

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

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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 |

SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

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 |

SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

JUNE 30, 2007

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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 | 2 |
| (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*) | 2 |
|--|---|

Liabilities in Excess of Other Assets

Net Assets \$2

* 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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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) -- net | | .80 |
| Total from investment operations | | .82 |
| 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 Stock | | .01 |
| 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 -- net | .25 |

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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SMALL CAP PREMIUM & DIVIDEND INCOME FUND INC.

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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) |
| <hr style="border-top: 1px dashed black;"/> | | |
| 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. |
| <hr style="border-top: 1px dashed black;"/> | | |
| Agriculture, Fishing & Ranching - 0.1% | 600 | Alico, Inc. |
| | 2,500 | The Andersons, Inc. |
| | 1,100 | Cadiz, Inc. (a) |
| <hr style="border-top: 1px dashed black;"/> | | |
| 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. |
| <hr style="border-top: 1px dashed black;"/> | | |
| Aluminum - 0.1% | 3,800 | Century Aluminum Co. (a) |
| | 2,200 | Kaiser Aluminum Corp. |
| <hr style="border-top: 1px dashed black;"/> | | |
| 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. |
| <hr style="border-top: 1px dashed black;"/> | | |
| 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) |
|--|-------|-----------------------------------|

| | | |
|------------------------------|-------|--|
| 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 | Kensey 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) |
|-------|-----------------------|

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) |
|-------|---------------------------------|

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. |
|-------|-------------------------|

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. |
|-------|----------------|

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) |
| <hr/> | | |
| 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 |
|----------|----------------|---------------|
|----------|----------------|---------------|

| | | |
|--|-------|---------------------------------|
| | 2,300 | Universal Electronics, Inc. (a) |
|--|-------|---------------------------------|

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 | 8,800 | Casey's General Stores, Inc. |
| Chains - 0.6% | 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) |
| <hr/> | | |
| 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) |
| <hr/> | | |
| 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) |
| <hr/> | | |
| 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. |
|---|-----|----------------------------------|

| | | |
|--------------------|--------|------------------------------|
| 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 |
|----------|----------------|---------------|
|----------|----------------|---------------|

| | |
|--------|-------------------------------------|
| 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 |
|----------|----------------|---------------------------|
| | 1,600 | Ormat Technologies, Inc. |
| | 5,600 | Pacific Ethanol, Inc. (a) |
| | 6,200 | Penn Virginia Corp. |
| | 32,700 | Rentech, Inc. (a) |

Engineering &
Contracting Services - 0.5%

| | |
|-------|----------------------------------|
| 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. |

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| 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.
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|----------|----------------|---------------|
|----------|----------------|---------------|

| | |
|-------|---------------------------|
| 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. |

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|----------|-------------|---|
| | 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. |

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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. |

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 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. |
| 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) |
| 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.
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| 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. |

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|----------|----------------|---------------------------------------|
| | 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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|---|----------------|---|
| | 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. |
| <hr/> | | |
| Plastics - 0.1% | 2,300 | The Lamson & Sessions Co. (a) |
| | 5,200 | Spartech Corp. |
| <hr/> | | |
| 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) |
| <hr/> | | |
| Power Transmission Equipment - 0.1% | 5,200 | Regal-Beloit Corp. |
| <hr/> | | |
| Printing & Copying Services - 0.3% | 5,600 | Bowne & Co., Inc. |
| | 9,300 | Cenveo, Inc. (a) |
| | 2,400 | Schawk, Inc. |
| | 7,500 | VistaPrint Ltd. (a) |
| <hr/> | | |
| 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) |
| <hr/> | | |
| 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. |
| <hr/> | | |
| 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. |
| <hr/> | | |
| 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. |
| <hr/> | | |
| Railroads - 0.3% | 6,000 | Florida East Coast Industries, Inc. |
| | 5,750 | Genesee & Wyoming, Inc. Class A (a) |
| <hr/> | | |
| 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. |
| <hr/> | | |
| 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: Commercial - 0.1% | 2,800 | Electro Rent Corp. |
| | 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: Consumer - 0.3% | 7,500 | Aaron Rents, Inc. |
| | 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

| Industry | Shares Held | 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) |
|---------------------------------------|-------|---|

| | | |
|------------------------------|--------|--------------------------------------|
| 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. |
|---|---|--|

| | | |
|-------------------------|---|---|
| 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. |
|-------------------------|---|---|

| | | |
|---|-------|---|
| Wholesale & International Trade - 0.1% | 5,800 | Central European Distribution Corp. (a) |
|---|-------|---|

| | | |
|--------------------|----------------|---|
| Wholesalers - 0.3% | 8,230 2,200 | Brightpoint, Inc. (a) Houston Wire & Cable Co. (a) |
|--------------------|----------------|---|

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,
Chief Financial Officer of
Small Cap Premium & Dividend Income Fund Inc.

Date: August 28, 2007