fees and expenses	96,390	
Printing expenses	80,444	
Transfer agent fee	77,313	
Custodian fee	69,570	
Insurance expense	33,896	
NYSE listing	26,156	
Miscellaneous	8,088	
Rating agency fee	7,060	
Total expenses		7,656,335
Net investment income		34,065,282
Realized and Unrealized Gain (Loss) on Investments, Futures and Swap Transactions		
Net realized gain (loss) on:		
Investments		42,335,769
Futures		(7,390,033)
Swaps		747,167
Net change in unrealized appreciation on:		
Investments		(16,057,260)
Futures		9,795,514
Options		(351,482)
Swaps		(555,453)
Net gain on investments, futures, options, and swap transactions		28,524,222
Distributions to Preferred Shares from		
Net investment income		(10,985,658)
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations		$ 51,603,846

See notes to financial statements.

Statements of Changes in Net Assets

Applicable to Common Shares |

	For the Six Months Ended April 30, 2007 (unaudited)	For the Year Ended October 31, 2006
Increase in Net Assets Applicable to Common Shareholders Resulting from Operations		
Net investment income	$ 34,065,282	$ 64,413,115
Net realized gain (loss) on investments, futures and swap transactions	35,692,903	37,598,413
Net change in unrealized appreciation (depreciation) on investments, futures, options, and swap transactions	(7,168,681)	126,444,509
Distributions to Preferred Shareholders from		
Net investment income	(10,985,658)	(20,141,082)
Net increase in net assets applicable to common shareholders resulting from operations	51,603,846	208,314,955
Distributions to Common Shareholders		
From and in excess of net investment income	(29,509,625)	(59,019,251)
Total increase in net assets applicable to common shareholders	22,094,221	149,295,704
Net Assets		
Beginning of period	1,085,306,058	936,010,354
End of period (including accumulated undistributed net investment income of ($5,571,744) and $858,257, respectively.)	$ 1,107,400,279	$ 1,085,306,058

See notes to financial statements.

DCS | Dreman/Claymore Dividend & Income Fund

Financial Highlights |

Per share operating performance **for a common share outstanding throughout the period**	**For the Six Months Ended April 30, 2007 (unaudited)**	**For the Year Ended October 31, 2006**	**For the Year Ended October 31, 2005**	**For the Period January 27, 2004* through October 31, 2004**
Net asset value, beginning of period	$ 23.91	$ 20.62	$ 18.89	$ 19.10(b)
Income from investment operations				
Net investment income(a)	0.75	1.42	1.20	0.86
Net realized and unrealized gain (loss) on investments, futures and swap transactions	0.62	3.61	2.11	(0.18)
Distributions to Preferred Shareholders				
From net investment income and return of capital (common share equivalent basis)	(0.24)	(0.44)	(0.28)	(0.09)
Total from investment operations	1.13	4.59	3.03	0.59

Distributions to Common Shareholders