

Edgar Filing: Small Cap Premium & Dividend Income Fund, Inc. - Form N-CSRS

Small Cap Premium & Dividend Income Fund, Inc.
Form N-CSRS
September 06, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number 811-21746

Name of Fund: Small Cap Premium & Dividend Income Fund Inc.

Fund Address: P.O. Box 9011
Princeton, NJ 08543-9011

Name and address of agent for service: Mitchell M. Cox, Chief Executive Officer,
Small Cap Premium & Dividend Income Fund Inc., 4 World Financial Center,
6th Floor, New York, New York 10080.

Registrant's telephone number, including area code: (212) 449-4742

Date of fiscal year end: 12/31/07

Date of reporting period: 01/01/07 - 06/30/07

Item 1 - Report to Stockholders

Small Cap Premium &
Dividend Income Fund Inc.

Semi-Annual Report
(Unaudited)
June 30, 2007

[LOGO] IQ INVESTMENT
ADVISORS

BLACKROCK

Small Cap Premium & Dividend Income Fund Inc.

Proxy Results

During the six-month period ended June 30, 2007, the shareholders of Small Cap Premium & Dividend Income Fund Inc. voted on the following proposal, which was approved at an annual shareholders' meeting on April 27, 2007. A description of the proposal and number of shares voted are as follows:

Shares Voted Shares Wi
For From Vo

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1. To elect the Fund's Board of Directors:	Paul Glasserman	12,076,456	173,0
	Steven W. Kohlhagen	12,079,256	170,2
	William J. Rainer	12,082,650	166,8

Directors and Officers

William J. Rainer, Director and Chairman of the Board
 Paul Glasserman, Director and Chairman of the Audit Committee
 Steven W. Kohlhagen, Director and Chairman of the
 Nominating and Corporate Governance Committee
 Donald C. Burke, Vice President and Secretary
 Martin G. Byrne, Chief Legal Officer
 Mitchell M. Cox, President
 Justin C. Ferri, Vice President
 Jay M. Fife, Vice President
 James E. Hillman, Vice President and Treasurer
 Catherine A. Johnston, Chief Compliance Officer
 Colleen R. Rusch, Vice President

Custodian

State Street Bank and Trust Company
 P.O. Box 351
 Boston, MA 02101

Transfer Agent

The Bank of New York
 101 Barclay Street -- 11 East
 New York, NY 10286

NYSE Symbol

RCC

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Portfolio Information

As of June 30, 2007

Ten Largest Holdings	Percent of Net Assets
CF Industries Holdings, Inc.	0.2%
Flir Systems, Inc.	0.2
Polycom, Inc.	0.2
Florida East Coast Industries, Inc.	0.2
Time Warner Telecom, Inc. Class A	0.2
Sotheby's Holdings, Inc. Class A	0.2
Hologic, Inc.	0.2
ValueClick, Inc.	0.2
Alexandria Real Estate Equities, Inc.	0.2
Equinix, Inc.	0.2

Five Largest Industries Percent of Net Assets

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Real Estate Investment Trusts (REITs)	6.1%
Banks: Outside New York City	5.3
Computer Services Software & Systems	4.8
Retail	3.7
Services: Commercial	3.5

Sector Representation	Percent of Long-Term Investments
Financials Services	22.7%
Consumer Discretionary	19.3
Technology	13.2
Health Care	11.5
Materials & Processing	9.6
Producer Durables	7.5
Other Energy	4.9
Auto & Transportation	4.4
Utilities	4.1
Consumer Staples	2.3
Other	0.4
Integrated Oils	0.1

For Fund portfolio compliance purposes, the Fund's industry and sector classifications refer to any one or more of the industry and sector sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry and sector sub-classifications for reporting ease.

SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC. JUNE 30, 2007 3

A Discussion With Your Fund's Portfolio Managers

We are pleased to provide you with this shareholder report for Small Cap Premium & Dividend Income Fund Inc. (the "Fund"). While the Fund is advised by IQ Investment Advisors, the following discussion is provided by BlackRock Investment Management, LLC, the Fund's subadvisor.

The investment objective of the Fund is to provide shareholders with a high level of income, with a secondary objective of capital appreciation.

How did the Fund perform during the six-month period?

For the six-month period ending June 30, 2007, the Common Stock of the Fund had a total investment return of +4.42%, based on a change in per share net asset value of \$18.80 to \$18.63, and assuming reinvestment of a \$1.00 distribution paid on June 29, 2007. During the same period, the Russell 2000(R) Index, the Fund's unmanaged reference index, had a total return of +6.45% (including reinvestment of any dividends).

For more detail with regard to the Fund's total investment return based on a change in the per share market value of the Fund's Common Stock (as measured by the trading price of the Fund's shares on the New York Stock Exchange), and assuming reinvestment of dividends, please refer to the Financial Highlights section of this report. As a closed-end fund, the Fund's shares may trade in the secondary market at a premium or discount to the Fund's net asset value. As a result, total investment returns based on changes in the market value of the Fund's Common Stock can vary significantly from total investment returns based

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on changes in the Fund's net asset value.

How did you manage the portfolio during the six-month period?

Our overall investment strategy involves a three-pronged approach aimed at achieving the Fund's objectives. First, we use a proprietary, quantitative model to build a diversified portfolio of stocks that approximates the sector weights and risk characteristics of the Russell 2000 Index. Second, we sell Russell 2000 Index call options in an effort to generate additional income for the Fund's shareholders. Finally, the third element of our investment strategy involves the periodic rebalancing of the portfolio in order to track the risks and composition of the Russell 2000 Index.

How would you characterize the Fund's position at the close of the six-month period?

We are continuing in our efforts to maintain a portfolio that closely replicates the composition of the Russell 2000 Index. Given the Fund's investment process and current positions, we believe the Fund is well positioned to meet its objectives.

Jonathan Clark
Portfolio Manager

Debra L. Jelilian
Portfolio Manager

Jeffrey L. Russo, CFA
Portfolio Manager

July 13, 2007

Russell 2000 is a registered trademark of the Frank Russell Company.

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Summary Schedule of Investments as of June 30, 2007 (Unaudited)

This summary schedule of investments is presented to help investors focus on the Fund's principal holdings. It includes the Fund's 50 largest holdings and each investment of any issuer that exceeds 1% of the Fund's net assets. "Other Securities" represent all issues not required to be disclosed under the rules adopted by the Securities and Exchange Commission. In addition, the summary schedule of investments allows the adviser certain efficiencies. As such, any cost savings in report production or printing are passed on to the Fund and, ultimately to Fund shareholders. A complete schedule of investments is available without charge, upon request, by calling 1-877-449-4742 or on the Securities and Exchange Commission's Web site at <http://www.sec.gov>.

Industry	Shares Held	Common Stocks	
Advertising Agencies	16,230	ValueClick, Inc. (a) Other Securities	\$ ---

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Aerospace		Other Securities
Agriculture, Fishing & Ranching		Other Securities
Air Transport		Other Securities
Aluminum		Other Securities
Auto Parts: After Market		Other Securities
Auto Parts: Original Equipment	12,470	Lear Corp. (a) Other Securities
Auto, Trucks & Parts		Other Securities
Banks: New York City		Other Securities
Banks: Outside New York City		Other Securities
Beverage: Brewers (Wineries)		Other Securities
Beverage: Soft Drinks		Other Securities
Biotechnology Research & Production		Other Securities
Building Materials		Other Securities
Building: Cement		Other Securities
Building: Heating & Plumbing		Other Securities
Building: Miscellaneous		Other Securities
Building: Roofing & Wallboard		Other Securities
Cable Television Services		Other Securities
Casinos & Gambling		Other Securities
Chemicals	9,000 19,900	CF Industries Holdings, Inc. Hercules, Inc. (a) Other Securities
Coal		Other Securities
Commercial Information Services		Other Securities
Communications & Media		Other Securities
Communications Technology	5,000 23,700 42,900	Anixter International, Inc. (a) (b) Foundry Networks, Inc. (a) Sonus Networks, Inc. (a) Other Securities
Computer Services Software & Systems	5,000	Equinix, Inc. (a)

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6,800	Micros Systems, Inc. (a)
21,800	Nuance Communications, Inc. (a)
19,520	Parametric Technology Corp. (a)
	Other Securities

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JUNE 30, 2007

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Summary Schedule of Investments (continued)

Industry	Shares Held	Common Stocks	
Computer Technology		Other Securities	\$
Construction	5,200	EMCOR Group, Inc. (a)	
	5,900	Granite Construction, Inc.	
	4,700	Washington Group International, Inc. (a)	
		Other Securities	
Consumer Electronics		Other Securities	
Consumer Products		Other Securities	
Containers & Packaging: Metals & Glass	11,500	AptarGroup, Inc.	
		Other Securities	
Containers & Packaging: Paper & Plastic		Other Securities	
Copper		Other Securities	
Cosmetics		Other Securities	
Diversified Financial Services		Other Securities	
Diversified Materials & Processing	7,500	Acuity Brands, Inc.	
		Other Securities	
Drug & Grocery Store Chains		Other Securities	
Drugs & Pharmaceuticals		Other Securities	
Education Services		Other Securities	
Electrical & Electronics		Other Securities	
Electrical Equipment & Components	7,470	Baldor Electric Co.	

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Other Securities

Electrical: Household Appliance		Other Securities
Electronics	11,400	Flir Systems, Inc. (a) Other Securities
Electronics: Instruments, Gauges & Meters	4,890	Itron, Inc. (a) Other Securities
Electronics: Medical Systems	8,750	Hologic, Inc. (a) Other Securities
Electronics: Semi-Conductors/ Components	37,900	ON Semiconductor Corp. (a) Other Securities
Electronics: Technology		Other Securities
Energy Miscellaneous		Other Securities
Engineering & Contracting Services		Other Securities
Entertainment		Other Securities
Fertilizers	15,100	Terra Industries, Inc. (a)
Finance Companies	6,300	International Securities Exchange, Inc. Other Securities

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JUNE 30, 2007

Summary Schedule of Investments (continued)

Industry	Shares Held	Common Stocks	
Finance: Small Loan		Other Securities	\$
Financial Data Processing Services & Systems	9,000	Deluxe Corp. Other Securities	

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Financial Information Services		Other Securities
Financial Miscellaneous	10,600	Sotheby's Holdings, Inc. Class A Other Securities
Foods		Other Securities
Forest Products		Other Securities
Forms & Bulk Printing Services		Other Securities
Funeral Parlors & Cemeteries		Other Securities
Glass		Other Securities
Gold		Other Securities
Health Care Facilities		Other Securities
Health Care Management Services		Other Securities
Health Care Services		Other Securities
Homebuilding		Other Securities
Hotel/Motel		Other Securities
Household Furnishings		Other Securities
Identification Control & Filter Devices		Other Securities
Industrial Products		Other Securities
Insurance: Life		Other Securities
Insurance: Multi-Line		Other Securities
Insurance: Property-Casualty	15,200 10,300	Aspen Insurance Holdings Ltd. Ohio Casualty Corp. Other Securities
Investment Management Companies	17,376	Apollo Investment Corp. Other Securities
Jewelry, Watches & Gemstones		Other Securities
Leisure Time		Other Securities
Machine Tools		Other Securities
Machinery & Engineering		Other Securities
Machinery: Agricultural		Other Securities
Machinery: Construction & Handling		Other Securities

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Machinery: Engines		Other Securities
Machinery: Industrial/Specialty		Other Securities
Machinery: Oil Well Equipment & Services	15,100	Hanover Compressor Co. (a) Other Securities
Machinery: Specialty	5,850	Bucyrus International, Inc. Other Securities
Manufactured Housing		Other Securities
Manufacturing		Other Securities

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Summary Schedule of Investments (continued)

Industry	Shares Held	Common Stocks	
Medical & Dental Instruments & Supplies	7,200 7,800 5,100	Inverness Medical Innovations, Inc. (a) Kyphon, Inc. (a) Ventana Medical Systems, Inc. (a) Other Securities	\$
Medical Services		Other Securities	
Metal Fabricating		Other Securities	
Metals & Minerals Miscellaneous		Other Securities	
Milling: Fruit & Grain Processing		Other Securities	
Miscellaneous Business & Consumer Discretionary		Other Securities	
Miscellaneous Consumer Staples		Other Securities	
Miscellaneous Health Care		Other Securities	
Miscellaneous Materials & Commodities		Other Securities	
Miscellaneous Materials & Processing		Other Securities	

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Miscellaneous Producer Durables		Other Securities
Miscellaneous Technology		Other Securities
Multi-Sector Companies		Other Securities
Office Furniture & Business Equipment		Other Securities
Offshore Drilling		Other Securities
Oil: Crude Producers	26,250	PetroHawk Energy Corp. (a) Other Securities
Oil: Integrated Domestic		Other Securities
Oil: Integrated International		Other Securities
Paints & Coatings		Other Securities
Paper		Other Securities
Photography		Other Securities
Plastics		Other Securities
Pollution Control & Environmental Services		Other Securities
Power Transmission Equipment		Other Securities
Printing & Copying Services		Other Securities
Production Technology Equipment		Other Securities
Publishing: Miscellaneous		Other Securities
Publishing: Newspapers		Other Securities
Radio & TV Broadcasters		Other Securities
Railroad Equipment		Other Securities
Railroads	6,000	Florida East Coast Industries, Inc. Other Securities
Real Estate		Other Securities
Real Estate Investment Trusts (REITs)	4,800 13,700 7,100	Alexandria Real Estate Equities, Inc. Nationwide Health Properties, Inc. Post Properties, Inc.

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Industry	Shares Held	Common Stocks	
Real Estate Investment Trusts (REITs) (concluded)	16,600	Realty Income Corp. Other Securities	\$
Recreational Vehicles & Boats		Other Securities	
Rental & Leasing Services: Commercial		Other Securities	
Rental & Leasing Services: Consumer		Other Securities	
Restaurants	5,000 5,100	Chipotle Mexican Grill, Inc. Class B (a) Jack in the Box, Inc. (a) Other Securities	
Retail	8,400 5,900	Men's Wearhouse, Inc. Priceline.com, Inc. (a) Other Securities	
Savings & Loan		Other Securities	
Scientific Equipment & Suppliers		Other Securities	
Securities Brokerage & Services		Other Securities	
Services: Commercial		Other Securities	
Shipping		Other Securities	
Shoes		Other Securities	
Steel		Other Securities	
Sugar		Other Securities	
Telecommunications Equipment	25,300 7,300 14,900	Andrew Corp. (a) (b) Belden, Inc. Polycom, Inc. (a) Other Securities	
Textile Products		Other Securities	
Textiles Apparel Manufacturers		Other Securities	
Tires & Rubber		Other Securities	
Tobacco		Other Securities	

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Toys		Other Securities	
Transportation Miscellaneous		Other Securities	
Truckers		Other Securities	
Utilities: Cable TV & Radio		Other Securities	
Utilities: Electrical	15,300	Westar Energy, Inc. Other Securities	
Utilities: Gas Distributors		Other Securities	
Utilities: Miscellaneous		Other Securities	
Utilities: Telecommunications	24,430	Time Warner Telecom, Inc. Class A (a) Other Securities	
Utilities: Water		Other Securities	
Wholesale & International Trade		Other Securities	
Wholesalers		Other Securities	
		Total Common Stocks (Cost -- \$209,460,234)	2

SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

JUNE 30, 2007

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Summary Schedule of Investments (concluded)

		Mutual Funds	
		Other Securities	\$
		Total Mutual Funds (Cost -- \$314,432)	
	Face Amount	Short-Term Securities	
Time Deposits	\$20,931,213	State Street Bank & Trust Co., 4.25% due 7/02/2007	
		Total Short-Term Securities	

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(Cost -- \$20,931,213)

Total Investments
(Cost -- \$230,705,879)

Number of
Contracts Options Written

1,700 Russell 2000 Index, expiring July 2007
at USD 850

Total Options Written
(Premiums Received -- \$2,754,760)

Total Investments, Net of Options Written (Cost -- \$227,951,119*)

Liabilities in Excess of Other Assets

Net Assets

* The cost and unrealized appreciation (depreciation) of investments, net of options written, as of June 30, 2007 as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 254,061,508
Gross unrealized appreciation	\$ 7,024,027
Gross unrealized depreciation	(5,891,155)
Net unrealized appreciation	\$ 1,132,872

- (a) Non-income producing security.
- (b) All or a portion of security held as collateral in connection with open financial futures contracts.
- o For Fund portfolio compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease.
- o "Other Securities" represent issues that are not identified as the 50 largest holdings of the Fund and issues not exceeding 1% of net assets. Some securities, or a portion thereof, in this category are held as collateral in connection with open financial futures contracts.
- o Financial futures contracts purchased as of June 30, 2007 were as follows:

Number of Contracts	Issue	Expiration Date	Face Value	Unrealized Depreciation
35	Russell 2000 Index	September 2007	\$14,815,949	\$ (79,199)

See Notes to Financial Statements.

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SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

JUNE 30, 2007

Statement of Assets, Liabilities and Capital

As of June 30, 2007 (Unaudited)

Assets

Investments in unaffiliated securities, at value (identified cost -- \$230,705,
 Cash
 Receivables:
 Dividends
 Securities sold
 Interest
 Prepaid expenses
 Total assets

Liabilities

Options written, at value (premiums received -- \$2,754,760)
 Payables:
 Investment adviser
 Variation margin
 Options written
 Accrued expenses
 Total liabilities

Net Assets

Net assets

Capital

Common Stock, par value \$.001 per share, 100,000,000 shares authorized
 Paid-in capital in excess of par
 Accumulated distributions in excess of investment income -- net
 Accumulated realized capital losses -- net
 Unrealized appreciation -- net
 Total accumulated earnings -- net
 Total capital -- Equivalent to \$18.63 per share based on 13,693,810 shares
 of Common Stock outstanding (market price -- \$19.36)

See Notes to Financial Statements.

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SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

JUNE 30, 2007

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Statement of Operations

For the Six Months Ended June 30, 2007 (Unaudited)

Investment Income

Dividends (net of \$466 foreign withholding tax)
 Interest
 Total income

Expenses

Investment advisory fees
 Professional fees
 Accounting services
 Transfer agent fees
 Directors' fees and expenses
 Printing and shareholder reports
 Licensing fees
 Repurchase offer fees
 Listing fees
 Custodian fees
 Other
 Total expenses
 Investment income -- net

Realized & Unrealized Gain (Loss) -- Net

Realized gain (loss) on:
 Investments -- net
 Financial futures contracts -- net
 Options written -- net
 Change in unrealized appreciation/depreciation on:
 Investments -- net
 Financial futures contracts -- net
 Options written -- net
 Total realized and unrealized gain -- net
 Net Increase in Net Assets Resulting from Operations

See Notes to Financial Statements.

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SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

JUNE 30, 2007

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Statements of Changes in Net Assets

Increase (Decrease) in Net Assets:

Operations

Investment income -- net
 Realized gain -- net
 Change in unrealized appreciation/depreciation -- net

 Net increase in net assets resulting from operations

Dividends & Distributions to Shareholders

Investment income -- net
 Realized gain -- net
 Tax return of capital

 Net decrease in net assets resulting from dividends and
 distributions to shareholders

Common Stock Transactions

Adjustment of offering costs resulting from the issuance
 of Common Stock
 Net redemption of Common Stock resulting from a repurchase offer
 (includes \$45,013 of repurchase fees)
 Value of shares issued to Common Stock shareholders in
 reinvestment of dividends

 Net increase (decrease) in net assets resulting from
 Common Stock transactions

Net Assets

Total decrease in net assets
 Beginning of period

 End of period*

* Undistributed (accumulated distributions in excess of) investment
 income -- net

+ A portion of the dividends from net investment income may be deemed a tax
 return of capital or net realized gain at fiscal year end.

See Notes to Financial Statements.

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Financial Highlights

For the Six
Months Ended
June 30,
2007
(Unaudited)

The following per share data and ratios have been derived from information provided in the financial statements.

Per Share Operating Performance

Net asset value, beginning of period	\$	18.80
Investment income -- net***02
Realized and unrealized gain (loss) -- net80
Total from investment operations82
Less dividends and distributions from:		
Investment income -- net		(1.00)
Realized gain -- net		--
Tax return of capital		--
Total dividends and distributions		(1.00)
Offering costs, including adjustments, resulting from the issuance of Common Stock01
Net asset value, end of period	\$	18.63
Market price per share, end of period	\$	19.36

Total Investment Return**

Based on net asset value per share	4.42
Based on market price per share	4.67

Ratios to Average Net Assets

Expenses	1.08
Investment income -- net25

Supplemental Data

Net assets, end of period (in thousands)	\$	255,084
Portfolio turnover		11

* Annualized.

** Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially

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different returns. Total investment returns exclude the effects of sales charges.

- *** Based on average shares outstanding.
- + Commencement of operations.
- ++ Includes repurchase fees, which are less than \$.01 per share.
- @ Aggregate total investment return.
- @@ A portion of the dividends from net investment income may be deemed a tax return of capital or net realized gain at fiscal year end.

See Notes to Financial Statements.

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JUNE 30, 2007

Notes to Financial Statements (Unaudited)

1. Significant Accounting Policies:

Small Cap Premium & Dividend Income Fund Inc. (the "Fund") is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company with a fixed term of existence of approximately five years. The Fund's financial statements are prepared in conformity with U.S. generally accepted accounting principles, which may require the use of management accruals and estimates. Actual results may differ from these estimates. These unaudited financial statements reflect all adjustments, which are, in the opinion of management, necessary to present a fair statement of the results for the interim period. All such adjustments are of a normal, recurring nature. The Fund determines and makes available for publication the net asset value of its Common Stock on a daily basis. The Fund's Common Stock shares are listed on the New York Stock Exchange ("NYSE") under the symbol RCC. The following is a summary of significant accounting policies followed by the Fund.

(a) Valuation of investments -- Equity securities held by the Fund that are traded on stock exchanges or the NASDAQ Global Market are valued at the last sale price or official close price on the exchange, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available bid price for long positions, and at the last available asked price for short positions. In cases where equity securities are traded on more than one exchange, the securities are valued on the exchange designated as the primary market by or under the authority of the Board of Directors of the Fund. Long positions traded in the over-the-counter ("OTC") market, NASDAQ Capital Market or Bulletin Board are valued at the last available bid price or yield equivalent obtained from one or more dealers or pricing services approved by the Board of Directors of the Fund. Short positions traded in the OTC market are valued at the last available asked price. Portfolio securities that are traded both in the OTC market and on a stock exchange are valued according to the broadest and most representative market.

Options written or purchased are valued at the last sale price in the case of exchange-traded options. Options traded in the OTC market are valued at the last asked price (options written) or the last bid price (options purchased). Swap agreements are valued based upon quoted fair valuations received daily by the Fund from a pricing service or counterparty. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their last sale price as of the close of such exchanges. Obligations with remaining maturities of 60 days or less are valued at amortized cost unless the investment adviser believes that this method no longer produces fair valuations.

Repurchase agreements are valued at cost plus accrued interest. The Fund employs pricing services to provide certain securities prices for the Fund. Securities and assets for which market quotations are not readily available are valued at

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fair value as determined in good faith by or under the direction of the Board of Directors of the Fund, including valuations furnished by the pricing services retained by the Fund, which may use a matrix system for valuations. The procedures of a pricing service and its valuations are reviewed by the officers of the Fund under the general supervision of the Fund's Board of Directors. Such valuations and procedures will be reviewed periodically by the Board of Directors of the Fund.

Generally, trading in foreign securities, as well as U.S. government securities, money market instruments and certain fixed income securities, is substantially completed each day at various times prior to the close of business on the NYSE. The values of such securities used in computing the net asset value of the Fund's shares are determined as of such times. Foreign currency exchange rates generally will be determined as of the close of business on the NYSE. Occasionally, events affecting the values of such securities and such exchange rates may occur between the times at which they are determined and the close of business on the NYSE that may not be reflected in the computation of the Fund's net asset value. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such securities, those securities may be valued at their fair value as determined in good faith by the Fund's Board of Directors or by the investment adviser using a pricing service and/or procedures approved by the Fund's Board of Directors.

(b) Derivative financial instruments -- The Fund will engage in various portfolio investment strategies both to enhance its returns or as a proxy for a direct investment in securities underlying the Fund's index. Losses may arise due to changes in the value of the contract due to an unfavorable change in the price of the underlying security or index, or if the counterparty does not perform under the contract. The counterparty for certain instruments may pledge cash or securities as collateral.

o Options -- The Fund purchases and writes call options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market

SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

JUNE 30, 2007

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Notes to Financial Statements (continued)

value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received).

Written and purchased options are non-income producing investments.

o Financial futures contracts -- The Fund may purchase or sell financial futures contracts and options on such financial futures contracts. Financial futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits, and maintains, as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known

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as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

(c) Income taxes -- It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

(d) Security transactions and investment income -- Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual basis.

(e) Dividends and distributions -- Dividends and distributions paid by the Fund are recorded on the ex-dividend dates. For the current period ended June 30, 2007, Fund management believes it is likely total dividends and distributions may exceed net investment income and accumulated realized capital gains, resulting in a portion of the total distribution treated as a tax return of capital. Portions of the distributions paid by the Fund during the year ended December 31, 2006 were characterized as a tax return of capital.

(f) Offering expenses -- Direct expenses relating to the public offering of the Fund's Common Stock were charged to capital at the time of issuance of the shares. Any adjustments to estimates of offering costs were recorded to capital.

(g) Recent accounting pronouncements -- Effective June 29, 2007, the Fund implemented Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes -- an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including investment companies, before being measured and recognized in the financial statements. Management has evaluated the application of FIN 48 to the Fund, and has determined that the adoption of FIN 48 does not have a material impact on the Fund's financial statements. The Fund files U.S. and various state tax returns. No income tax returns are currently under examination.

In September 2006, Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. At this time, management is evaluating the implications of FAS 157 and its impact on the Fund's financial statements, if any, has not been determined.

In addition, in February 2007, Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS 159"), was issued and is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FAS 157. FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. FAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. At this time, management is evaluating the implications of FAS 159 and its impact on the Fund's financial statements,

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if any, has not been determined.

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JUNE 30, 2007

Notes to Financial Statements (concluded)

2. Investment Advisory Agreement and Transactions with Affiliates:

The Fund has entered into an Investment Advisory and Management Agreement with IQ Investment Advisors LLC ("IQ"), an indirect subsidiary of Merrill Lynch & Co., Inc. ("ML & Co."). IQ is responsible for the investment advisory, management and administrative services to the Fund. In addition, IQ provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund will pay a monthly fee at an annual rate equal to .90% of the average daily value of the Fund's net assets plus borrowings for leverage and other investment purposes. In addition, IQ has entered into a Subadvisory Agreement with BlackRock Investment Management, LLC (the "Subadviser"), an indirect, wholly owned subsidiary of BlackRock, Inc. ("BlackRock"), pursuant to which the Subadviser provides certain investment advisory services to IQ with respect to the Fund. For such services, IQ will pay the Subadviser a monthly fee at an annual rate of .39% of the average daily value of the Fund's net assets plus borrowings for leverage and other investment purposes. There is no increase in the aggregate fees paid by the Fund for these services.

IQ has entered into an Administration Agreement with Princeton Administrators, LLC (the "Administrator"). The Administration Agreement provides that IQ will pay the Administrator a fee from its investment advisory fee at an annual rate equal to .12% of the average daily value of the Fund's net assets plus borrowings for leverage and other investment purposes for the performance of administrative and other services necessary for the operation of the Fund. There is no increase in the aggregate fees paid by the Fund for these services. The Administrator is an indirect subsidiary of BlackRock. ML & Co. is a principal owner of BlackRock.

Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of IQ, received \$2,155 in commissions on the execution of portfolio security transactions for the Fund for the six months ended June 30, 2007.

Certain officers of the Fund are officers of IQ, ML & Co., BlackRock, Inc. or its affiliates.

3. Investments:

Purchases and sales of investments, excluding short-term securities, for the six months ended June 30, 2007 were \$25,746,520 and \$39,661,468, respectively.

Transactions in options written for the six months ended June 30, 2007 were as follows:

	Number of Contracts	Premiums Received
Outstanding call options written, at beginning of period	1,650	\$ 2,422,350
Options written	14,050	19,342,083
Options expired	(2,275)	(2,309,000)
Options closed	(11,725)	(16,700,673)

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Outstanding call options written, at end of period	1,700	\$ 2,754,760
	=====	=====

4. Common Stock Transactions:

The Fund is authorized to issue 100,000,000 shares of stock, all of which are initially classified as Common Stock, par value \$.001. The Board of Directors is authorized, however, to classify and reclassify any unissued shares of Common Stock without approval of the holders of Common Stock.

Shares issued and outstanding during the six months ended June 30, 2007 increased by 82,012 as a result of dividend reinvestment. Shares issued and outstanding during the year ended December 31, 2006 increased by 107,871 as a result of dividend reinvestment and decreased by 4,501,309 as a result of a repurchase.

The Fund will make offers to repurchase its shares at annual (approximately 12-month) intervals. The shares tendered in the repurchase offer will be subject to a repurchase fee retained by the Fund to compensate the Fund for expenses directly related to the repurchase offer.

5. Subsequent Event:

On July 20, 2007, 49,300 shares (0.36% of the shares outstanding) were repurchased by the Fund from its shareholders at \$18.82 per share, (subject to a repurchase fee of \$.07 per share) for \$924,375, pursuant to the Fund's repurchase offer.

SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

JUNE 30, 2007

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Renewal of Current Investment Advisory and Management Agreements

The Board of Directors of each Fund, currently consisting solely of Independent Directors, as defined in Section 2(a)(19) of the Investment Company Act of 1940 (the "Investment Company Act"), has the responsibility under the Investment Company Act to consider annually the Investment Advisory and Management Agreement of each Fund (each, a "Management Agreement" and together, the "Management Agreements") with IQ Investment Advisors LLC ("IQ Advisors").

At a Board meeting held on June 14, 2007, all of the Directors present at the meeting renewed the Management Agreement for each Fund for an additional one-year term. Each Management Agreement was considered separately by the relevant Fund's Directors. In considering whether to approve the Management Agreements, the Directors reviewed a meeting book and other materials from counsel to the Funds and from IQ Advisors which: (i) included information concerning the services rendered to the Funds by IQ Advisors and IQ Advisors' affiliates; (ii) contained information concerning the revenues and expenses incurred by IQ Advisors and its affiliates from the operation of the Funds; and (iii) outlined the legal duties of the Board under the Investment Company Act. The Board also received information from Lipper, Inc. ("Lipper") comparing each Fund's fee rate for advisory and administrative services to those of other closed-end funds chosen by Lipper. In voting to approve the renewal of each Fund's Management Agreement, the Directors considered in particular the following factors:

(a) The nature, extent and quality of services provided by IQ Advisors and its affiliates -- The Directors reviewed the services that IQ Advisors has provided to the Funds. They considered the size and experience of IQ Advisors' staff, its use of technology, and the degree to which IQ Advisors exercises supervision

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over the actions of each Fund's subadviser. In connection with the investment advisory services provided, the Directors took into account detailed discussions they had with officers of IQ Advisors regarding the management of each Fund's investments in accordance with the Fund's stated investment objective and policies and the types of transactions entered into on behalf of each Fund. During these discussions, the Directors asked detailed questions of, and received answers from, the officers of IQ Advisors regarding the implementation of each Fund's investment strategy, its efficacy and risks.

In addition to the investment advisory services provided to the Funds, the Directors considered that IQ Advisors and its affiliates also provide administrative services, stockholder services, oversight of Fund accounting, marketing services, assistance in meeting legal and regulatory requirements and other services necessary for the operation of the Funds. In particular, the Directors reviewed the compliance and administrative services provided to the Funds by IQ Advisors, including its oversight of each Fund's day-to-day operations and its oversight of Fund accounting. The Directors noted that IQ Advisors has access to administrative, legal and compliance resources that help ensure a high level of quality in the compliance and administrative services provided to the Funds. The Directors also considered each Fund's compliance history. Following their consideration of this information, and based on the presentations at the meeting and the Directors' experience as Directors of other investment companies advised by IQ Advisors, the Directors concluded that the services provided to each Fund by IQ Advisors under the respective Management Agreement were of a high quality and benefited the Funds.

(b) Investment performance of each Fund and IQ Advisors -- The Directors considered the history, experience, resources and strengths of IQ Advisors and its affiliates in developing and implementing the investment strategies used by each Fund. The Directors also considered the innovative nature of each Fund. The Directors noted that each Fund uses a unique investment strategy and that comparisons of a Fund's investment performance to the performance of other investment companies were generally not meaningful. The Directors reviewed each Fund's investment performance and where applicable, compared such performance to the performance of a relevant reference index. The Directors discussed the degree to which each Fund was achieving its investment objective, noting that each Fund had been in operation for a relatively short period of time. In particular, the Directors noted that all of the Funds generally performed as expected relative to their respective reference index and met their respective investment objectives. As a result of their discussions and review, the Directors concluded that each Fund's performance was satisfactory. Based on these factors, the Directors determined that IQ Advisors continued to be an appropriate investment adviser for the Funds.

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JUNE 30, 2007

(c) Cost of services provided and profits realized by IQ Advisors and its affiliates from the relationship with each of the Funds -- The Directors reviewed and considered a memorandum from IQ Advisors regarding the methodology used by IQ Advisors in allocating its costs regarding the operations of the Funds and calculating each Fund's profitability (if any) to IQ Advisors and its affiliates. The Directors noted that IQ Advisors' methodology in calculating profitability had previously been reviewed by independent consultants. The Directors also reviewed a report detailing IQ Advisors' profitability. After considering their discussion with IQ Advisors and reviewing its memorandum and report, the Directors concluded that there was a reasonable basis for the allocation of costs and the determination of profitability. The Directors considered the cost of the services provided by IQ Advisors to each Fund and the revenue derived by IQ Advisors and its affiliates. The Directors took into account discussions that they had with representatives of IQ Advisors regarding

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its general level of profitability (if any), and the profits derived by its affiliates, including Merrill Lynch Investment Managers, L.P. ("MLIM") prior to its merger with BlackRock, Inc. ("BlackRock"), from operating the Funds. The Directors also considered the direct and indirect benefits derived by other IQ Advisors affiliates, including Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), from the establishment of the Funds, including the underwriting arrangements relating to the initial distribution of Fund shares. The Directors considered federal court decisions discussing an investment adviser's profitability and profitability levels considered to be reasonable in those decisions. The Directors concluded that any profits made by IQ Advisors and its affiliates (including MLIM and MLPF&S) are acceptable in relation to the nature, extent and quality of services provided. The Directors also concluded that each Fund benefited from such services provided by IQ Advisors' affiliates.

(d) The extent to which economies of scale would be realized as a Fund grows and whether fee levels would reflect such economies of scale -- The Directors considered the extent to which economies of scale might be realized if the assets of the Funds increase and whether there should be changes in the management fee rate or structure in order to enable a Fund to participate in these economies of scale. The Directors noted that, because each Fund is a closed-end fund, any increase in asset levels generally would have to come from appreciation through investment performance. The Directors also noted that each Fund, except for Dow 30SM Premium & Dividend Income Fund Inc. and S&P 500(R) Covered Call Fund Inc., is an interval fund that periodically allows stockholders to tender their shares to the Funds and that such tender offers reduce the amount of Fund assets. In consideration of these and other factors, the Directors determined that no changes were currently necessary to each Fund's fee structure. The Directors also discussed the renewal requirements for investment advisory agreements, and determined that they would revisit this issue no later than when they next review the investment advisory fees.

(e) Comparison of services rendered and fees paid to those under other investment advisory contracts, such as contracts of the same and other investment advisers or other clients -- The Directors compared both the services rendered and the fees paid under the Management Agreements to the contracts of other investment advisers with respect to other closed-end registered investment companies. In particular, the Directors evaluated each Fund's contractual fee rate for advisory and administrative services as compared to the contractual fee rate of other closed-end funds chosen by Lipper. In considering this information, the Directors took into account the unique nature of the investment strategies of the Funds and the fact that the relevant peer group of funds provided by Lipper for comparison have investment strategies and restrictions different from those of the Funds. The Directors did not consider compensation paid to IQ Advisors with respect to accounts other than registered investment companies because IQ Advisors utilizes each Fund's strategy in connection with only registered funds. In particular, the Directors noted that each Fund's contractual advisory fee rate at a common asset level was lower than the median fee rate of its Lipper comparison funds. The Directors concluded that the advisory fee rates were reasonable in comparison to the data reflected in the Lipper materials.

(f) Conclusion -- No single factor was determinative to the decision of the Directors. Based on the foregoing and such other matters as were deemed relevant, all of the Directors concluded that the advisory fee rate of each Fund was reasonable in relation to the services provided by IQ Advisors to the Funds, as well as the costs incurred and benefits gained by IQ Advisors and its affiliates in providing such services, including the investment advisory and administrative components. The Directors also found the investment advisory fees to be reasonable in comparison to the fees charged by advisers to other funds of a similar size. As a result, the Board of Directors of each Fund approved the Management Agreement for each Fund. The Directors were represented by independent legal counsel who assisted them in their deliberations.

Renewal of Current Investment Subadvisory Agreements

The Board of Directors of each Fund, currently consisting solely of Independent Directors, at a meeting held on June 14, 2007 considered and approved the renewal of the Current Investment Subadvisory Agreement of each Fund (each a "Subadvisory Agreement" and together, the "Subadvisory Agreements"). Each Subadvisory Agreement was considered separately by the relevant Fund's Directors. The Directors received, reviewed and evaluated information concerning the services and personnel of BlackRock Investment Management, LLC ("BlackRock"), as subadviser to each of S&P 500(R) GEAREDSM Fund Inc. and Small Cap Premium & Dividend Income Fund Inc.; Oppenheimer Capital LLC ("Oppenheimer"), as subadviser to each of S&P 500(R) Covered Call Fund Inc. and Enhanced S&P 500(R) Covered Call Fund Inc.; and Nuveen Asset Management ("Nuveen," and together with BlackRock and Oppenheimer, the "Subadvisers"), as subadviser to Dow 30SM Premium & Dividend Income Fund Inc. and Global Income & Currency Fund Inc.

(a) The nature, extent and quality of services provided by each Subadviser -- The Directors reviewed the services that each Subadviser provides to each of their respective Funds. The Directors considered their detailed discussions with officers of IQ Advisors and members of each Subadviser's portfolio management team, the management of each Fund's investments in accordance with the Fund's stated investment objective and policies and the types of transactions that have been entered into on behalf of the Funds. The Directors took into account the annual due diligence investment review conducted by Merrill Lynch Global Private Client Investment Management, an affiliate of IQ Advisors, of each Subadviser and its report that concluded that each such Subadviser has thus far executed its respective Fund's investment strategies in accordance with the Fund's objectives and general expectations. The Directors noted that, drawing on their collective industry experience, they had discussed each Fund's investment strategy with representatives from each Subadviser, including discussions regarding the premises underlying the Fund's investment strategy, its efficacy and potential risks. The Directors also considered the favorable history, reputation and background of each Subadviser and its personnel, and the substantial experience of such Subadviser's portfolio management teams. The Directors discussed the compliance program of each Subadviser and the report of Mrs. Catherine Johnston, the chief compliance officer of the Funds. Following consideration of this information, and based on management presentations during the Board meeting and their discussion during an Executive Session, the Directors concluded that the nature, extent and quality of services provided to each Fund by the applicable Subadviser under its Subadvisory Agreement were of a high quality and would continue to benefit the Fund.

(b) Investment performance of each Fund and each Subadviser -- The Directors received and considered information about each Fund's investment performance in comparison to the performance of its relative reference index, where applicable, and also in light of its stated investment objective and made the determinations discussed above under "Renewal of Current Investment Advisory and Management Agreements." Based on these factors, the Directors determined that each Subadviser continued to be appropriate for each of its respective Funds.

(c) Cost of services provided and profits realized by each Subadviser from the relationship with each respective Fund -- The Directors considered the profitability to MLIM, prior to its merger with BlackRock, of serving as investment subadviser to two Funds and from its relationship with IQ Advisors based on the information discussed above under "Renewal of Current Investment Advisory and Management Agreements." Based on such information, the Directors

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concluded that MLIM's profits were acceptable in relation to the nature, extent and quality of services provided. The Directors noted that profitability data was not provided with respect to the unaffiliated Subadvisers of the Funds and concluded that such data was unnecessary because such subadvisory arrangements were entered into at "arm's length" between the Subadviser and IQ Advisors. The Directors then considered the potential direct and indirect benefits to each Subadviser and its affiliates from their relationship with each of their respective Funds, including the reputational benefits from managing the Funds. The Directors of each Fund concluded that the potential benefits to each Subadviser were consistent with those obtained by other subadvisers in similar types of arrangements.

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JUNE 30, 2007

(d) The extent to which economies of scale would be realized as a Fund grows and whether fee levels would reflect such economies of scale -- The Directors considered the extent to which economies of scale might be realized if the assets of the Funds increase and whether there should be changes in the subadvisory fee rate or structure in order to enable a Fund to participate in these economies of scale. The Directors noted that each Subadviser's fees are paid by IQ Advisors out of its fees and not directly by the Funds. The Directors noted that, because each Fund is a closed-end fund, any increase in asset levels would have to come from appreciation due to investment performance. The Directors also noted that each Fund, except for Dow 30SM Premium & Dividend Income Fund Inc. and S&P 500(R) Covered Call Fund Inc., is an interval fund that periodically allows stockholders to tender their shares to the Funds and that such tender offers reduce the amount of Fund assets. The Directors also discussed the renewal requirements for subadvisory agreements, and determined that they would revisit this issue no later than when they next review the subadvisory fee.

(e) Comparison of services rendered and fees paid to those under other subadvisory contracts, such as contracts of the same and other investment advisers or other clients -- The Directors discussed the services rendered by each Subadviser and determined that such services were consistent with those provided by subadvisers generally and sufficient for the management of the Funds. Taking into account the totality of the information and materials provided to the Directors as noted above, including the fact that the subadvisory fee for each Fund was negotiated with IQ Advisors and not payable directly by the Fund, the Directors concluded that the subadvisory fee for each Fund was reasonable for the services being rendered.

Conclusion -- No single factor was determinative to the decision of the Directors. Based on the foregoing and such other matters as were deemed relevant, all of the Directors concluded that the relevant subadvisory fee rate was reasonable in relation to the services provided by each Subadviser. As a result, all of the Directors approved the Subadvisory Agreement for each Fund. The Directors were represented by independent legal counsel who assisted them in their deliberations.

SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

JUNE 30, 2007

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Fundamental Periodic Repurchase Policy

The Board of Directors approved a fundamental policy whereby the Fund would adopt an "interval fund" structure pursuant to Rule 23c-3 under the Investment Company Act of 1940, as amended (the "1940 Act"). As an interval fund, the Fund will make annual repurchase offers at net asset value (less repurchase fee not

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to exceed 2%) to all Fund shareholders. The percentage of outstanding shares that the Fund can repurchase in each offer will be established by the Fund's Board of Directors shortly before the commencement of each offer, and will be between 5% and 25% of the Fund's then outstanding shares.

The Fund has adopted the following fundamental policy regarding periodic repurchases:

- a) The Fund will make offers to repurchase its shares at annual (approximately 12-month) intervals pursuant to Rule 23c-3 under the 1940 Act ("Offers"). The Board of Directors may place such conditions and limitations on an Offer, as may be permitted under Rule 23c-3.
- b) The repurchase request deadline for each Offer, by which the Fund must receive repurchase requests submitted by shareholders in response to the most recent Offer, will be on approximately the anniversary of the prior year's repurchase request deadline; and will be the fourteenth day prior to such exercise date; provided, that in the event that such day is not a business day, the repurchase request deadline will be the business day subsequent to the fourteenth day prior to the exercise date of the call spreads and written call options (the "Repurchase Request Deadline").
- c) The maximum number of days between a Repurchase Request Deadline and the next repurchase pricing date will be fourteen days; provided that if the fourteenth day after a Repurchase Request Deadline is not a business day, the repurchase pricing date shall be the next business day (the "Repurchase Pricing Date").
- d) Offers may be suspended or postponed under certain circumstances, as provided for in Rule 23c-3. (For further details, see Note 4 to the Financial Statements.)

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JUNE 30, 2007

Availability of Quarterly Schedule of Investments

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's Web site at <http://www.sec.gov>. The Fund's Forms N-Q may also be reviewed 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 1-800-SEC-0330.

Electronic Delivery

The Fund offers electronic delivery of communications to its shareholders. In order to receive this service, you must register your account and provide us with e-mail information. To sign up for this service, simply access this Web site at <http://www.icsdelivery.com/live> and follow the instructions.

When you visit this site, you will obtain a personal identification number (PIN). You will need this PIN should you wish to update your e-mail address, choose to discontinue this service and/or make any other changes to the service. This service is not available for certain retirement accounts at this time.

Contact Information

For more information regarding the Fund, please visit www.IQIAFunds.com or contact us at 1-877-449-4742.

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SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

JUNE 30, 2007

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[LOGO] IQ INVESTMENT
ADVISORS

www.IQIAFunds.com

Small Cap Premium & Dividend Income Fund Inc. seeks to provide shareholders with a high level of income, with a secondary goal of capital appreciation.

This report, including the financial information herein, is transmitted to shareholders of Small Cap Premium & Dividend Income Fund Inc. for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge at www.IQIAFunds.com/proxyvoting.asp; or upon request by calling toll-free 1-877-449-4742 or through the Securities and Exchange Commission's Web site at <http://www.sec.gov>. Information about how the Fund voted proxies relating to securities held in the Fund's portfolio during the most recent 12-month period ended June 30 is available (1) at www.IQIAFunds.com/proxyvoting.asp; and (2) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>.

Small Cap Premium & Dividend Income Fund Inc.
P.O. Box 9011
Princeton, NJ 08543-9011

#IQRCC -- 6/07

- Item 2 - Code of Ethics - Not Applicable to this semi-annual report
- Item 3 - Audit Committee Financial Expert - Not Applicable to this semi-annual report
- Item 4 - Principal Accountant Fees and Services - Not Applicable to this semi-annual report
- Item 5 - Audit Committee of Listed Registrants - Not Applicable to this semi-annual report
- Item 6 - Schedule of Investments - Attached Hereto

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007 (unaudited)

Industry	Shares Held	Common Stocks
Advertising Agencies - 0.5%	6,700	Catalina Marketing Corp.
	2,900	DG FastChannel, Inc. (a)
	2,600	Greenfield Online, Inc. (a)
	5,100	inVentiv Health, Inc. (a)
	4,000	Marchex, Inc. Class B

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	6,800	National CineMedia, Inc. (a)
	7,800	Valassis Communications, Inc. (a)
	16,230	ValueClick, Inc. (a)
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Aerospace - 0.6%	500	AeroVironment, Inc. (a)
	2,100	Argon ST, Inc. (a)
	7,200	Curtiss-Wright Corp.
	4,200	Heico Corp.
	2,500	Ladish Co., Inc. (a)
	1,500	MTC Technologies, Inc. (a)
	6,500	Moog, Inc. Class A (a)
	9,700	Orbital Sciences Corp. (a)
	5,700	Teledyne Technologies, Inc. (a)
	1,500	TransDigm Group, Inc. (a)
	1,700	United Industrial Corp.
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Agriculture, Fishing & Ranching - 0.1%	600	Alico, Inc.
	2,500	The Andersons, Inc.
	1,100	Cadiz, Inc. (a)
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Air Transport - 0.9%	6,400	AAR Corp. (a)
	9,600	ABX Air, Inc. (a)
	14,900	AirTran Holdings, Inc. (a)
	6,900	Alaska Air Group, Inc. (a)
	300	Allegiant Travel Co. (a)
	2,600	Atlas Air Worldwide Holdings, Inc. (a)
	3,800	Bristow Group, Inc. (a)
	5,400	EGL, Inc. (a)
	8,600	ExpressJet Holdings, Inc. (a)
	29,100	JetBlue Airways Corp. (a)
	2,900	Midwest Air Group, Inc. (a)
	2,600	PHI, Inc. (a)
	2,300	Pinnacle Airlines Corp. (a)
	5,700	Republic Airways Holdings, Inc. (a)
	11,200	SkyWest, Inc.
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Aluminum - 0.1%	3,800	Century Aluminum Co. (a)
	2,200	Kaiser Aluminum Corp.
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Auto Parts: After Market - 0.1%	3,600	Aftermarket Technology Corp. (a)
	3,500	Commercial Vehicle Group, Inc. (a)
	2,700	Keystone Automotive Industries, Inc. (a)
	1,400	Standard Motor Products, Inc.
	4,000	Superior Industries International, Inc.
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Auto Parts: Original Equipment - 0.6%	7,300	American Axle & Manufacturing Holdings, Inc.
	2,600	Amerigon Inc. (a)
	11,600	ArvinMeritor, Inc.
	16,300	Hayes Lemmerz International, Inc. (a)

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Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	12,470	Lear Corp. (a)
	2,650	Noble International Ltd.
	1,300	Sauer-Danfoss, Inc.
	1,000	Stoneridge, Inc. (a)
	7,700	Tenneco, Inc. (a)
	21,100	Visteon Corp. (a)

Auto, Trucks & Parts - 0.2%	3,300	Accuride Corp. (a)
	10,400	Force Protection, Inc. (a)
	1,500	Miller Industries, Inc. (a)
	5,300	Modine Manufacturing Co.
	4,500	Spartan Motors, Inc.
	5,200	Wabash National Corp.

Banks: New York City - 0.1%	4,800	Signature Bank (a)

Banks: Outside New York City - 5.3%	2,100	1st Source Corp.
	2,600	Alabama National Bancorp.
	3,800	Amcore Financial, Inc.
	2,800	AmericanWest Bancorp
	2,200	Ameris Bancorp
	1,200	Bancfirst Corp.
	3,300	Banco Latinoamericano de Exportaciones, SA 'E'
	2,000	The Bancorp, Inc. (a)
	2,000	Bank of the Ozarks, Inc.
	3,800	BankFinancial Corp.
	2,100	Banner Corp.
	6,200	Boston Private Financial Holdings, Inc.
	10,842	CVB Financial Corp.
	2,100	Capital City Bank Group, Inc.
	1,600	Capital Corp. of the West
	2,300	Capitol Bancorp Ltd.
	4,700	Cascade Bancorp
	8,300	Cathay General Bancorp
	9,000	Centennial Bank Holdings, Inc. (a)
	2,100	Center Financial Corp.
	5,000	Central Pacific Financial Corp.
	4,000	Chemical Financial Corp.
	7,500	Chittenden Corp.
	12,300	Citizens Banking Corp.
	3,100	City Holding Co.
	2,100	CityBank
	500	Clifton Savings Bancorp, Inc.
	2,600	CoBiz Financial, Inc.
	2,700	Columbia Banking System, Inc.

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1,700	Community Bancorp (a)
4,900	Community Bank System, Inc.
4,030	Community Banks, Inc.
2,600	Community Trust Bancorp, Inc.
6,300	Corus Bankshares, Inc.
1,700	Enterprise Financial Services Corp.
12,300	First BanCorp
1,600	First Bancorp
2,200	First Busey Corp.
5,500	First Charter Corp.

Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	12,000	First Commonwealth Financial Corp.
	4,229	First Community Bancorp, Inc.
	1,600	First Community Bancshares, Inc.
	5,400	First Financial Bancorp
	3,400	First Financial Bankshares, Inc.
	2,700	First Financial Corp.
	3,000	First Merchants Corp.
	8,800	First Midwest Bancorp, Inc.
	1,400	First Regional Bancorp (a)
	1,350	First South Bancorp, Inc.
	3,300	First State Bancorp.
	13,100	FirstMerit Corp.
	4,100	Franklin Bank Corp. (a)
	6,350	Frontier Financial Corp.
	8,550	Glacier Bancorp, Inc.
	8,800	Greater Bay Bancorp
	1,400	Greene County Bancshares, Inc.
	4,400	Hancock Holding Co.
	6,800	Hanmi Financial Corp.
	5,103	Harleysville National Corp.
	2,100	Heartland Financial USA, Inc.
	1,900	Heritage Commerce Corp.
	791	Home Bancshares, Inc.
	6,605	Independent Bank Corp.
	3,400	Integra Bank Corp.
	8,326	International Bancshares Corp.
	8,300	Investors Bancorp, Inc. (a)
	3,600	Irwin Financial Corp.
	2,730	Lakeland Bancorp, Inc.
	2,000	Lakeland Financial Corp.
	5,277	MB Financial, Inc.
	2,477	Macatawa Bank Corp.
	3,080	MainSource Financial Group, Inc.
	2,900	Midwest Banc Holdings, Inc.
	5,500	NBT Bancorp, Inc.
	3,700	Nara Bancorp, Inc.
	7,720	National Penn Bancshares, Inc.
	11,800	Old National Bancorp

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2,253	Old Second Bancorp, Inc.
2,100	Omega Financial Corp.
3,700	Oriental Financial Group
7,900	Pacific Capital Bancorp
2,000	Park National Corp.
1,700	Peoples Bancorp, Inc.
2,700	Pinnacle Financial Partners, Inc. (a)
3,100	Piper Jaffray Cos. (a)
1,450	Preferred Bank
3,100	PrivateBancorp, Inc.
5,800	Prosperity Bancshares, Inc.
5,800	Provident Bankshares Corp.
2,550	Renasant Corp.
1,511	Republic Bancorp, Inc. Class A
4,000	S&T Bancorp, Inc.

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	1,260	SCBT Financial Corp.
	5,600	SVB Financial Group (a)
	1,785	SY Bancorp, Inc.
	2,600	Sandy Spring Bancorp, Inc.
	200	Santander BanCorp
	2,400	Seacoast Banking Corp. of Florida
	2,500	Security Bank Corp.
	400	Sierra Bancorp
	2,300	Simmons First National Corp. Class A
	11,000	The South Financial Group, Inc.
	1,782	Southside Bancshares, Inc.
	2,500	Southwest Bancorp, Inc.
	12,100	Sterling Bancshares, Inc.
	4,500	Sterling Financial Corp.
	1,800	Suffolk Bancorp
	2,390	Sun Bancorp, Inc. (a)
	4,400	Superior Bancorp (a)
	8,500	Susquehanna Bancshares, Inc.
	900	Taylor Capital Group, Inc.
	4,100	Texas Capital Bancshares, Inc. (a)
	1,490	Tompkins Trustco, Inc.
	2,300	Trico Bancshares
	13,200	TrustCo Bank Corp. NY
	8,200	Trustmark Corp.
	16,300	UCBH Holdings, Inc.
	5,300	UMB Financial Corp.
	1,875	USB Holding Co., Inc.
	9,988	Umpqua Holdings Corp.
	2,150	Union Bankshares Corp.
	6,500	United Bankshares, Inc.
	5,900	United Community Banks, Inc.
	500	United Security Bancshares
	2,000	Univest Corp. of Pennsylvania

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2,970	Virginia Commerce Bancorp (a)
2,500	Washington Trust Bancorp, Inc.
3,900	WesBanco, Inc.
2,600	West Coast Bancorp
5,400	Westamerica Bancorp.
2,300	Western Alliance Bancorp (a)
2,700	Wilshire Bancorp, Inc.
3,900	Wintrust Financial Corp.
1,600	Yardville National Bancorp

Beverage: Brewers (Wineries) - 0.0%	1,600	Boston Beer Co., Inc. Class A (a)
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Beverage: Soft Drinks - 0.1%	800	Coca-Cola Bottling Co. Consolidated
	400	Farmer Bros. Co.
	900	Green Mountain Coffee Roasters, Inc. (a)
	5,200	Jones Soda Co. (a)
	1,680	National Beverage Corp. (a)
	2,400	Peet's Coffee & Tea, Inc. (a)

Biotechnology Research & Production - 2.4%	6,100	Acadia Pharmaceuticals, Inc. (a)
	4,300	Acorda Therapeutics, Inc. (a)
	2,600	Advanced Magnetics, Inc. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	4,500	Albany Molecular Research, Inc. (a)
	5,900	Alexion Pharmaceuticals, Inc. (a)
	9,600	Allos Therapeutics, Inc. (a)
	5,600	Alnylam Pharmaceuticals, Inc. (a)
	2,100	Altus Pharmaceuticals, Inc. (a)
	7,600	American Oriental Bioengineering, Inc. (a)
	900	Amicus Therapeutics, Inc. (a)
	12,800	Applera Corp. - Celera Genomics Group (a)
	9,900	Arena Pharmaceuticals, Inc. (a)
	14,100	Ariad Pharmaceuticals, Inc. (a)
	3,100	Arqule, Inc. (a)
	6,900	Array Biopharma, Inc. (a)
	4,600	ArthroCare Corp. (a)
	8,800	Bioenvision, Inc. (a)
	3,400	Bionovo, Inc. (a)
	11,900	Cell Genesys, Inc. (a)
	9,500	Cubist Pharmaceuticals, Inc. (a) (c)
	6,400	Cypress Bioscience, Inc. (a)
	3,900	Cytokinetics, Inc. (a)
	3,200	Digene Corp. (a)
	18,300	Discovery Laboratories, Inc. (a)

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17,200	Encysive Pharmaceuticals, Inc. (a)
7,600	Enzon Pharmaceuticals, Inc. (a)
14,700	Exelixis, Inc. (a)
16,500	GenVec, Inc. (a)
1,500	Genomic Health, Inc. (a)
11,900	Geron Corp. (a)
8,800	Halozyme Therapeutics, Inc. (a)
21,900	Human Genome Sciences, Inc. (a)
4,100	Idenix Pharmaceuticals, Inc. (a)
12,800	Immunomedics, Inc. (a)
15,900	Incyte Corp. (a)
3,300	Integra LifeSciences Holdings Corp. (a)
4,600	InterMune, Inc. (a)
2,200	Kendle International, Inc. (a)
2,700	Kensley Nash Corp. (a)
7,100	Keryx Biopharmaceuticals, Inc. (a)
4,200	Kosan Biosciences, Inc. (a)
5,600	MannKind Corp. (a)
5,200	Martek Biosciences Corp. (a)
4,000	Maxygen, Inc. (a)
4,300	Medivation, Inc. (a)
1,600	Metabolix, Inc. (a)
3,800	Momenta Pharmaceuticals, Inc. (a)
6,900	Myriad Genetics, Inc. (a)
9,900	Nabi Biopharmaceuticals (a)
5,400	Nastech Pharmaceutical Co., Inc. (a)
6,600	Neurocrine Biosciences, Inc. (a)
3,000	Neurogen Corp. (a)

Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	2,500	Novacea, Inc. (a)
	9,600	OSI Pharmaceuticals, Inc. (a)
	2,700	Omrix Biopharmaceuticals, Inc. (a)
	200	Orexigen Therapeutics, Inc. (a)
	3,300	Osiris Therapeutics, Inc. (a)
	3,100	PRA International, Inc. (a)
	3,200	PharmaNet Development Group, Inc. (a)
	6,000	Poniard Pharmaceuticals, Inc. (a)
	3,900	Progenics Pharmaceuticals, Inc. (a)
	4,400	Protalix BioTherapeutics, Inc. (a)
	3,300	Regeneration Technologies, Inc. (a)
	4,400	Rigel Pharmaceuticals, Inc. (a)
	8,604	Savient Pharmaceuticals, Inc. (a)
	5,000	Seattle Genetics, Inc. (a)
	4,300	Tanox, Inc. (a)
	9,200	Telik, Inc. (a)
	2,600	Tercica, Inc. (a)
	5,100	Vanda Pharmaceuticals, Inc. (a)
	5,300	Verenium Corp. (a)
	11,400	ViroPharma, Inc. (a)

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16,500 XOMA Ltd. (a)
6,300 ZymoGenetics, Inc. (a)

Building Materials - 0.5%

1,500	Ameron International Corp.
1,900	BlueLinx Holdings, Inc.
4,800	Building Material Holding Corp.
3,000	LSI Industries, Inc.
3,300	NCI Building Systems, Inc. (a)
100	PGT, Inc. (a)
6,000	Simpson Manufacturing Co., Inc.
4,490	Texas Industries, Inc.
2,100	Trex Co., Inc. (a)
3,700	Watsco, Inc.
3,500	Zoltek Cos., Inc. (a)

Building: Cement - 0.0%

5,500	US Concrete, Inc. (a)
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Building: Heating & Plumbing - 0.1%

1,200	Aaon, Inc.
4,500	Interline Brands, Inc. (a)

Building: Miscellaneous - 0.2%

2,500	Builders FirstSource, Inc. (a)
7,100	Comfort Systems USA, Inc.
3,000	Drew Industries, Inc. (a)
5,200	Goodman Global, Inc. (a)
5,200	Griffon Corp. (a)

Building: Roofing & Wallboard - 0.1%

7,700	Beacon Roofing Supply, Inc. (a)
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Cable Television Services - 0.1%

66,500	Charter Communications, Inc. Class A (a)
3,300	Crown Media Holdings, Inc. Class A (a)
15,900	TiVo, Inc. (a)

Casinos & Gambling - 0.6%

4,300	Ameristar Casinos, Inc.
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Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	8,700	Bally Technologies, Inc. (a)
	1,300	Churchill Downs, Inc.
	2,550	Dover Downs Gaming & Entertainment, Inc.
	2,600	Isle of Capri Casinos, Inc. (a)

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3,500	Lakes Entertainment, Inc. (a)
4,000	MTR Gaming Group, Inc. (a)
8,500	Magna Entertainment Corp. Class A (a)
1,600	Monarch Casino & Resort, Inc. (a)
4,800	Multimedia Games, Inc. (a)
9,740	Pinnacle Entertainment, Inc. (a)
1,700	Riviera Holdings Corp. (a)
5,700	Shuffle Master, Inc. (a)
5,100	Trump Entertainment Resorts, Inc. (a)
6,650	WMS Industries, Inc. (a)

Chemicals - 1.5%

3,000	American Vanguard Corp.
4,000	Arch Chemicals, Inc.
2,900	Balchem Corp.
9,000	CF Industries Holdings, Inc.
3,900	Cabot Microelectronics Corp. (a)
6,900	Calgon Carbon Corp. (a)
4,700	Cambrex Corp.
4,700	EnerSys (a)
6,400	Energy Conversion Devices, Inc. (a)
8,000	Exide Technologies (a)
5,600	Georgia Gulf Corp.
19,900	Hercules, Inc. (a)
2,100	Innophos Holdings, Inc.
2,000	Innospec, Inc.
3,100	LSB Industries, Inc. (a)
2,100	Landec Corp. (a)
3,600	Medis Technologies Ltd. (a)
1,300	NL Industries, Inc.
2,500	NewMarket Corp.
2,500	Nuco2, Inc. (a)
4,900	OM Group, Inc. (a)
2,300	Pioneer Cos., Inc. (a)
15,100	PolyOne Corp. (a)
5,700	Rockwood Holdings, Inc. (a)
4,900	Schulman A, Inc.
6,000	Senomyx, Inc. (a)
1,400	ShengdaTech, Inc. (a)
1,000	Stepan Co.
5,000	Tronox, Inc. Class A
2,300	Tronox, Inc. Class B
8,400	UAP Holding Corp.
11,900	WR Grace & Co. (a)

Coal - 0.1%

9,700	Alpha Natural Resources, Inc. (a)
19,800	International Coal Group, Inc. (a)
1,500	US BioEnergy Corp. (a)

Commercial Information
Services - 0.2%

5,300	Arbitron, Inc.
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Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

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Industry	Shares Held	Common Stocks
	81,000	CMGI, Inc. (a)
	5,300	infoUSA, Inc.
	4,300	LECG Corp. (a)
	3,600	LoopNet, Inc. (a)
Communications & Media - 0.1%	11,300	Entravision Communications Corp. Class A (a)
	40,800	Gemstar-TV Guide International, Inc. (a)
	3,300	Knology, Inc. (a)
Communications Technology - 2.5%	63,300	3Com Corp. (a)
	2,300	Acme Packet, Inc. (a)
	9,600	Adtran, Inc.
	3,000	Anaren, Inc. (a)
	5,000	Anixter International, Inc. (a) (c)
	400	Aruba Networks, Inc. (a)
	9,000	Atheros Communications, Inc. (a)
	28,800	Avanex Corp. (a)
	8,180	Avocent Corp. (a)
	1,800	Bel Fuse, Inc.
	1,000	BigBand Networks, Inc. (a)
	3,100	Black Box Corp.
	400	CPI International, Inc. (a)
	8,000	CSG Systems International, Inc. (a)
	2,900	Cbeyond Communications, Inc. (a)
	7,600	Cogent Communications Group, Inc. (a)
	2,800	Comtech Group, Inc. (a)
	4,000	Comtech Telecommunications Corp. (a)
	4,100	Digi International, Inc. (a)
	5,400	Ditech Networks, Inc. (a)
	2,400	EMS Technologies, Inc. (a)
	5,300	Echelon Corp. (a)
	20,500	Extreme Networks, Inc. (a)
	39,900	Finisar Corp. (a)
	23,700	Foundry Networks, Inc. (a)
	2,000	GeoEye, Inc. (a)
	12,900	Harmonic, Inc. (a)
	4,100	Harris Stratex Networks, Inc. Class A (a)
	600	Hughes Communications, Inc. (a)
	4,100	InPhonic, Inc. (a)
	3,900	Inter-Tel, Inc.
	6,700	InterVoice, Inc. (a)
	7,100	Ixia (a)
	8,000	j2 Global Communications, Inc. (a)
	1,900	Loral Space & Communications Ltd. (a)
	5,600	NETGEAR, Inc. (a)
	2,500	Network Equipment Technologies, Inc. (a)
	2,500	Nextwave Wireless, Inc. (a)
	5,600	Novatel Wireless, Inc. (a)
	3,428	Oplink Communications, Inc. (a)
	3,400	Optium Corp. (a)

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2,600		SeaChange International, Inc. (a)
7,750		Secure Computing Corp. (a)
4,900		Sirenza Microdevices, Inc. (a)
42,900		Sonus Networks, Inc. (a)

Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	3,900	Standard Microsystems Corp. (a)
	3,200	Switch and Data Facilities Co., Inc. (a)
	30,000	Sycamore Networks, Inc. (a)
	4,100	Syniverse Holdings, Inc. (a)
	33,900	TIBCO Software, Inc. (a)
	10,100	Tekelec (a)
	7,800	Terremark Worldwide, Inc. (a)
	17,300	Utstarcom, Inc. (a)
	3,900	Viasat, Inc. (a)
	5,400	Vonage Holdings Corp. (a)
Computer Services Software & Systems - 4.8%	9,900	Actuate Corp. (a)
	9,900	Agile Software Corp. (a)
	4,600	American Reprographics Co. (a)
	2,800	Ansoft Corp. (a)
	12,600	Ansys, Inc. (a)
	13,000	Ariba, Inc. (a)
	20,800	Art Technology Group, Inc. (a)
	3,300	AsiaInfo Holdings, Inc. (a)
	13,740	Aspen Technology, Inc. (a)
	32,600	BearingPoint, Inc. (a)
	7,200	Blackbaud, Inc.
	4,900	Blackboard, Inc. (a)
	2,200	Blue Coat Systems, Inc. (a)
	13,600	Borland Software Corp. (a)
	3,500	Bottomline Technologies, Inc. (a)
	5,000	CACI International, Inc. Class A (a)
	2,900	COMSYS IT Partners, Inc. (a)
	5,360	Chordiant Software, Inc. (a)
	9,500	Ciber, Inc. (a)
	6,800	Commvault Systems, Inc. (a)
	300	Comverge, Inc. (a)
	6,100	Concur Technologies, Inc. (a)
	4,500	Covansys Corp. (a)
	4,900	DealerTrack Holdings, Inc. (a)
	6,700	Digital River, Inc. (a)
	2,800	DivX, Inc. (a)
	2,500	Double-Take Software, Inc. (a)
	4,200	EPIQ Systems, Inc. (a)
	3,000	eCollege.com, Inc. (a)
	9,200	Electronics for Imaging, Inc. (a)
	9,600	Epicor Software Corp. (a)

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5,000	Equinix, Inc. (a)
11,200	Gartner, Inc. Class A (a)
2,300	i2 Technologies, Inc. (a)
2,600	iGate Corp. (a)
2,600	Imergent, Inc.
3,600	Infocrossing, Inc. (a)
15,100	Informatica Corp. (a)
1,800	Integral Systems, Inc.
1,300	Interactive Intelligence, Inc. (a)
6,300	Internet Capital Group, Inc. (a)
7,500	Interwoven, Inc. (a)
5,100	JDA Software Group, Inc. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	1,200	Keynote Systems, Inc. (a)
	21,200	Lawson Software, Inc. (a)
	9,800	Lionbridge Technologies, Inc. (a)
	8,400	LivePerson, Inc. (a)
	5,500	MSC.Software Corp. (a)
	8,600	Macrovision Corp. (a)
	6,100	Magma Design Automation, Inc. (a)
	4,800	Manhattan Associates, Inc. (a)
	3,200	Mantech International Corp. Class A (a)
	13,900	Mentor Graphics Corp. (a)
	3,700	Mercury Computer Systems, Inc. (a)
	1,600	MicroStrategy, Inc. Class A (a)
	6,800	Micros Systems, Inc. (a)
	5,200	Ness Technologies, Inc. (a)
	21,800	Nuance Communications, Inc. (a)
	5,400	Omniture, Inc. (a)
	23,600	On2 Technologies, Inc. (a)
	7,800	OpenTV Corp. (a)
	13,500	Openwave Systems, Inc.
	14,300	Opsware, Inc. (a)
	3,500	PDF Solutions, Inc. (a)
	6,100	Packeteer, Inc. (a)
	19,520	Parametric Technology Corp. (a)
	500	Pegasystems, Inc.
	7,200	Progress Software Corp. (a)
	700	QAD, Inc.
	11,100	Quest Software, Inc. (a)
	16,600	RealNetworks, Inc. (a)
	2,700	RightNow Technologies, Inc. (a)
	4,450	SAVVIS, Inc. (a)
	2,100	SI International, Inc. (a)
	3,000	SPSS, Inc. (a)
	6,700	SRA International, Inc. Class A (a)
	5,100	SYKES Enterprises, Inc. (a)
	1,700	SYNNEX Corp. (a)
	14,200	Sapient Corp. (a)

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4,400	Sigma Designs, Inc. (a)
6,000	Smith Micro Software, Inc. (a)
3,200	Solera Holdings, Inc. (a)
10,500	SonicWALL, Inc. (a)
14,700	Sourceforge, Inc. (a)
300	Stanley, Inc. (a)
14,900	Sybase, Inc. (a)
2,400	Synchronoss Technologies, Inc. (a)
1,400	Syntel, Inc.
2,700	Taleo Corp. Class A (a)
100	TechTarget, Inc. (a)
6,000	Transaction Systems Architects, Inc. Class A (a)
7,400	The TriZetto Group, Inc. (a)
6,900	Tyler Technologies, Inc. (a)
4,200	Ultimate Software Group, Inc. (a)
600	Unica Corp. (a)
5,000	VASCO Data Security International, Inc. (a)
5,200	Vignette Corp. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	4,300	Visual Sciences, Inc. (a)
	7,600	Websense, Inc. (a)
	12,700	Wind River Systems, Inc. (a)
	8,100	Zoran Corp. (a)
Computer Technology - 1.1%	19,500	Adaptec, Inc. (a)
	6,200	Advanced Analogic Technologies, Inc. (a)
	7,300	Cray, Inc. (a)
	13,900	Emulex Corp. (a)
	6,300	FalconStor Software, Inc. (a)
	49,900	Gateway, Inc. (a)
	4,500	Hutchinson Technology, Inc. (a)
	5,700	Imation Corp.
	5,500	Immersion Corp. (a)
	9,000	Intermec, Inc. (a)
	300	Isilon Systems, Inc. (a)
	4,500	Komag, Inc. (a)
	16,800	Palm, Inc.
	14,200	Perot Systems Corp. Class A (a)
	31,900	Quantum Corp. (a)
	4,900	Rackable Systems, Inc. (a)
	4,400	Radiant Systems, Inc. (a)
	3,700	Radisys Corp. (a)
	2,300	Rimage Corp. (a)
	7,700	STEC, Inc. (a)
	19,700	Safeguard Scientifics, Inc. (a)
	400	Silicon Graphics, Inc. (a)
	1,800	Stratasys, Inc. (a)

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4,400 Synaptics, Inc. (a)
10,000 Trident Microsystems, Inc. (a)

Construction - 0.6%

2,163	Brookfield Homes Corp.
5,200	EMCOR Group, Inc. (a)
5,900	Granite Construction, Inc.
2,800	Great Lakes Dredge & Dock Corp. (a)
4,100	Perini Corp. (a)
4,700	Washington Group International, Inc. (a)

Consumer Electronics - 0.8%

24,600	CNET Networks, Inc. (a)
3,000	DTS, Inc. (a)
20,100	EarthLink, Inc. (a)
100	Glu Mobile, Inc. (a)
5,500	InfoSpace, Inc.
6,810	Internap Network Services Corp. (a)
8,200	Ipass, Inc. (a)
3,100	LoJack Corp. (a)
6,300	Midway Games, Inc. (a)
6,400	NIC, Inc.
7,600	NetFlix, Inc. (a)
4,500	Sohu.com, Inc. (a)
10,900	THQ, Inc. (a)
11,900	Take-Two Interactive Software, Inc. (a)
10,900	United Online, Inc.

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
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	2,300	Universal Electronics, Inc. (a)
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Consumer Products - 0.7%

9,000	American Greetings Corp. Class A
4,500	Blyth, Inc.
1,300	CSS Industries, Inc.
2,700	Citi Trends, Inc. (a)
2,700	Mannatech, Inc.
5,100	Matthews International Corp. Class A
5,800	Nautilus, Inc.
4,000	Oakley, Inc.
9,200	Playtex Products, Inc. (a)
3,400	RC2 Corp. (a)
6,400	Spectrum Brands, Inc. (a)
6,100	The Topps Co., Inc.
10,600	Tupperware Corp.
1,600	USANA Health Sciences, Inc. (a)

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Containers & Packaging:	11,500	AptarGroup, Inc.
Metals & Glass - 0.4%	5,400	Greif, Inc.
	6,200	Mobile Mini, Inc. (a)
	4,000	Silgan Holdings, Inc.
Containers & Packaging: Paper & Plastic - 0.1%	1,000	AEP Industries, Inc. (a)
	11,200	Graphic Packaging Corp. (a)
	4,700	Myers Industries, Inc.
Copper - 0.1%	6,200	Mueller Industries, Inc.
Cosmetics - 0.2%	4,600	Elizabeth Arden, Inc. (a)
	4,600	Helen of Troy Ltd. (a)
	800	Inter Parfums, Inc.
	9,600	Nu Skin Enterprises, Inc. Class A
	31,991	Revlon, Inc. Class A (a)
Diversified Financial Services - 0.6%	200	ACA Capital Holdings, Inc. (a)
	21,100	The BISYS Group, Inc.
	800	Clayton Holdings, Inc. (a)
	900	Enstar Group Ltd. (a)
	7,500	Euronet Worldwide, Inc. (a)
	2,100	Evercore Partners, Inc. Class A
	9,800	F.N.B. Corp.
	900	FCStone Group, Inc. (a)
	8,550	Freedom Acquisition Holdings, Inc. (a)
	3,100	Greenhill & Co., Inc.
	3,100	Huron Consulting Group, Inc. (a)
	2,400	Information Services Group, Inc. (a)
	7,300	Interactive Brokers Group, Inc. Class A (a)
	3,400	Marathon Acquisition Corp. (a)
	300	Oritani Financial Corp. (a)
Diversified Materials & Processing - 0.8%	7,500	Acuity Brands, Inc.
	6,800	Barnes Group, Inc.
	7,900	Brady Corp.
	9,000	Clarcor, Inc.
	15,400	Hexcel Corp. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
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2,300	Koppers Holdings, Inc.
12,000	Olin Corp.
5,100	Tredegar Corp.
1,100	Valhi, Inc.

Drug & Grocery Store Chains - 0.6%	8,800	Casey's General Stores, Inc.
	3,200	The Great Atlantic & Pacific Tea Co., Inc. (a)
	2,100	Ingles Markets, Inc. Class A
	5,400	Longs Drug Stores Corp.
	2,500	Nash Finch Co.
	7,000	Pathmark Stores, Inc. (a)
	6,800	Ruddick Corp.
	3,500	Spartan Stores, Inc.
	400	Village Super Market, Inc. Class A
	2,000	Weis Markets, Inc.
	5,100	Wild Oats Markets, Inc. (a)
	5,000	Winn-Dixie Stores, Inc. (a)

Drugs & Pharmaceuticals - 2.3%	5,400	Adams Respiratory Therapeutics, Inc. (a)
	200	Affymax, Inc. (a)
	7,100	Akorn, Inc. (a)
	1,500	Alexza Pharmaceuticals, Inc. (a)
	15,700	Alkermes, Inc. (a)
	7,100	Alpharma, Inc. Class A
	3,500	Auxilium Pharmaceuticals, Inc. (a)
	5,800	Beijing Med-Pharm Corp. (a)
	3,100	Bentley Pharmaceuticals, Inc. (a)
	15,600	BioMarin Pharmaceuticals, Inc. (a)
	2,100	Bradley Pharmaceuticals, Inc. (a)
	9,700	CV Therapeutics, Inc. (a)
	1,400	Cadence Pharmaceuticals, Inc. (a)
	700	Caraco Pharmaceutical Laboratories Ltd. (a)
	3,100	Chattem, Inc. (a)
	13,000	CytRx Corp. (a)
	13,600	Dendreon Corp. (a)
	9,600	Direct Corp. (a)
	100	Emergent Biosolutions, Inc. (a)
	4,800	Enzo Biochem, Inc. (a)
	1,900	GTx, Inc. (a)
	12,100	Indevus Pharmaceuticals, Inc. (a)
	13,400	Isis Pharmaceuticals, Inc. (a)
	8,000	Javelin Pharmaceuticals, Inc. (a)
	5,800	KV Pharmaceutical Co. Class A (a)
	12,300	Ligand Pharmaceuticals, Inc. Class B
	13,000	MGI Pharma, Inc. (a)
	20,500	Medarex, Inc. (a)
	8,400	Medicines Co. (a)
	9,100	Medicis Pharmaceutical Corp. Class A
	14,900	Nektar Therapeutics (a)
	4,200	Noven Pharmaceuticals, Inc. (a)
	500	Obagi Medical Products, Inc. (a)
	7,800	Onyx Pharmaceuticals, Inc. (a)
	6,200	Pain Therapeutics, Inc. (a)
	5,800	Par Pharmaceutical Cos., Inc. (a)

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Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	5,000	Penwest Pharmaceuticals Co. (a)
	13,600	Perrigo Co.
	4,200	Pharmion Corp. (a)
	4,300	Pozen, Inc. (a)
	4,700	Quidel Corp. (a)
	9,500	Regeneron Pharmaceuticals, Inc. (a)
	8,200	Salix Pharmaceuticals Ltd. (a)
	11,200	Santarus, Inc. (a)
	5,700	Sciele Pharma, Inc. (a)
	2,900	Somaxon Pharmaceuticals, Inc. (a)
	8,700	SuperGen, Inc. (a)
	600	Trubion Pharmaceuticals, Inc. (a)
	3,400	United Therapeutics Corp. (a)
	15,500	Valeant Pharmaceuticals International
	6,200	Vivus, Inc. (a)
	3,200	Xenoport, Inc. (a)
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Education Services - 0.5%	4,300	Bright Horizons Family Solutions, Inc. (a)
	1,300	Capella Education Co. (a)
	15,100	Corinthian Colleges, Inc. (a)(c)
	9,800	DeVry, Inc.
	1,200	Renaissance Learning, Inc.
	2,500	Strayer Education, Inc.
	3,800	Universal Technical Institute, Inc. (a)
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Electrical & Electronics - 0.3%	11,300	Benchmark Electronics, Inc. (a)
	1,700	Coleman Cable, Inc. (a)
	2,600	OSI Systems, Inc. (a)
	7,500	Plexus Corp. (a)
	7,300	TTM Technologies, Inc. (a)
	4,000	Universal Display Corp. (a)
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Electrical Equipment & Components - 0.9%	3,300	AO Smith Corp.
	1,400	AZZ Inc. (a)
	5,700	American Superconductor Corp. (a)
	7,470	Baldor Electric Co.
	5,800	CTS Corp.
	4,000	Cohu, Inc.
	2,400	Color Kinetics, Inc. (a)
	3,100	Franklin Electric Co., Inc.
	4,400	Genlyte Group, Inc. (a)
	3,900	Littelfuse, Inc. (a)
	7,400	MKS Instruments, Inc. (a)
	1,300	Powell Industries, Inc. (a)
	12,200	Power-One, Inc. (a)

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4,500	Sonic Solutions, Inc. (a)
10,800	Taser International, Inc. (a)
6,600	Technitrol, Inc.
2,800	Triumph Group, Inc.

Electrical: Household Appliance - 0.0%	800	National Presto Industries, Inc.
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Electronics - 0.7%	12,200	Aeroflex, Inc. (a)(c)
	5,400	Agilysys, Inc.
	7,900	Arrowhead Research Corp. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
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7,400	Avid Technology, Inc. (a)
5,200	Daktronics, Inc.
11,400	Flir Systems, Inc. (a)
3,900	II-VI, Inc. (a)
20,700	MRV Communications, Inc. (a)
6,400	Methode Electronics, Inc.
1,400	Multi-Fineline Electronix, Inc. (a)
3,500	Park Electrochemical Corp.
11,800	Semtech Corp. (a)
2,100	Supertex, Inc. (a)

Electronics: Instruments, Gauges & Meters - 0.2%	1,800	Faro Technologies, Inc. (a)
	4,890	Itron, Inc. (a)
	3,100	Measurement Specialties, Inc. (a)
	700	OYO Geospace Corp. (a)
	2,700	Zygo Corp. (a)

Electronics: Medical Systems - 1.0%	1,900	Accuray, Inc. (a)
	11,200	Affymetrix, Inc. (a)
	2,400	Analogic Corp.
	2,700	Aspect Medical Systems, Inc. (a)
	8,700	Bruker BioSciences Corp. (a)
	1,700	Cynosure, Inc. Class A (a)
	2,300	Datascope Corp.
	8,600	eResearch Technology, Inc. (a)
	3,600	Greatbatch, Inc. (a)
	4,300	Haemonetics Corp. (a)
	8,750	Hologic, Inc. (a)
	8,707	Illumina, Inc. (a)
	5,600	Luminex Corp. (a)
	10,600	Minrad International, Inc. (a)

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4,600	Natus Medical, Inc. (a)
3,300	NxStage Medical, Inc. (a)
2,800	Quality Systems, Inc.
2,900	Sirona Dental Systems, Inc.
900	Tomotherapy, Inc. (a)
2,300	Visicu, Inc. (a)
3,400	Zoll Medical Corp. (a)

Electronics:	9,000	AMIS Holdings, Inc. (a)
Semi-Conductors/Components -	4,500	Actel Corp. (a)
2.0%	17,000	Amkor Technology, Inc. (a)
	9,600	Anadigics, Inc. (a)
	51,800	Applied Micro Circuits Corp. (a)
	400	Cavium Networks, Inc. (a)
	14,400	Cirrus Logic, Inc. (a)
	79,800	Conexant Systems, Inc. (a)
	5,300	DSP Group, Inc. (a)
	3,200	Diodes, Inc. (a)
	5,900	Exar Corp. (a)
	2,300	Excel Technology, Inc. (a)
	7,800	Formfactor, Inc. (a)
	6,200	Genesis Microchip, Inc. (a)
	2,300	Hittite Microwave Corp. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	900	IPG Photonics Corp. (a)
	4,200	IXYS Corp. (a)
	19,900	Lattice Semiconductor Corp. (a)
	7,100	MIPS Technologies, Inc. (a)
	9,000	Micrel, Inc.
	12,400	Microsemi Corp. (a)
	8,700	Microtune, Inc. (a)
	3,600	Monolithic Power Systems, Inc. (a)
	2,800	Netlogic Microsystems, Inc. (a)
	37,900	ON Semiconductor Corp. (a)
	8,900	Omnivision Technologies, Inc. (a)
	4,400	PLX Technology, Inc. (a)
	32,300	PMC-Sierra, Inc. (a)
	4,200	Pericom Semiconductor Corp. (a)
	31,600	RF Micro Devices, Inc. (a)
	8,600	SiRF Technology Holdings, Inc. (a)
	14,300	Silicon Image, Inc. (a)
	15,400	Silicon Storage Technology, Inc. (a)
	26,000	Skyworks Solutions, Inc. (a)
	13,000	Spansion LLC Class A (a)
	12,300	Syntax-Brilliant Corp. (a)
	3,500	Techwell, Inc. (a)
	7,800	Tessera Technologies, Inc. (a)

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24,400 TriQuint Semiconductor, Inc. (a)
3,300 Volterra Semiconductor Corp. (a)

Electronics: Technology - 0.5%

2,200	3D Systems Corp. (a)
4,600	Acacia Research - Acacia Technologies (a)
1,500	American Science & Engineering, Inc. (a)
6,900	Checkpoint Systems, Inc. (a)
7,100	Cogent, Inc. (a)
5,200	Coherent, Inc. (a)
2,500	Cubic Corp.
2,900	EDO Corp.
1,300	Eagle Test Systems, Inc. (a)
3,300	Gerber Scientific, Inc. (a)
2,100	Innovative Solutions & Support, Inc. (a)
5,200	Ionatron, Inc. (a)
13,700	Kemet Corp. (a)
4,200	ScanSource, Inc. (a)
7,000	Smart Modular Technologies WWH, Inc. (a)

Energy Miscellaneous - 0.5%

2,100	Alon USA Energy, Inc.
4,930	Aventine Renewable Energy Holdings, Inc. (a)
3,300	Clean Energy Fuels Corp. (a)
5,600	Crosstex Energy, Inc.
1,600	Dawson Geophysical Co. (a)
200	EnerNOC, Inc. (a)
12,500	Evergreen Energy, Inc. (a)
14,400	Evergreen Solar, Inc. (a)
10,800	FuelCell Energy, Inc. (a)
567	GeoMet, Inc. (a)
720	MarkWest Hydrocarbon, Inc.
4,500	Matrix Service Co. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
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1,600	Ormat Technologies, Inc.
5,600	Pacific Ethanol, Inc. (a)
6,200	Penn Virginia Corp.
32,700	Rentech, Inc. (a)

6,800	Aecom Technology Corp. (a)
2,300	Cal Dive International, Inc. (a)
2,800	Clean Harbors, Inc. (a)
6,700	Dycom Industries, Inc. (a)
4,000	ENGlobal Corp. (a)
6,100	InfraSource Services, Inc. (a)

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	2,100	Integrated Electrical Services, Inc. (a)
	2,200	Layne Christensen Co. (a)
	1,700	Michael Baker Corp. (a)
	14,940	SAIC, Inc. (a)

Entertainment - 0.4%	2,200	Carmike Cinemas, Inc.
	3,200	Cinemark Holdings, Inc. (a)
	6,700	Gaylord Entertainment Co. (a)
	10,700	Live Nation, Inc. (a)
	3,600	Lodgenet Entertainment Corp. (a)
	2,300	Speedway Motorsports, Inc.

Fertilizers - 0.1%	15,100	Terra Industries, Inc. (a)

Finance Companies - 0.3%	3,641	Accredited Home Lenders Holding Co. (a)
	2,100	Asta Funding, Inc.
	878	Credit Acceptance Corp. (a)
	4,000	Delta Financial Corp.
	6,300	International Securities Exchange, Inc.
	3,100	MVC Capital, Inc.
	1,000	NewStar Financial, Inc. (a)
	3,200	World Acceptance Corp. (a)

Finance: Small Loan - 0.1%	10,900	Advance America, Cash Advance Centers, Inc.
	2,200	Dollar Financial Corp. (a)
	3,900	Encore Capital Group, Inc. (a)
	2,100	Nelnet, Inc. Class A
	300	QC Holdings, Inc.

Financial Data Processing Services & Systems - 0.8%	3,400	Advent Software, Inc. (a)
	4,600	Authorize.Net Holdings, Inc. (a)
	600	Cass Information Systems, Inc.
	3,300	CompuCredit Corp. (a)
	5,100	CyberSource Corp. (a)
	9,000	Deluxe Corp.
	7,700	eFunds Corp. (a)
	4,900	eSpeed, Inc. Class A (a)
	2,900	ExlService Holdings, Inc. (a)
	2,400	Heartland Payment Systems, Inc.
	9,400	Hypercom Corp. (a)
	12,800	Jack Henry & Associates, Inc.
	5,600	Online Resources Corp. (a)
	4,200	TNS, Inc.
	6,200	TradeStation Group, Inc. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

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Industry	Shares Held	Common Stocks
	6,500	Wright Express Corp. (a)
Financial Information Services - 0.2%	1,800	Bankrate, Inc. (a)
	9,980	INVESTools, Inc. (a)
	5,900	Interactive Data Corp.
	2,000	Morningstar, Inc. (a)
	17,500	Move, Inc. (a)
	11,000	Sl Corp. (a)
	3,400	TheStreet.com, Inc.
Financial Miscellaneous - 0.9%	5,700	Advanta Corp. Class B
	2,800	Asset Acceptance Capital Corp. (a)
	5,100	Cash America International, Inc.
	1,900	Federal Agricultural Mortgage Corp. Class B
	4,800	Financial Federal Corp.
	4,900	First Cash Financial Services, Inc. (a)
	5,800	Global Cash Access, Inc. (a)
	2,800	LandAmerica Financial Group, Inc.
	2,800	Portfolio Recovery Associates, Inc.
	1,500	RAM Holdings Ltd. (a)
	3,000	Sanders Morris Harris Group, Inc.
	10,600	Sotheby's Holdings, Inc. Class A
	3,260	Sterling Bancorp
	2,800	Stewart Information Services Corp.
	2,100	Stifel Financial Corp. (a)
	1,900	Triad Guaranty, Inc. (a)
	1,000	WSFS Financial Corp.
	700	Wauwatosa Holdings, Inc. (a)
Foods - 1.0%	300	American Dairy, Inc. (a)
	3,100	Cal-Maine Foods, Inc.
	6,900	Chiquita Brands International, Inc.
	8,400	Flowers Foods, Inc.
	3,700	Fresh Del Monte Produce, Inc.
	5,600	Hain Celestial Group, Inc. (a)
	2,300	J&J Snack Foods Corp.
	5,100	Lance, Inc.
	2,000	M&F Worldwide Corp. (a)
	700	Maui Land & Pineapple Co., Inc. (a)
	5,800	Performance Food Group Co. (a)
	6,600	Pilgrim's Pride Corp.
	4,400	Ralcorp Holdings, Inc. (a)
	3,000	Sanderson Farms, Inc.
	100	Seaboard Corp.
	8,100	Sensient Technologies Corp.
	5,843	Tootsie Roll Industries, Inc.
	5,100	TreeHouse Foods, Inc. (a)
Forest Products - 0.1%	1,800	Deltic Timber Corp.
	2,700	Universal Forest Products, Inc.

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Forms & Bulk Printing	4,200	Ennis, Inc.
Services - 0.1%	2,500	Innerworkings, Inc. (a)
	2,900	The Standard Register Co.

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
Funeral Parlors & Cemeteries - 0.1%	18,300	Stewart Enterprises, Inc. Class A
Glass - 0.1%	4,900	Apogee Enterprises, Inc.
Gold - 0.1%	48,700	Coeur d'Alene Mines Corp. (a)
	3,900	Royal Gold, Inc.
Health Care Facilities - 0.7%	7,800	Assisted Living Concepts, Inc. (a)
	4,300	Capital Senior Living Corp. (a)
	400	Emeritus Corp. (a)
	3,200	Genesis HealthCare Corp. (a)
	4,880	Kindred Healthcare, Inc. (a)
	3,600	LCA-Vision, Inc.
	1,400	MedCath Corp. (a)
	1,100	National Healthcare Corp.
	8,800	Psychiatric Solutions, Inc. (a)
	2,100	Radiation Therapy Services, Inc. (a)
	4,000	Res-Care, Inc. (a)
	4,900	Skilled Healthcare Group, Inc. Class A (a)
	8,200	Sun Healthcare Group, Inc. (a)
	7,300	Sunrise Senior Living, Inc. (a)
Health Care Management Services - 0.6%	8,600	AMERIGROUP Corp. (a)
	8,300	Allscripts Healthcare Solutions, Inc. (a)
	1,300	American Dental Partners, Inc. (a)
	5,200	Amsurg Corp. (a)
	7,100	Centene Corp. (a)
	1,600	Computer Programs & Systems, Inc.
	1,550	Corvel Corp. (a)
	7,400	Eclipsys Corp. (a)
	2,600	HMS Holdings Corp. (a)
	6,500	HealthSpring, Inc. (a)
	2,100	Molina Healthcare, Inc. (a)
	5,000	Omnicell, Inc. (a)

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6,000 Phase Forward, Inc. (a)
2,500 Vital Images, Inc. (a)

Health Care Services - 0.7%	6,000	Alliance Imaging, Inc. (a)
	4,233	Amedisys, Inc. (a)
	7,100	Apria Healthcare Group, Inc. (a)
	1,800	Bio-Reference Labs, Inc. (a)
	1,100	Emergency Medical Services Corp. (a)
	4,700	Gentiva Health Services, Inc. (a)
	13,600	HealthSouth Corp. (a)
	4,800	Healthcare Services Group, Inc.
	5,700	Healthways, Inc. (a)
	6,800	Hythiam, Inc. (a)
	2,200	LHC Group, Inc. (a)
	3,700	Matria Healthcare, Inc. (a)
	2,500	Nighthawk Radiology Holdings, Inc. (a)
	6,100	Odyssey HealthCare, Inc. (a)
	3,200	Symbion, Inc. (a)

Homebuilding - 0.3%	5,800	Beazer Homes USA, Inc.
	6,100	Hovnanian Enterprises, Inc. Class A (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	2,100	M/I Homes, Inc.
	4,000	Meritage Homes Corp. (a)
	9,400	Standard-Pacific Corp.
	5,900	WCI Communities, Inc. (a)
Hotel/Motel - 0.1%	3,100	Lodgian, Inc. (a)
	3,400	Marcus Corp.
	3,200	Morgans Hotel Group Co. (a)
Household Furnishings - 0.5%	2,100	American Woodmark Corp.
	5,000	Ethan Allen Interiors, Inc.
	7,900	Furniture Brands International, Inc.
	3,400	Haverty Furniture Cos., Inc.
	1,700	Hooker Furniture Corp.
	8,400	La-Z-Boy, Inc.
	1,700	Libbey, Inc.
	2,000	Lifetime Brands, Inc.
	5,800	Sealy Corp.
	9,300	Select Comfort Corp. (a)

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12,714 Tempur-Pedic International, Inc.

Identification Control & Filter Devices - 0.6%	5,800	Advanced Energy Industries, Inc. (a)
	8,400	Asyst Technologies, Inc. (a)
	2,300	Badger Meter, Inc.
	4,200	ESCO Technologies, Inc. (a)
	1,375	The Gorman-Rupp Co.
	10,498	L-1 Identity Solutions, Inc. (a)
	4,600	Mine Safety Appliances Co.
	2,300	Robbins & Myers, Inc.
	1,600	Sun Hydraulics, Inc.
	5,300	Veeco Instruments, Inc. (a)
	3,200	Vicor Corp.
	4,900	Watts Water Technologies, Inc. Class A
	4,500	X-Rite, Inc.

Industrial Products - 0.1%	4,800	Smith & Wesson Holding Corp. (a)
	2,700	TAL International Group, Inc.

Insurance: Life - 0.4%	9,800	American Equity Investment Life Holding Co.
	2,200	Citizens, Inc. (a)
	7,250	Delphi Financial Group, Inc. Class A
	1,500	Great American Financial Resources, Inc.
	300	Kansas City Life Insurance Co.
	400	National Western Life Insurance Co. Class A
	18,600	The Phoenix Cos., Inc.
	3,500	Presidential Life Corp.
	7,800	Scottish Re Group Ltd. (a)
	6,400	Universal American Financial Corp. (a)

Insurance: Multi-Line - 1.1%	5,300	Alfa Corp.
	10,200	Assured Guaranty Ltd.
	2,000	CNA Surety Corp. (a)
	5,200	Crawford & Co. Class B
	1,000	EMC Insurance Group, Inc.

Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	3,000	eHealth, Inc. (a)
	2,300	FBL Financial Group, Inc. Class A
	400	Flagstone Reinsurance Holdings Ltd. (a)
	4,800	HealthExtras, Inc. (a)
	6,000	Hilb Rogal & Hobbs Co.

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7,500	Horace Mann Educators Corp.
10,700	Max Capital Group Ltd.
4,300	Meadowbrook Insurance Group, Inc. (a)
16,900	Montpelier Re Holdings Ltd.
1,900	Pico Holdings, Inc. (a)
9,100	Platinum Underwriters Holdings Ltd.
5,400	Primus Guaranty Ltd. (a)
4,500	Security Capital Assurance Ltd.
6,050	Zenith National Insurance Corp.

Insurance: Property-Casualty
- 1.9%

5,600	21st Century Insurance Group
1,800	American Physicians Capital, Inc. (a)
4,100	Amerisafe, Inc. (a)
3,000	Amtrust Financial Services, Inc.
5,500	Argonaut Group, Inc.
15,200	Aspen Insurance Holdings Ltd.
2,000	Baldwin & Lyons, Inc. Class B
2,300	Bristol West Holdings, Inc.
9,400	Commerce Group, Inc.
1,200	Darwin Professional Underwriters, Inc. (a)
1,600	Donegal Group, Inc. Class A
8,710	Employers Holdings, Inc.
1,800	FPIC Insurance Group, Inc. (a)
2,800	First Acceptance Corp. (a)
3,100	First Mercury Financial Corp. (a)
11,000	Fremont General Corp.
500	Greenlight Capital Re Ltd. (a)
2,400	Harleysville Group, Inc.
9,600	IPC Holdings, Ltd.
3,200	Infinity Property & Casualty Corp.
1,500	James River Group, Inc.
1,600	The Midland Co.
900	NYMAGIC, Inc.
1,700	National Interstate Corp.
2,100	Navigators Group, Inc. (a)
4,100	Odyssey Re Holdings Corp.
10,300	Ohio Casualty Corp.
6,900	PMA Capital Corp. Class A (a)
5,000	PXRE Group Ltd. (a)
5,500	ProAssurance Corp. (a)
3,400	RLI Corp.
2,500	Safety Insurance Group, Inc.
4,700	SeaBright Insurance Holdings, Inc. (a)
9,600	Selective Insurance Group, Inc.
2,300	State Auto Financial Corp.
4,000	Tower Group, Inc.
3,000	United America Indemnity, Ltd. (a)
3,600	United Fire & Casualty Co.

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

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Industry	Shares Held	Common Stocks
Investment Management Companies - 0.8%	17,376	Apollo Investment Corp.
	11,332	Ares Capital Corp.
	4,100	Calamos Asset Management, Inc. Class A
	400	Capital Southwest Corp.
	2,400	Cohen & Steers, Inc.
	3,500	Cowen Group, Inc. (a)
	2,600	Epoch Holding Corp. (a)
	1,000	GAMCO Investors, Inc. Class A
	2,200	Kohlberg Capital Corp.
	10,000	MCG Capital Corp.
	3,100	NGP Capital Resources Co.
	6,100	National Financial Partners Corp.
	5,400	NexCen Brands, Inc. (a)
	2,600	Technology Investment Capital Corp.
	2,600	U.S. Global Investors, Inc.
	1,400	WP Stewart & Co. Ltd.
	13,700	Waddell & Reed Financial, Inc. Class A
Jewelry, Watches & Gemstones - 0.1%	7,600	Fossil, Inc. (a)
	2,800	Movado Group, Inc.
Leisure Time - 0.5%	11,700	Callaway Golf Co.
	4,700	Great Wolf Resorts, Inc. (a)
	8,300	K2, Inc. (a)
	5,200	Life Time Fitness, Inc. (a)
	5,700	Premier Exhibitions, Inc. (a)
	11,500	Six Flags, Inc. (a)
	1,300	Steinway Musical Instruments, Inc.
	2,500	Sturm Ruger & Co., Inc. (a)
	1,800	Town Sports International Holdings, Inc. (a)
	5,100	Vail Resorts, Inc. (a)
	2,500	West Marine, Inc. (a)
Machine Tools - 0.0%	1,300	Hurco Companies, Inc. (a)
Machinery & Engineering - 0.1%	7,850	Applied Industrial Technologies, Inc.
Machinery: Agricultural - 0.1%	1,850	Gehl Co. (a)
	2,000	Lindsay Manufacturing Co.
Machinery: Construction & Handling - 0.1%	3,700	ASV, Inc. (a)
	3,000	Astec Industries, Inc. (a)
	900	NACCO Industries, Inc. Class A
Machinery: Engines - 0.1%	8,100	Briggs & Stratton Corp.
	3,200	Raser Techonologies, Inc. (a)

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Machinery: Industrial/Specialty	4,500	Actuant Corp. Class A
- 0.6%	600	Altra Holdings, Inc. (a)
	1,300	Chart Industries, Inc. (a)
	3,100	Columbus McKinnon Corp. (a)
	3,500	EnPro Industries, Inc. (a)
	2,300	Hardinge, Inc.
	2,400	Kadant, Inc. (a)
	2,200	Middleby Corp. (a)
	5,200	Nordson Corp.

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	2,900	Tecumseh Products Co. Class A (a)
	2,800	Tennant Co.
	900	Twin Disc, Inc.
	4,900	Woodward Governor Co.
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Machinery: Oil Well Equipment & Services - 1.5%	4,800	Allis-Chalmers Energy, Inc. (a)
	5,800	Basic Energy Services, Inc. (a)
	3,350	CARBO Ceramics, Inc.
	6,100	Complete Production Services, Inc. (a)
	3,800	Dril-Quip, Inc. (a)
	1,700	Flotek Industries, Inc. (a)
	2,100	Gulf Island Fabrication, Inc.
	15,100	Hanover Compressor Co. (a)
	4,500	Horizon Offshore, Inc. (a)
	4,200	Hornbeck Offshore Services, Inc. (a)
	11,600	Input/Output, Inc. (a)
	2,400	Lufkin Industries, Inc.
	2,800	NATCO Group, Inc. Class A (a)
	15,600	Newpark Resources, Inc. (a)
	8,000	Oil States International, Inc. (a)
	18,900	Parker Drilling Co. (a)
	5,625	RPC, Inc.
	6,300	Sulphco, Inc. (a)
	800	Superior Offshore International, Inc. (a)
	2,200	Superior Well Services, Inc. (a)
	300	T-3 Energy Services, Inc. (a)
	1,900	Trico Marine Services, Inc. (a)
	1,900	Union Drilling, Inc. (a)
	4,900	Universal Compression Holdings, Inc. (a)
	5,200	W-H Energy Services, Inc. (a)
	4,800	Willbros Group, Inc. (a)
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Machinery: Specialty - 0.3%	5,850	Bucyrus International, Inc.

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	1,900	Cascade Corp.
	4,600	Flow International Corp. (a)
	3,600	Semitoool, Inc. (a)
	4,500	TurboChef Technologies, Inc. (a)

Manufactured Housing - 0.1%	12,500	Champion Enterprises, Inc. (a)
	1,600	Palm Harbor Homes, Inc. (a)
	1,200	Skyline Corp.

Manufacturing - 0.1%	7,900	Federal Signal Corp.
	2,200	Standex International Corp.

Medical & Dental Instruments & Supplies - 2.7%	3,500	Abaxis, Inc. (a)
	4,700	Abiomed, Inc. (a)
	9,700	Align Technology, Inc. (a)
	12,300	American Medical Systems Holdings, Inc. (a)(c)
	4,000	AngioDynamics, Inc. (a)
	4,000	Arrow International, Inc.
	3,000	Bio-Rad Laboratories, Inc. Class A (a)
	2,700	BioMimetic Therapeutics, Inc. (a)
	4,900	CONMED Corp. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	800	Cantel Medical Corp. (a)
	9,500	Cepheid, Inc. (a)
	4,200	Conceptus, Inc. (a)
	2,500	CryoLife, Inc. (a)
	2,900	Cutera, Inc. (a)
	3,800	Cyberonics, Inc. (a)
	3,800	DJO, Inc. (a)
	2,400	ev3, Inc. (a)
	3,300	FoxHollow Technologies, Inc. (a)
	1,400	Hansen Medical, Inc. (a)
	3,300	I-Flow Corp. (a)
	2,500	ICU Medical, Inc. (a)
	11,250	Immucor, Inc. (a)
	4,900	Invacare Corp.
	7,200	Inverness Medical Innovations, Inc. (a)
	7,800	Kyphon, Inc. (a)
	1,500	Landauer, Inc.
	5,500	LifeCell Corp. (a)
	1,900	Medical Action Industries, Inc. (a)
	6,500	Mentor Corp.
	5,475	Meridian Bioscience, Inc.

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4,500	Merit Medical Systems, Inc. (a)
3,100	Micrus Endovascular Corp. (a)
1,800	Northstar Neuroscience, Inc. (a)
5,800	NuVasive, Inc. (a)
8,100	OraSure Technologies, Inc. (a)
2,200	Orthofix International NV (a)
6,600	Owens & Minor, Inc.
11,700	PSS World Medical, Inc. (a)
3,100	Palomar Medical Technologies, Inc. (a)
4,000	PolyMedica Corp.
6,000	Sonic Innovations, Inc. (a)
2,900	SonoSite, Inc. (a)
6,700	Spectranetic Corp. (a)
4,100	Stereotaxis, Inc. (a)
10,600	Steris Corp.
2,800	SurModics, Inc. (a)
5,700	Symmetry Medical, Inc. (a)
8,700	Thoratec Corp. (a)
5,100	Ventana Medical Systems, Inc. (a)
1,300	Vital Signs, Inc.
3,000	Volcano Corp. (a)
5,400	West Pharmaceutical Services, Inc.
5,800	Wright Medical Group, Inc. (a)

Medical Services - 0.3%

2,200	Air Methods Corp. (a)
6,400	Magellan Health Services, Inc. (a)
5,100	Option Care, Inc.
4,800	Parexel International Corp. (a)
3,000	RehabCare Group, Inc. (a)

Metal Fabricating - 1.0%

1,100	Ampco-Pittsburgh Corp.
2,700	CIRCOR International, Inc.
200	Compix International, Inc.

Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	2,000	Dynamic Materials Corp.
	4,100	Encore Wire Corp.
	1,700	Haynes International, Inc. (a)
	2,800	Insteel Industries, Inc.
	4,600	Kaydon Corp.
	2,300	LB Foster Co. Class A (a)
	18,680	Mueller Water Products, Inc. Series A
	800	Northwest Pipe Co. (a)
	6,000	Quanex Corp.
	3,600	RBC Bearings, Inc. (a)
	3,800	RTI International Metals, Inc. (a)

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	4,600	Ryerson, Inc.
	3,300	Superior Essex, Inc. (a)
	200	Trimas Corp. (a)
	3,000	Valmont Industries, Inc.

Metals & Minerals	1,800	AM Castle & Co.
Miscellaneous - 0.6%	3,900	AMCOL International Corp.
	9,400	Apex Silver Mines Ltd. (a)
	3,300	Brush Engineered Materials, Inc. (a)
	5,200	Compass Minerals International, Inc.
	17,100	GrafTech International Ltd. (a)
	19,600	Hecla Mining Co. (a)
	10,400	Idaho General Mines, Inc. (a)
	3,100	Minerals Technologies, Inc.
	6,800	Stillwater Mining Co. (a)
	10,400	US Gold Corp. (a)
	9,800	Uranium Resources, Inc. (a)

Milling: Fruit & Grain Processing - 0.0%	1,700	MGP Ingredients, Inc.

Miscellaneous Business & Consumer Discretionary - 0.0%	1,600	Core-Mark Holdings Co., Inc. (a)

Miscellaneous Consumer Staples - 0.0%	3,200	Reddy Ice Holdings, Inc.

Miscellaneous Health Care - 0.0%	700	Animal Health International, Inc. (a)

Miscellaneous Materials & Commodities - 0.2%	4,400	Ceradyne, Inc. (a)
	5,900	Symyx Technologies Inc. (a)
	2,900	WD-40 Co.

Miscellaneous Materials & Processing - 0.3%	4,800	Insituform Technologies, Inc. Class A (a)
	4,200	Metal Management, Inc.
	2,900	Rogers Corp. (a)
	14,200	USEC, Inc. (a)
	1,700	Xerium Technologies, Inc.

Miscellaneous Producer Durables - 0.1%	6,700	Blount International, Inc. (a)
	1,200	Park-Ohio Holdings Corp (a)

Miscellaneous Technology - 0.1%	4,600	IHS, Inc. Class A (a)
	2,000	iRobot Corp. (a)
	2,800	Vocus, Inc. (a)

Multi-Sector Companies - 0.4%	4,800	Compass Diversified Trust
	9,100	GenCorp, Inc. (a)
	1,400	GenTek Inc. (a)

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Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	4,200	Kaman Corp. Class A
	4,200	Lancaster Colony Corp.
	2,600	Raven Industries, Inc.
	1,200	Sequa Corp. Class A (a)
	7,800	Walter Industries, Inc.
Office Furniture & Business Equipment - 0.3%	7,864	ACCO Brands Corp. (a)
	11,000	Herman Miller, Inc.
	4,300	Kimball International, Inc. Class B
	7,100	Knoll, Inc.
Offshore Drilling - 0.2%	4,500	Atwood Oceanics, Inc. (a)
	2,300	Bois d'Arc Energy, Inc. (a)
	4,000	Hercules Offshore, Inc. (a)
Oil: Crude Producers - 2.1%	100	APCO Argentina, Inc.
	3,500	ATP Oil & Gas Corp. (a)
	2,600	Arena Resources, Inc. (a)
	4,200	Atlas America, Inc.
	10,100	BPZ Energy, Inc. (a)
	6,200	Berry Petroleum Co. Class A
	5,000	Bill Barrett Corp. (a)
	7,400	Brigham Exploration Co. (a)
	5,200	Bronco Drilling Co., Inc. (a)
	3,600	Callon Petroleum Co. (a)
	4,200	Carrizo Oil & Gas, Inc. (a)
	900	Clayton Williams Energy, Inc. (a)
	7,200	Comstock Resources, Inc. (a)
	2,100	Contango Oil & Gas Co. (a)
	1,200	Delek US Holdings, Inc.
	9,100	EXCO Resources, Inc. (a)
	5,900	Edge Petroleum Corp. (a)
	8,600	Encore Acquisition Co. (a)
	1,400	Energy Infrastructure Acquisition Corp. (a)
	5,785	Energy Partners Ltd. (a)
	7,300	FX Energy, Inc. (a)
	8,100	GeoGlobal Resources, Inc. (a)
	1,700	Geokinectics, Inc. (a)
	2,500	Goodrich Petroleum Corp. (a)
	30,100	Grey Wolf, Inc. (a)
	2,400	Gulfport Energy Corp. (a)
	6,500	Harvest Natural Resources, Inc. (a)
	13,200	Mariner Energy, Inc. (a)
	5,000	McMoRan Exploration Co. (a)

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15,200	Meridian Resource Corp. (a)
1,539	NTR Acquisition Co. (a)
11,600	Oilsands Quest, Inc. (a)
6,100	Parallel Petroleum Corp. (a)
26,250	PetroHawk Energy Corp. (a)
2,900	Petroleum Development Corp. (a)
7,200	Petroquest Energy, Inc. (a)
8,100	Pioneer Drilling Co. (a)
2,100	Resource America, Inc. Class A
8,300	Rosetta Resources, Inc. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	4,600	Stone Energy Corp. (a)
	4,900	Swift Energy Co. (a)
	5,200	TXCO Resources, Inc. (a)
	3,500	Toreador Resources Corp. (a)
	900	Venoco, Inc. (a)
	4,190	VeraSun Energy Corp. (a)
	9,400	Warren Resources, Inc. (a)
	6,000	Whiting Petroleum Corp. (a)
Oil: Integrated Domestic - 0.1%	10,700	Delta Petroleum Corp. (a)
	1,800	GMX Resources Inc. (a)
Oil: Integrated International - 0.0%	10,100	Vaalco Energy, Inc. (a)
Paints & Coatings - 0.2%	7,500	Ferro Corp.
	9,900	H.B. Fuller Co.
	400	Kronos Worldwide, Inc.
Paper - 0.4%	4,700	Albany International Corp. Class A
	9,200	Bowater, Inc.
	5,900	Buckeye Technologies, Inc. (a)
	3,500	Chesapeake Corp.
	300	Multi-Color Corp.
	4,800	Mercer International, Inc.-Sbi (a)
	2,600	Neenah Paper, Inc.
	7,300	P.H. Glatfelter Co.
	5,600	Rock-Tenn Co. Class A
	7,700	Wausau Paper Corp.

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Photography - 0.0%	600	CPI Corp.
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Plastics - 0.1%	2,300	The Lamson & Sessions Co. (a)
	5,200	Spartech Corp.
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Pollution Control & Environmental Services - 0.2%	2,600	American Ecology Corp.
	13,200	Darling International, Inc. (a)
	2,200	Fuel Tech, Inc. (a)
	6,400	Headwaters, Inc. (a)
	1,300	Team, Inc. (a)
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Power Transmission Equipment - 0.1%	5,200	Regal-Beloit Corp.
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Printing & Copying Services - 0.3%	5,600	Bowne & Co., Inc.
	9,300	Cenveo, Inc. (a)
	2,400	Schawk, Inc.
	7,500	VistaPrint Ltd. (a)
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Production Technology Equipment - 1.1%	5,600	ATMI, Inc. (a)
	16,500	Axcelis Technologies, Inc. (a)
	12,383	Brooks Automation, Inc. (a)
	7,600	Cognex Corp.
	16,500	Credence Systems Corp. (a)
	5,900	Cymer, Inc. (a)
	3,400	Dionex Corp. (a)
	5,100	Electro Scientific Industries, Inc. (a)
	21,995	Entegris, Inc. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	4,200	Esterline Technologies Corp. (a)
	5,200	FEI Co. (a)
	3,700	Intevac, Inc. (a)
	9,900	Kulicke & Soffa Industries, Inc. (a)
	10,700	LTX Corp. (a)
	3,200	MTS Systems Corp.
	9,200	Mattson Technology, Inc. (a)
	6,800	Photronics, Inc. (a)
	2,700	Rofin-Sinar Technologies, Inc. (a)
	4,313	Rudolph Technologies, Inc. (a)
	4,200	Ultra Clean Holdings, Inc. (a)
	4,200	Ultratech, Inc. (a)

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Publishing: Miscellaneous - 0.3%	1,700	Consolidated Graphics, Inc. (a)
	1,700	Courier Corp.
	2,480	GateHouse Media, Inc.
	4,400	Martha Stewart Living Omnimedia, Inc. Class A
	3,700	Playboy Enterprises, Inc. Class B (a)
	37,500	Primedia, Inc. (a)
	5,600	Scholastic Corp. (a)
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Publishing: Newspapers - 0.3%	13,800	Belo Corp. Class A
	7,700	Journal Communications, Inc. Class A
	7,500	Lee Enterprises, Inc.
	3,600	Media General, Inc. Class A
	13,000	Sun-Times Media Group, Inc.
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Radio & TV Broadcasters - 0.5%	7,400	CKX, Inc. (a)
	41,050	Citadel Broadcasting Corp.
	5,400	Cox Radio, Inc. Class A (a)
	5,200	Cumulus Media, Inc. Class A (a)
	6,800	Emmis Communications Corp. Class A
	5,300	Entercom Communications Corp.
	1,000	Fisher Communications, Inc. (a)
	6,800	Gray Television, Inc.
	4,400	Lin TV Corp. Class A (a)
	600	Nexstar Broadcasting Group, Inc. Class A (a)
	12,500	Radio One, Inc. Class D (a)
	1,500	Salem Communications Corp. Class A
	8,000	Sinclair Broadcast Group, Inc. Class A
	7,400	Spanish Broadcasting System, Inc. Class A (a)
	11,600	Westwood One, Inc.
	3,700	World Wrestling Entertainment, Inc.
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Railroad Equipment - 0.2%	1,300	American Railcar Industries, Inc.
	2,000	Freightcar America, Inc.
	2,600	Greenbrier Cos., Inc.
	7,900	Westinghouse Air Brake Technologies Corp.
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Railroads - 0.3%	6,000	Florida East Coast Industries, Inc.
	5,750	Genesee & Wyoming, Inc. Class A (a)
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Real Estate - 0.2%	300	AMREP Corp.
	1,000	Avatar Holdings, Inc. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

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Industry	Shares Held	Common Stocks
	3,500	Bluegreen Corp. (a)
	1,000	Consolidated-Tomoka Land Co.
	4,000	Grubb & Ellis Co. (a)
	3,807	HFF, Inc. Class A (a)
	800	Quadra Realty Trust, Inc. (a)
	2,100	Resource Capital Corp.
	1,800	Tejon Ranch Co. (a)
	2,500	Thomas Properties Group, Inc.
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Real Estate Investment Trusts (REITs) - 6.1%	5,600	Acadia Realty Trust
	7,452	Affordable Residential Communities Inc. (a)
	2,000	Agree Realty Corp.
	11,100	Alesco Financial, Inc.
	300	Alexander's, Inc. (a)
	4,800	Alexandria Real Estate Equities, Inc.
	3,800	American Campus Communities, Inc.
	22,700	American Financial Realty Trust (c)
	7,900	American Home Mortgage Investment Corp.
	9,500	Anthracite Capital, Inc.
	7,900	Anworth Mortgage Asset Corp.
	2,800	Arbor Realty Trust, Inc.
	17,250	Ashford Hospitality Trust, Inc.
	4,100	Associated Estates Realty Corp.
	300	BRT Realty Trust
	11,600	BioMed Realty Trust, Inc.
	2,900	CBRE Realty Finance, Inc.
	6,200	Capital Lease Funding, Inc.
	1,700	Capital Trust, Inc.
	7,200	Cedar Shopping Centers, Inc.
	6,200	Corporate Office Properties Trust
	6,600	Cousins Properties, Inc.
	13,400	Crescent Real Estate EQT Co. (c)
	3,143	Crystal River Capital, Inc.
	27,450	DCT Industrial Trust, Inc.
	8,400	Deerfield Triarc Capital Corp.
	14,040	DiamondRock Hospitality Co.
	8,040	Digital Realty Trust, Inc.
	3,900	Eastgroup Properties, Inc.
	4,600	Education Realty Trust, Inc.
	4,600	Entertainment Properties Trust
	9,600	Equity Inns, Inc.
	3,400	Equity Lifestyle Properties, Inc.
	5,900	Equity One, Inc.
	10,100	Extra Space Storage, Inc.
	10,200	FelCor Lodging Trust, Inc.
	7,800	First Industrial Realty Trust, Inc.
	3,900	First Potomac Realty Trust
	8,700	Franklin Street Properties Corp.
	25,800	Friedman Billings Ramsey Group, Inc. Class A
	7,000	GMH Communities Trust
	2,800	Getty Realty Corp.
	6,400	Glimcher Realty Trust
	2,800	Gramercy Capital Corp.
	8,400	Healthcare Realty Trust, Inc.

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Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	5,900	Hersha Hospitality Trust
	10,500	Highland Hospitality Corp.
	9,300	Highwoods Properties, Inc.
	5,400	Home Properties, Inc.
	13,400	IMPAC Mortgage Holdings, Inc.
	9,500	Inland Real Estate Corp.
	7,600	Innkeepers USA Trust
	8,200	Investors Real Estate Trust
	4,200	JER Investors Trust, Inc.
	4,200	Kite Realty Group Trust
	3,900	LTC Properties, Inc.
	7,000	LaSalle Hotel Properties
	10,730	Lexington Corporate Properties Trust
	7,600	Luminent Mortgage Capital, Inc.
	13,800	MFA Mortgage Investments, Inc.
	6,100	Maguire Properties, Inc.
	8,100	Medical Properties Trust, Inc.
	7,420	Meruelo Maddux Properties, Inc. (a)
	4,100	Mid-America Apartment Communities, Inc.
	1,400	Mission West Properties, Inc.
	3,800	National Health Investors, Inc.
	10,700	National Retail Properties, Inc.
	13,700	Nationwide Health Properties, Inc.
	7,600	Newcastle Investment Corp.
	8,900	NorthStar Realty Finance Corp.
	6,200	NovaStar Financial, Inc.
	10,900	Omega Healthcare Investors, Inc.
	2,600	PS Business Parks, Inc.
	2,500	Parkway Properties, Inc.
	5,300	Pennsylvania Real Estate Investment Trust
	7,100	Post Properties, Inc.
	6,339	Potlatch Corp.
	10,840	RAIT Investment Trust
	3,000	Ramco-Gershenson Properties Trust
	16,600	Realty Income Corp.
	3,400	Redwood Trust, Inc.
	4,200	Republic Property Trust
	1,700	Saul Centers, Inc.
	12,500	Senior Housing Properties Trust
	3,200	Sovran Self Storage, Inc.
	17,000	Spirit Finance Corp.
	12,100	Strategic Hotel Capital, Inc.
	3,200	Sun Communities, Inc.
	10,200	Sunstone Hotel Investors, Inc.
	5,400	Tanger Factory Outlet Centers, Inc.
	2,300	Tarragon Corp. (a)
	7,500	U-Store-It Trust
	1,900	Universal Health Realty Income Trust
	3,400	Urstadt Biddle Properties, Inc. Class A
	7,400	Washington Real Estate Investment Trust

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4,300 Winston Hotels, Inc.
4,500 Winthrop Realty Trust, Inc.

Recreational Vehicles & Boats - 0.3% 2,300 Arctic Cat, Inc.

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry Shares Held Common Stocks

10,900 Fleetwood Enterprises, Inc. (a)
1,600 Marine Products Corp.
4,900 Monaco Coach Corp.
5,800 Polaris Industries, Inc.
5,100 Winnebago Industries, Inc.

Rental & Leasing Services: 2,800 Electro Rent Corp.
Commercial - 0.1% 2,200 H&E Equipment Services, Inc. (a)
1,600 Interpool, Inc.
3,900 McGrath RentCorp
4,900 Williams Scotsman International, Inc. (a)

Rental & Leasing Services: 7,500 Aaron Rents, Inc.
Consumer - 0.3% 1,700 Amerco, Inc. (a)
3,900 Dollar Thrifty Automotive Group, Inc. (a)
2,200 RSC Holdings, Inc. (a)
11,500 Rent-A-Center, Inc. (a)

Restaurants - 1.7% 4,500 AFC Enterprises, Inc. (a)
12,150 Applebee's International, Inc.
2,400 BJ's Restaurants, Inc. (a)
1,000 Benihana, Inc. Class A (a)
6,300 Bob Evans Farms, Inc.
2,600 Buffalo Wild Wings, Inc. (a)
4,058 CBRL Group, Inc.
4,700 CEC Entertainment, Inc. (a)
10,300 CKE Restaurants, Inc.
5,250 California Pizza Kitchen, Inc. (a)
3,000 Carrols Restaurant Group, Inc. (a)
5,000 Chipotle Mexican Grill, Inc. Class B (a)
18,800 Denny's Corp. (a)
6,700 Domino's Pizza, Inc.
2,800 IHOP Corp.
5,100 Jack in the Box, Inc. (a)
6,400 Jamba, Inc. (a)

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10,500	Krispy Kreme Doughnuts, Inc. (a)	
2,900	Landry's Restaurants, Inc.	
1,800	McCormick & Schmick's Seafood Restaurants, Inc.	
700	Morton's Restaurant Group, Inc. (a)	
4,100	O'Charleys, Inc.	
4,200	P.F. Chang's China Bistro, Inc. (a)	
4,300	Papa John's International, Inc. (a)	
5,900	Rare Hospitality International, Inc. (a)	
2,900	Red Robin Gourmet Burgers, Inc. (a)	
8,800	Ruby Tuesday, Inc.	
3,000	Ruth's Chris Steak House, Inc. (a)	
10,870	Sonic Corp. (a)	
4,600	The Steak n Shake Co. (a)	
8,600	Texas Roadhouse, Inc. Class A (a)	
10,200	Triarc Cos.	

Retail - 3.7%	400	1-800 Contacts, Inc. (a)
	5,500	1-800-FLOWERS.COM, Inc. Class A (a)
	7,600	99 Cents Only Stores (a)

Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	3,200	AC Moore Arts & Crafts, Inc. (a)
	8,400	Aeropostale, Inc. (a)
	3,200	Asbury Automotive Group, Inc.
	4,100	bebe Stores, Inc.
	4,000	Big 5 Sporting Goods Corp.
	33,300	Blockbuster, Inc. Class A (a)
	2,500	Blue Nile, Inc. (a)
	1,300	The Bon-Ton Stores, Inc.
	3,400	Books-A-Million, Inc.
	9,500	Borders Group, Inc.
	7,125	Brown Shoe Co., Inc.
	2,300	The Buckle, Inc.
	2,500	Build-A-Bear Workshop, Inc. (a)
	7,200	CSK Auto Corp. (a)
	5,600	Cabela's, Inc. Class A (a)
	3,200	Cache, Inc. (a)
	6,700	Casual Male Retail Group, Inc. (a)
	5,300	The Cato Corp. Class A
	11,369	Central Garden and Pet Co. Class A (a)
	4,100	Charlotte Russe Holding, Inc. (a)
	20,100	Charming Shoppes, Inc. (a)
	3,700	The Children's Place Retail Stores, Inc. (a)
	5,900	Christopher & Banks Corp.
	1,400	Conn's, Inc. (a)
	100	DEB Shops, Inc.
	7,700	Dress Barn, Inc. (a)
	3,800	Eddie Bauer Holdings, Inc. (a)

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6,300	Ezcorp, Inc. (a)
2,300	FTD Group, Inc.
7,000	Fred's, Inc.
4,000	GSI Commerce, Inc. (a)
2,800	Gaiam, Inc. (a)
500	Gander Mountain Co. (a)
4,000	Genesco, Inc. (a)
4,000	Group 1 Automotive, Inc.
4,800	Guitar Center, Inc. (a)
5,300	Gymboree Corp. (a)
7,800	HOT Topic, Inc. (a)
5,950	Hibbett Sports, Inc. (a)
8,500	Insight Enterprises, Inc. (a)
4,200	Jo-Ann Stores, Inc. (a)
3,125	Jos. A. Bank Clothiers, Inc. (a)
979	Lawson Products, Inc.
2,600	Lithia Motors, Inc. Class A
2,700	MarineMax, Inc. (a)
8,400	Men's Wearhouse, Inc.
3,500	New York & Co. (a)
2,800	Overstock.com, Inc. (a)
200	PC Connection, Inc. (a)
11,400	Pacific Sunwear of California, Inc. (a)
3,700	The Pantry, Inc. (a)
10,600	Payless Shoesource, Inc. (a)
7,700	The Pep Boys - Manny, Moe & Jack
4,700	PetMed Express, Inc. (a)

Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	14,400	Pier 1 Imports, Inc.
	1,400	PriceSmart, Inc.
	5,900	Priceline.com, Inc. (a)
	3,500	Retail Ventures, Inc. (a)
	3,600	Rush Enterprises, Inc. Class A (a)
	2,700	Russ Berrie & Co., Inc. (a)
	13,100	Sally Beauty Co., Inc. (a)
	3,700	School Specialty, Inc. (a)
	1,600	Shutterfly, Inc. (a)
	5,000	Sonic Automotive, Inc.
	7,050	Stage Stores, Inc.
	3,300	Stamps.com, Inc. (a)
	4,400	Stein Mart, Inc.
	200	Syms Corp. (a)
	900	Systemax, Inc.
	3,800	Talbots, Inc.
	4,900	Tuesday Morning Corp.
	5,000	Tween Brands, Inc. (a)
	7,000	United Natural Foods, Inc. (a)
	5,100	ValueVision Media, Inc. Class A (a)
	2,200	Volcom, Inc. (a)

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12,600 The Wet Seal, Inc. Class A (a)
 8,000 Zale Corp. (a)
 3,300 Zumiez, Inc. (a)

Savings & Loan - 1.5%

3,400	Anchor Bancorp Wisconsin, Inc.
10,000	Bank Mutual Corp.
8,100	BankAtlantic Bancorp, Inc. Class A
5,200	BankUnited Financial Corp. Class A
1,400	Berkshire Hills Bancorp, Inc.
10,800	Brookline Bancorp, Inc.
4,400	Dime Community Bancshares, Inc.
3,400	Downey Financial Corp.
2,400	First Financial Holdings, Inc.
2,225	First Indiana Corp.
18,300	First Niagara Financial Group, Inc.
2,300	First Place Financial Corp.
4,600	First Republic Bank
2,700	FirstFed Financial Corp. (a)
7,100	Flagstar Bancorp, Inc.
3,400	Flushing Financial Corp.
1,700	Great Southern Bancorp, Inc.
1,950	Horizon Financial Corp.
1,900	IBERIABANK Corp.
1,300	ITLA Capital Corp.
4,500	KNBT Bancorp, Inc.
3,500	Kearny Financial Corp.
5,800	MAF Bancorp, Inc.
100	NASB Financial, Inc.
18,500	NewAlliance Bancshares, Inc.
3,000	Northwest Bancorp, Inc.
5,800	Ocwen Financial Corp. (a)
4,300	PFF Bancorp, Inc.
7,100	Partners Trust Financial Group, Inc.

Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	10,700	Provident Financial Services, Inc.
	6,900	Provident New York Bancorp
	1,400	Rockville Financial, Inc.
	200	Roma Financial Corp.
	8,260	Sterling Financial Corp.
	3,200	TierOne Corp.
	4,400	United Community Financial Corp.
	600	ViewPoint Financial Group
	18,600	W Holding Co., Inc.
	1,700	Westfield Financial, Inc.

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Scientific Equipment & Suppliers - 0.2%	7,000	Newport Corp. (a)
	5,400	Varian, Inc. (a)
<hr style="border-top: 1px dashed black;"/>		
Securities Brokerage & Services - 0.5%	8,600	Centerline Holding Co.
	2,300	GFI Group, Inc. (a)
	4,100	KBW, Inc. (a)
	16,900	Knight Capital Group, Inc. Class A (a)
	8,700	LaBranche & Co., Inc. (a)
	9,600	Ladenburg Thalmann Financial Services, Inc. (a)
	5,100	MarketAxess Holdings, Inc. (a)
	6,300	optionsXpress Holdings, Inc.
	1,700	Penson Worldwide, Inc. (a)
	4,200	SWS Group, Inc.
	2,521	Thomas Weisel Partners Group, Inc. (a)
<hr style="border-top: 1px dashed black;"/>		
Services: Commercial - 3.5%	7,700	ABM Industries, Inc.
	5,600	AMN Healthcare Services, Inc. (a)
	3,800	Administaff, Inc.
	3,300	The Advisory Board Co. (a)
	3,300	Ambassadors Group, Inc.
	2,000	Ambassadors International, Inc.
	600	Barrett Business Services
	7,700	CBIZ, Inc. (a)
	2,200	CDI Corp.
	2,000	CRA International, Inc. (a)
	3,700	Casella Waste Systems, Inc. (a)
	4,100	Chemed Corp.
	3,100	CoStar Group, Inc. (a)
	4,700	Coinmach Service Corp. Class A
	4,800	Coinstar, Inc. (a)
	1,700	Cornell Cos., Inc. (a)
	5,600	Cross Country Healthcare, Inc. (a)
	4,600	Diamond Management & Technology Consultants, Inc.
	4,100	DynCorp. International, Inc. (a)
	3,200	Exponent, Inc. (a)
	7,000	FTI Consulting, Inc. (a)
	1,300	First Advantage Corp. Class A (a)
	2,400	Forrester Research, Inc. (a)
	3,600	G&K Services, Inc. Class A
	8,200	The Geo Group, Inc. (a)
	4,600	Gevity HR, Inc.
	1,800	Global Sources Ltd. (a)
	8,800	Harris Interactive, Inc. (a)

Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

	Shares Held	
Industry		Common Stocks
	3,200	Heidrick & Struggles International, Inc. (a)

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9,100	Home Solutions of America, Inc. (a)
4,100	Hudson Highland Group, Inc. (a)
1,300	ICT Group, Inc. (a)
17,500	IKON Office Solutions, Inc.
5,300	Jackson Hewitt Tax Service, Inc.
3,800	Kelly Services, Inc. Class A
4,600	Kenexa Corp. (a)
5,100	Kforce, Inc. (a)
5,300	The Knot, Inc. (a)
7,100	Korn/Ferry International (a)
8,200	Labor Ready, Inc. (a)
1,700	Liquidity Services, Inc. (a)
3,600	MAXIMUS, Inc.
16,700	MPS Group, Inc. (a)
2,700	Midas, Inc. (a)
2,000	Monro Muffler, Inc.
9,400	Navigant Consulting, Inc. (a)
7,500	Net 1 UEPS Technologies, Inc. (a)
5,300	On Assignment, Inc. (a)
8,700	PHH Corp. (a)
5,100	People Support, Inc. (a)
3,900	Perficient, Inc. (a)
1,800	Pre-Paid Legal Services, Inc. (a)
2,100	The Providence Service Corp. (a)
7,800	RegisCorp.
8,400	Resources Connection, Inc. (a)
5,200	Rollins, Inc.
8,600	Source Interlink Cos., Inc. (a)
10,000	Spherion Corp. (a)
500	Standard Parking Corp. (a)
2,300	Steiner Leisure Ltd. (a)
6,300	TeleTech Holdings, Inc. (a)
9,900	Tetra Tech, Inc. (a)
600	Travelzoo, Inc. (a)
1,800	Unifirst Corp.
1,200	Vertrue, Inc. (a)
3,400	Viad Corp.
2,250	Volt Information Sciences, Inc. (a)
11,700	Waste Connections, Inc. (a)
700	Waste Industries USA, Inc.
3,133	Waste Services, Inc. (a)
7,000	Watson Wyatt Worldwide, Inc.
4,600	World Fuel Services Corp.

Shipping - 0.6%

10,200	American Commercial Lines, Inc. (a)
1,300	Arlington Tankers Ltd
2,400	Double Hull Tankers, Inc.
5,700	Eagle Bulk Shipping, Inc.
2,300	Genco Shipping & Trading Ltd.
3,800	General Maritime Corp.
6,800	Golar LNG Ltd.
4,200	Gulfmark Offshore, Inc. (a)
4,700	Horizon Lines, Inc. Class A

Small Cap Premium & Dividend Income Fund Inc.
 Schedule of Investments as of June 30, 2007

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Industry	Shares Held	Common Stocks
	2,000	Knightsbridge Tankers Ltd.
	3,800	Nordic American Tanker Shipping Ltd.
	5,900	Ship Finance International Ltd.
	3,100	Star Maritime Acquisition Corp. (a)
	1,400	TBS International Ltd. (a)
Shoes - 0.6%	2,800	DSW, Inc. Class A (a)
	2,000	Deckers Outdoor Corp. (a)
	6,900	The Finish Line, Inc. Class A
	1,000	Heelys, Inc. (a)
	8,300	Iconix Brand Group, Inc. (a)
	4,200	K-Swiss, Inc. Class A
	1,600	Kenneth Cole Productions, Inc. Class A
	1,500	Shoe Carnival, Inc. (a)
	3,200	Skechers U.S.A., Inc. Class A (a)
	3,700	Steven Madden Ltd.
	6,400	Stride Rite Corp.
	7,700	Timberland Co. Class A (a)
	300	Weyco Group, Inc.
	9,600	Wolverine World Wide, Inc.
Steel - 0.3%	558	Claymont Steel, Inc. (a)
	4,100	Gibraltar Industries, Inc.
	1,400	Olympic Steel, Inc.
	4,000	Schnitzer Steel Industries, Inc. Class A
	1,500	Universal Stainless & Alloy Products, Inc. (a)
	1,900	Wheeling-Pittsburgh Corp. (a)
	11,200	Worthington Industries, Inc.
Sugar - 0.0%	1,900	Imperial Sugar Co. New Shares
Telecommunications Equipment - 1.0%	25,300	Andrew Corp. (a) (c)
	17,700	Arris Group, Inc. (a)
	2,800	Audiovox Corp. Class A (a)
	7,300	Belden, Inc.
	8,300	C-COR, Inc. (a)
	7,600	Interdigital Communications Corp. (a)
	6,900	Mastec, Inc. (a)
	1,800	OpNext, Inc. (a)
	7,800	Plantronics, Inc.
	14,900	Polycom, Inc. (a)
	20,500	Powerwave Technologies, Inc. (a)
	8,000	Symmetricom, Inc. (a)
Textile Products - 0.1%	8,900	Interface, Inc. Class A
Textiles Apparel Manufacturers	8,600	Carter's, Inc. (a)

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- 0.8%	1,400	Cherokee, Inc.
	2,300	Columbia Sportswear Co.
	1,500	G-III Apparel Group, Ltd. (a)
	5,970	J. Crew Group, Inc. (a)
	4,200	Kellwood Co.
	3,000	Maidenform Brands, Inc. (a)
	2,500	Oxford Industries, Inc.
	1,950	Perry Ellis International, Inc. (a)
	20,200	Quiksilver, Inc. (a)

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	3,100	True Religion Apparel, Inc. (a)
	4,000	Under Armour, Inc. Class A (a)
	7,500	The Warnaco Group, Inc. (a)
Tires & Rubber - 0.1%	10,000	Cooper Tire & Rubber Co.
	3,300	Titan International, Inc.
Tobacco - 0.3%	15,700	Alliance One International, Inc. (a)
	2,700	Schweitzer-Mauduit International, Inc.
	4,400	Universal Corp.
	6,019	Vector Group Ltd.
Toys - 0.2%	4,800	Jakks Pacific, Inc. (a)
	5,600	Leapfrog Enterprises, Inc. (a)
	8,300	Marvel Entertainment, Inc. (a)
Transportation Miscellaneous - 0.2%	4,000	Celadon Group, Inc. (a)
	1,400	Dynamex, Inc. (a)
	6,300	HUB Group, Inc. Class A (a)
	9,100	Odyssey Marine Exploration, Inc. (a)
	6,000	Pacer International, Inc.
	2,500	Ultrapetrol Bahamas Ltd. (a)
Truckers - 0.5%	3,700	Arkansas Best Corp.
	5,100	Forward Air Corp.
	10,300	Heartland Express, Inc.
	9,350	Knight Transportation, Inc.
	2,500	Marten Transport Ltd. (a)
	4,850	Old Dominion Freight Line, Inc. (a)

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100	Patriot Transportation Holding, Inc. (a)
2,600	Saia, Inc. (a)
1,000	Universal Truckload Services, Inc. (a)
8,800	Werner Enterprises, Inc.

Utilities: Cable TV & Radio - 0.0%	8,800	Mediacom Communications Corp. Class A (a)
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Utilities: Electrical - 1.4%	4,400	Allete, Inc.
	8,600	Avista Corp.
	6,100	Black Hills Corp.
	2,600	CH Energy Group, Inc.
	1,100	Central Vermont Public Service Corp.
	9,700	Cleco Corp.
	8,400	El Paso Electric Co. (a)
	5,300	The Empire District Electric Co.
	7,200	IDACORP, Inc.
	6,300	ITC Holdings Corp.
	3,500	MGE Energy, Inc.
	5,800	NorthWestern Corp.
	4,800	Otter Tail Corp.
	12,500	PNM Resources, Inc.
	2,800	Pike Electric Corp. (a)
	4,700	Portland General Electric Co.
	4,333	UIL Holdings Corp.
	6,200	Unisource Energy Corp.
	15,300	Westar Energy, Inc.

Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares	
	Held	Common Stocks
Utilities: Gas Distributors - 0.8%	2,800	Cascade Natural Gas Corp.
	1,200	EnergySouth, Inc.
	3,500	The Laclede Group, Inc.
	4,600	New Jersey Resources Corp.
	7,300	Nicor, Inc.
	4,800	Northwest Natural Gas Co.
	12,100	Piedmont Natural Gas Co.
	2,500	SEMCO Energy, Inc. (a)
	5,100	South Jersey Industries, Inc.
	6,900	Southwest Gas Corp.
	8,000	WGL Holdings, Inc.

Utilities: Miscellaneous - 0.1%	61,000	Aquila, Inc. (a)
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Utilities: Telecommunications - 1.3%	7,400 800 3,300 3,900 43,200 3,200 25,400 1,600 5,300 20,610 8,700 4,700 1,300 2,600 18,800 8,100 2,800 3,700 5,500 3,700 3,500 3,300 11,470 11,500 5,000 1,600 1,200 2,400 24,430 4,500	Alaska Communications Systems Group, Inc. Atlantic Tele-Network, Inc. CT Communications, Inc. Centennial Communications Corp. (a) Cincinnati Bell, Inc. (a) Consolidated Communications Holdings, Inc. Dobson Communications Corp. Class A (a) Eschelon Telecom, Inc. (a) FairPoint Communications, Inc. FiberTower Corp. (a) General Communication, Inc. Class A (a) Global Crossing Ltd. (a) Globalstar, Inc. (a) Golden Telecom, Inc. (b) ICO Global Communications Holdings Ltd. (a) IDT Corp. Class B iPCS, Inc. Ibasis, Inc. (a) Iowa Telecommunications Services, Inc. NTELOS Holdings Corp. North Pittsburgh Systems, Inc. ORBCOMM, Inc. (a) PAETEC Holding Corp. (a) Premiere Global Services, Inc. (a) RCN Corp. Rural Cellular Corp. Class A (a) Shenandoah Telecom Co. SureWest Communications Time Warner Telecom, Inc. Class A (a) USA Mobility, Inc.
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Utilities: Water - 0.2%	3,000 3,100 1,400 2,500 3,965	American States Water Co. California Water Service Group Consolidated Water Co., Inc. SJW Corp. Southwest Water Co.
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Wholesale & International Trade - 0.1%	5,800	Central European Distribution Corp. (a)
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Wholesalers - 0.3%	8,230 2,200	Brightpoint, Inc. (a) Houston Wire & Cable Co. (a)
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Small Cap Premium & Dividend Income Fund Inc.
Schedule of Investments as of June 30, 2007

Industry	Shares Held	Common Stocks
	7,400	LKQ Corp. (a)
	1,400	MWI Veterinary Supply, Inc. (a)

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5,500 Prestige Brands Holdings, Inc. (a)
 4,500 United Stationers, Inc. (a)

		Total Common Stocks (Cost - \$209,460,234) - 92.3%
		Mutual Funds
Investment Management Companies - 0.1%	2,300 5,500 1,000 4,600 3,800 2,000	Gladstone Capital Corp. Hercules Technology Growth Capital, Inc. Kayne Anderson Energy Development Co. Patriot Capital Funding, Inc. Pennantpark Investment Corp. Prospect Capital Corp.
		Total Mutual Funds (Cost - \$314,432) - 0.1%
	Face Amount	Short-Term Securities
Time Deposits - 8.2%	\$ 20,931,213	State Street Bank & Trust Co., 4.25% due 7/02/2007
		Total Short-Term Investments (Cost-\$20,931,213)- 8.2%
		Total Investments (Cost - \$230,705,879) - 100.6%
	Number of Contracts	Options Written
Call Options Written	1,700	Russell 2000 Index, expiring July 2007 at USD 85
		Total Options Written (Premiums Received - \$2,754,760) - (0.5%)
		Total Investments, net of options written (Cost - \$227,951,119*) - 100.1%
		Liabilities in Excess of Other Assets- (0.1%)
		Net Assets - 100.0%

* The cost and unrealized appreciation (depreciation) of investments as of June 30, 2007, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 254,061,508
	=====
Gross unrealized appreciation	\$ 7,024,027
Gross unrealized depreciation	(5,891,155)

Net unrealized appreciation	\$ 1,132,872
	=====

- (a) Non-income producing security.
- (b) Depository receipts.
- (c) All or a portion of security held as collateral in connection with open financial futures contracts.

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- o For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets.
- o Financial futures contracts purchased as of June 30, 2007 were as follows:

Number of Contracts	Issue	Expiration Date	Face Value	Unrealized Depreciat
35	Russell 2000 Index	September 2007	\$ 14,815,949	\$ (79,199

- Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Not Applicable to this semi-annual report
- Item 8 - Portfolio Managers of Closed-End Management Investment Companies - Not Applicable to this semi-annual report
- Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable
- Item 10 - Submission of Matters to a Vote of Security Holders - The registrant's Nominating Committee will consider nominees to the Board recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations which include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures.
- Item 11 - Controls and Procedures
 - 11(a) - The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities and Exchange Act of 1934, as amended.
 - 11(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the 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 attached hereto
 - 12(a)(1) - Code of Ethics - Not Applicable to this semi-annual report

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12(a) (2) - Certifications - Attached hereto

12(a) (3) - Not Applicable

12(b) - Certifications - Attached hereto

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.

Small Cap Premium & Dividend Income Fund Inc.

By: /s/ Mitchell M. Cox

Mitchell M. Cox,
Chief Executive Officer of
Small Cap Premium & Dividend Income Fund Inc.

Date: August 28, 2007

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/ Mitchell M. Cox

Mitchell M. Cox,
Chief Executive Officer of
Small Cap Premium & Dividend Income Fund Inc.

Date: August 28, 2007

By: /s/ James E. Hillman

James E. Hillman,
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