

CHARTWELL DIVIDEND & INCOME FUND INC
Form N-Q
October 30, 2008

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

INVESTMENT COMPANY ACT FILE NUMBER 811-8747

CHARTWELL DIVIDEND AND INCOME FUND, INC.
(Exact name of registrant as specified in charter)

1235 Westlakes Drive, Suite 400
Berwyn, PA 19312
(Address of principal executive offices) (Zip code)

PNC Bank, National Association
400 Bellevue Parkway
Wilmington, DE 19809
Attn: Closed-End Department
(Name and address of agent for service)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 1-610-296-1400

DATE OF FISCAL YEAR END: NOVEMBER 30, 2008

DATE OF REPORTING PERIOD: AUGUST 31, 2008

ITEM 1. SCHEDULE OF INVESTMENTS

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | NUMBER OF SHARES | MARKET VALUE |
|-----------------------------------|---------------------|-----------------|
| | ----- | ----- |
| COMMON STOCK - 79.9% | | |
| BANKS - 10.2% | | |
| Bank of America Corporation | 200,000 | \$ 6,228,000 |
| JPMorgan Chase & Company | 25,000 | 962,250 |
| US Bancorp | 110,000 | 3,504,600 |
| | | ----- |
| | | 10,694,850 |
| | | ----- |
| BASIC INDUSTRY - 1.6% | | |

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| | | |
|--|---------|------------|
| Dow Chemical Company | 50,000 | 1,706,500 |
| ----- | | |
| CONSUMER STAPLES - 9.3% | | |
| B&G Foods, Inc., Class A | 100,000 | 806,000 |
| B&G Foods, Inc. | 41,000 | 651,900 |
| Entercom Communications Corporation, Class A | 100,000 | 611,000 |
| Philip Morris International, Inc. | 80,000 | 4,296,000 |
| Regal Entertainment Group, Class A | 110,000 | 1,843,600 |
| Reynolds American, Inc. | 30,000 | 1,589,400 |
| ----- | | |
| | | 9,797,900 |
| ----- | | |
| ENERGY - 10.4% | | |
| ConocoPhillips | 20,000 | 1,650,200 |
| Energy Transfer Partners LP (a) | 100,000 | 4,450,000 |
| Exxon Mobil Corporation | 40,000 | 3,200,400 |
| Occidental Petroleum Corporation | 20,000 | 1,587,200 |
| ----- | | |
| | | 10,887,800 |
| ----- | | |
| FINANCIAL - 7.8% | | |
| AllianceBernstein Holding LP (a) | 83,800 | 4,544,474 |
| Apollo Investment Corporation * | 100,000 | 1,770,000 |
| MCG Capital Corporation | 100,000 | 348,000 |
| Star Asia Financial Limited + | 150,000 | 663,000 |
| XL Capital Limited, Class A | 45,000 | 904,500 |
| ----- | | |
| | | 8,229,974 |
| ----- | | |
| HEALTH CARE PROVIDERS & SERVICES - 1.7% | | |
| Brookdale Senior Living, Inc. | 80,000 | 1,764,000 |
| ----- | | |
| HEALTHCARE - 4.4% | | |
| Bristol-Myers Squibb Company | 75,000 | 1,600,500 |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | NUMBER OF SHARES | MARKET VALUE |
|--------------------------------------|---------------------|-----------------|
| | ----- | ----- |
| COMMON STOCK (CONTINUED) | | |
| HEALTHCARE (CONTINUED) | | |
| Pfizer, Inc. | 160,000 | \$ 3,057,600 |
| ----- | | |
| | | 4,658,100 |
| ----- | | |
| HOTELS, RESTAURANTS & LEISURE - 1.8% | | |
| Carnival Corporation | 50,000 | 1,853,000 |
| ----- | | |
| MACHINERY - 3.4% | | |
| Caterpillar, Inc. | 50,000 | 3,536,500 |
| ----- | | |
| REAL ESTATE INVESTMENT TRUSTS - 7.5% | | |
| Annaly Capital Management, Inc. | 110,000 | 1,645,600 |

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| | | |
|---|---------|------------|
| CapitalSource, Inc. | 219,800 | 2,765,084 |
| iStar Financial, Inc. | 80,000 | 447,200 |
| Liberty Property Trust | 60,000 | 2,265,600 |
| MFA Mortgage Investments, Inc. | 106,700 | 725,560 |
| | | ----- |
| | | 7,849,044 |
| | | ----- |
| TELECOMMUNICATIONS - 11.0% | | |
| AT&T, Inc. | 130,000 | 4,158,700 |
| Consolidated Communications Holdings, Inc. | 110,824 | 1,674,551 |
| Fairpoint Communications, Inc. | 200,000 | 1,770,000 |
| Frontier Communications Corporation | 200,000 | 2,514,000 |
| Verizon Communications, Inc. | 40,000 | 1,404,800 |
| | | ----- |
| | | 11,522,051 |
| | | ----- |
| TRADING COMPANIES & DISTRIBUTORS - 1.3% | | |
| Aircastle Limited | 100,000 | 1,327,000 |
| | | ----- |
| TRANSPORTATION - 2.7% | | |
| FreeSeas, Inc. | 126,949 | 775,658 |
| General Maritime Corporation | 75,000 | 1,852,500 |
| K-Sea Transportation Partners LP (a) | 10,000 | 256,600 |
| | | ----- |
| | | 2,884,758 |
| | | ----- |
| UTILITIES - 6.8% | | |
| Kinder Morgan Energy Partners LP (a) | 45,000 | 2,584,800 |
| ONEOK Partners LP (a) | 50,900 | 3,056,545 |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | NUMBER OF SHARES | MARKET VALUE |
|--|---------------------|-----------------|
| | ----- | ----- |
| COMMON STOCK (CONTINUED) | | |
| UTILITIES (CONTINUED) | | |
| Southern Company | 10,000 | \$ 375,100 |
| TEPPCO Partners LP (a) | 34,800 | 1,116,732 |
| | | ----- |
| | | 7,133,177 |
| | | ----- |
| TOTAL COMMON STOCK (COST \$104,996,706) | | 83,844,654 |
| | | ----- |
| PREFERRED TERM SECURITIES + (d) - 6.7% | | |
| Alesco Preferred Funding IX, 06/23/36 | 10,000 | 50,000 |
| Alesco Preferred Funding X, 09/23/08 | 10,000 | 50,000 |
| Alesco Preferred Funding XI, 09/25/08 | 5,000 | 50,000 |
| Alesco Preferred Funding XII, 07/15/37 | 5,000 | 25,000 |
| Alesco Preferred Funding XIII, 09/23/37 | 2,500 | 12,500 |
| Alesco Preferred Funding XIV, 03/15/37 | 5,000 | 25,000 |
| Alesco Preferred Funding XV, 12/23/37 | 2,500 | 12,500 |
| Alesco Preferred Funding XVI, 03/23/38 | 5,000 | 25,000 |
| I-Preferred Term Securities IV, 06/24/34 | 10,000 | 650,000 |

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| | | |
|--|--------|-----------|
| Preferred Term Securities IV, 12/23/31 | 20,000 | 440,000 |
| Preferred Term Securities XIII, 09/23/37 | 10,000 | 595,000 |
| Preferred Term Securities XIV, 06/24/34 | 20,000 | 1,245,000 |
| Preferred Term Securities XV, 09/24/34 | 20,000 | 985,000 |
| Preferred Term Securities XVI, 03/23/35 | 10,000 | 647,500 |
| Preferred Term Securities XVII, 09/23/35 | 6,000 | 126,000 |
| Preferred Term Securities XVIII, 06/23/35 | 10,000 | 465,000 |
| Preferred Term Securities XIX, 12/22/35 | 10,000 | 390,000 |
| Preferred Term Securities XX, 03/22/38 | 10,000 | 195,000 |
| Preferred Term Securities XXI, 03/22/38 | 10,000 | 265,500 |
| Preferred Term Securities XXII, 03/22/37 | 10,000 | 153,000 |
| Preferred Term Securities XXIII, 12/22/36 | 5,000 | 165,000 |
| Preferred Term Securities XXIV, 03/22/37 | 5,000 | 198,750 |
| Preferred Term Securities XXV, 06/22/37 | 5,000 | 212,500 |
| Taberna Preferred Funding II Limited, 06/30/35 ... | 5,000 | 5,000 |
| | | ----- |
| TOTAL PREFERRED TERM SECURITIES | | |
| (COST \$16,401,914) | | 6,988,250 |
| | | ----- |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | NUMBER OF SHARES | MARKET VALUE |
|--|---------------------|-----------------|
| | ----- | ----- |
| PREFERRED STOCK - 2.7% | | |
| FINANCIAL - 2.1% | | |
| Aspen Insurance Holdings Limited | 20,000 | \$ 1,014,000 |
| Solar Cayman Limited * + | 80,000 | 1,217,600 |
| | | ----- |
| | | 2,231,600 |
| | | ----- |
| REAL ESTATE INVESTMENT TRUSTS - 0.6% | | |
| FelCor Lodging Trust, Inc. | 40,000 | 620,000 |
| | | ----- |
| TOTAL PREFERRED STOCK (COST \$3,346,490) | | 2,851,600 |
| | | ----- |

| | PRINCIPAL AMOUNT | |
|-------------------------------|---------------------|-----------|
| | ----- | |
| CORPORATE NOTES/BONDS - 52.5% | | |
| AUTOMOTIVE - 1.5% | | |
| Lear Corporation, Series B | | |
| 8.750%, 12/01/16 | \$ 885,000 | 670,388 |
| TRW Automotive, Inc. + | | |
| 7.250%, 03/15/17 | 1,000,000 | 865,000 |
| | | ----- |
| | | 1,535,388 |
| | | ----- |
| BASIC INDUSTRY - 3.6% | | |

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| | | |
|-----------------------------------|-----------|-----------|
| Blount, Inc. | | |
| 8.875%, 08/01/12 | 750,000 | 768,750 |
| H&E Equipment Services, Inc. | | |
| 8.375%, 07/15/16 | 1,175,000 | 1,022,250 |
| Lamar Media Corporation | | |
| 6.625%, 08/15/15 | 1,000,000 | 892,500 |
| Trimas Corporation | | |
| 9.875%, 06/15/12 | 1,272,000 | 1,138,440 |
| | | ----- |
| | | 3,821,940 |
| | | ----- |
| BROADCASTING & CABLE - 1.1% | | |
| Allbritton Communications Company | | |
| 7.750%, 12/15/12 | 1,315,000 | 1,183,500 |
| | | ----- |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | PRINCIPAL AMOUNT | MARKET VALUE |
|---------------------------------------|---------------------|-----------------|
| | ----- | ----- |
| CORPORATE NOTES/BONDS (CONTINUED) | | |
| BUILDING MATERIALS - 1.9% | | |
| Gibraltar Industries, Inc. | | |
| 8.000%, 12/01/15 | \$ 1,340,000 | \$ 1,149,050 |
| WII Components, Inc. | | |
| 10.000%, 02/15/12 | 1,000,000 | 805,000 |
| | | ----- |
| | | 1,954,050 |
| | | ----- |
| CABLE TELEVISION - 4.6% | | |
| CSC Holdings, Inc. | | |
| 7.875%, 02/15/18 | 1,285,000 | 1,214,325 |
| DIRECTV Holdings LLC | | |
| 6.375%, 06/15/15 | 750,000 | 710,625 |
| Echostar DBS Corporation | | |
| 6.625%, 10/01/14 | 1,000,000 | 922,500 |
| Mediacom Broadband LLC | | |
| 8.500%, 10/15/15 | 1,250,000 | 1,146,875 |
| Quebecor Media, Inc. | | |
| 7.750%, 03/15/16 | 895,000 | 845,775 |
| | | ----- |
| | | 4,840,100 |
| | | ----- |
| CHEMICALS - 3.3% | | |
| Chemtura Corporation | | |
| 6.875%, 06/01/16 | 1,000,000 | 850,000 |
| Ineos Group Holdings + | | |
| 8.500%, 02/15/16 | 820,000 | 528,900 |
| Momentive Performance Materials, Inc. | | |
| 9.750%, 12/01/14 | 1,000,000 | 907,500 |
| Nova Chemicals Corporation | | |
| 5.953%, 11/15/13 (b) | 1,300,000 | 1,124,500 |
| | | ----- |
| | | 3,410,900 |

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| | | |
|---------------------------------|---------|---------|
| COMPUTERS-MEMORY DEVICES - 0.6% | | |
| Seagate Technology HDD Holdings | | |
| 6.800%, 10/01/16 | 750,000 | 673,125 |

CHARTWELL DIVIDEND & INCOME FUND, INC. AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | PRINCIPAL AMOUNT | MARKET VALUE |
|---|---------------------|-----------------|
| | ----- | ----- |
| CORPORATE NOTES/BONDS (CONTINUED) | | |
| CONSUMER PRODUCTS - 1.4% | | |
| Hanesbrands, Inc. | | |
| 6.508%, 12/15/14 (b) | \$ 1,025,000 | \$ 891,750 |
| Levi Strauss & Company | | |
| 9.750%, 01/15/15 | 675,000 | 611,719 |
| | | ----- |
| | | 1,503,469 |
| | | ----- |
| ELECTRONIC EQUIPMENT & INSTRUMENTS - 0.8% | | |
| Flextronics International Limited | | |
| 6.500%, 05/15/13 | 885,000 | 840,750 |
| | | ----- |
| ENERGY - 5.8% | | |
| Cie Generale de Geophysique | | |
| 7.750%, 05/15/17 | 1,000,000 | 1,000,000 |
| Cimarex Energy Company | | |
| 7.125%, 05/01/17 | 650,000 | 637,000 |
| Complete Production Services, Inc. | | |
| 8.000%, 12/15/16 | 780,000 | 770,250 |
| Copano Energy LLC | | |
| 8.125%, 03/01/16 | 935,000 | 911,625 |
| Newfield Exploration Company | | |
| 6.625%, 04/15/16 | 750,000 | 702,187 |
| Pioneer Natural Resources Company | | |
| 6.650%, 03/15/17 | 1,000,000 | 916,079 |
| Plains Exploration & Production Company | | |
| 7.625%, 06/01/18 | 1,000,000 | 947,500 |
| Range Resources Corporation | | |
| 7.500%, 05/15/16 | 250,000 | 248,750 |
| | | ----- |
| | | 6,133,391 |
| | | ----- |
| FINANCIAL - 1.8% | | |
| Ford Motor Credit Company LLC | | |
| 7.000%, 10/01/13 | 1,450,000 | 1,051,570 |
| GMAC LLC | | |
| 7.000%, 02/01/12 | 1,470,000 | 881,361 |
| | | ----- |
| | | 1,932,931 |
| | | ----- |

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CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | PRINCIPAL AMOUNT | MARKET VALUE |
|--------------------------------------|---------------------|-----------------|
| | ----- | ----- |
| CORPORATE NOTES/BONDS (CONTINUED) | | |
| GAMING - 2.7% | | |
| Boyd Gaming Corporation | | |
| 7.125%, 02/01/16 | \$ 1,100,000 | \$ 838,750 |
| MTR Gaming Group, Inc., Series B | | |
| 9.750%, 04/01/10 | 520,000 | 508,300 |
| MTR Gaming Group, Inc. | | |
| 9.000%, 06/01/12 | 700,000 | 579,250 |
| Seneca Gaming Corporation | | |
| 7.250%, 05/01/12 | 1,000,000 | 897,500 |
| | | ----- |
| | | 2,823,800 |
| | | ----- |
| HEALTHCARE - 3.5% | | |
| Bio-Rad Laboratories, Inc. | | |
| 7.500%, 08/15/13 | 1,000,000 | 1,005,000 |
| HCA Inc. | | |
| 9.125%, 11/15/14 | 1,000,000 | 1,030,000 |
| Iasis Healthcare Corporation | | |
| 8.750%, 06/15/14 | 1,000,000 | 1,007,500 |
| Omnicare, Inc. | | |
| 6.875%, 12/15/15 | 650,000 | 614,250 |
| | | ----- |
| | | 3,656,750 |
| | | ----- |
| HOTELS, RESTAURANTS & LEISURE - 1.7% | | |
| MGM Mirage | | |
| 6.750%, 09/01/12 | 1,000,000 | 865,000 |
| Scientific Games Corporation | | |
| 6.250%, 12/15/12 | 1,000,000 | 947,500 |
| | | ----- |
| | | 1,812,500 |
| | | ----- |
| METALS & MINING - 1.0% | | |
| Freeport-McMoRan Copper & Gold, Inc. | | |
| 8.375%, 04/01/17 | 1,000,000 | 1,061,629 |
| | | ----- |
| PAPER & FOREST PRODUCTS - 2.5% | | |
| Abitibi-Consolidated, Inc. | | |
| 8.550%, 08/01/10 | 615,000 | 348,244 |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

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| | PRINCIPAL AMOUNT | MARKET VALUE |
|-------------------------------------|---------------------|-----------------|
| | ----- | ----- |
| CORPORATE NOTES/BONDS (CONTINUED) | | |
| PAPER & FOREST PRODUCTS (CONTINUED) | | |
| Bowater Canada Finance Corporation | | |
| 7.950%, 11/15/11 | \$ 615,000 | \$ 387,450 |
| P H Glatfelter + | | |
| 7.125%, 05/01/16 | 1,190,000 | 1,175,125 |
| U.S. Corrugated | | |
| 10.000%, 06/01/13 | 1,000,000 | 700,000 |
| | | ----- |
| | | 2,610,819 |
| | | ----- |
| PUBLISHING - 0.4% | | |
| Idearc, Inc. | | |
| 8.000%, 11/15/16 | 875,000 | 400,313 |
| | | ----- |
| REAL ESTATE MANAGEMENT - 1.6% | | |
| Corrections Corp of America | | |
| 7.500%, 05/01/11 | 275,000 | 278,437 |
| Geo Group, Inc. | | |
| 8.250%, 07/15/13 | 1,340,000 | 1,360,100 |
| | | ----- |
| | | 1,638,537 |
| | | ----- |
| RETAIL - 3.4% | | |
| Autonation, Inc. + | | |
| 7.000%, 04/15/14 | 1,000,000 | 870,000 |
| Brown Shoe Company, Inc. | | |
| 8.750%, 05/01/12 | 1,200,000 | 1,194,000 |
| Couche-Tard US LP | | |
| 7.500%, 12/15/13 | 400,000 | 375,000 |
| Sonic Automotive, Inc., Series B | | |
| 8.625%, 08/15/13 | 1,390,000 | 1,077,250 |
| | | ----- |
| | | 3,516,250 |
| | | ----- |
| SERVICES - 3.1% | | |
| Allied Security Escrow Corporation | | |
| 11.375%, 07/15/11 | 1,015,000 | 1,077,169 |
| ARAMARK Corporation | | |
| 8.500%, 02/01/15 | 1,000,000 | 1,012,500 |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | PRINCIPAL AMOUNT | MARKET VALUE |
|-----------------------------------|---------------------|-----------------|
| | ----- | ----- |
| CORPORATE NOTES/BONDS (CONTINUED) | | |
| SERVICES (CONTINUED) | | |
| KAR Holdings, Inc. | | |
| 8.750%, 05/01/14 | \$ 1,270,000 | \$ 1,128,712 |
| | | ----- |

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| | | |
|---|---------|------------|
| | | 3,218,381 |
| | | ----- |
| TELECOMMUNICATIONS - 2.4% | | |
| Cincinnati Bell, Inc. | | |
| 8.375%, 01/15/14 | 960,000 | 913,200 |
| Hughes Network Systems LLC | | |
| 9.500%, 04/15/14 | 855,000 | 865,687 |
| L-3 Communications Corporation | | |
| 6.125%, 07/15/13 | 750,000 | 733,125 |
| | | ----- |
| | | 2,512,012 |
| | | ----- |
| TRANSPORTATION - 0.9% | | |
| Stena AB | | |
| 7.500%, 11/01/13 | 950,000 | 931,000 |
| | | ----- |
| UTILITIES - 2.9% | | |
| Amerigas Partners LP (a) | | |
| 7.250%, 05/20/15 | 750,000 | 714,375 |
| Edison Mission Energy | | |
| 7.000%, 05/15/17 | 650,000 | 625,625 |
| Elwood Energy LLC | | |
| 8.159%, 07/05/26 | 942,253 | 893,551 |
| Sierra Pacific Resources | | |
| 8.625%, 03/15/14 | 750,000 | 788,175 |
| | | ----- |
| | | 3,021,726 |
| | | ----- |
| TOTAL CORPORATE NOTES/BONDS (COST \$60,249,535) ... | | 55,033,261 |
| | | ----- |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | NUMBER OF SHARES | MARKET VALUE |
|--|---------------------|-----------------|
| | ----- | ----- |
| CASH EQUIVALENT - 1.2% | | |
| SEI Daily Income Trust, Prime Obligations Fund, Cl A Shares, 2.690% (c) | 1,295,805 | \$ 1,295,805 |
| | | ----- |
| TOTAL CASH EQUIVALENT (COST \$1,295,805) | | 1,295,805 |
| | | ----- |
| TOTAL INVESTMENTS - 143.0% | | |
| (COST \$186,290,450) ** | | 150,013,570 |
| | | ----- |
| COVERED CALL OPTIONS WRITTEN - (1.0) % | | |

WRITTEN
CONTRACTS

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| | | |
|--|---------|----------|
| Annaly Capital Management, Inc., Expires: 09/20/08, Strike Price: \$15 | (984) | (63,960) |
| Annaly Capital Management, Inc., Expires: 09/20/08, Strike Price: \$16 | (16) | (400) |
| AT&T, Inc., Expires: 09/20/08, Strike Price: \$32.50 | (1,300) | (72,800) |
| Bank of America Corporation, Expires: 09/20/08, Strike Price: \$35 | (1,000) | (19,000) |
| Bank of America Corporation, Expires: 09/20/08, Strike Price: \$32.50 | (1,000) | (69,000) |
| Bristol-Myers Squibb Company, Expires: 09/20/08, Strike Price: \$22.50 | (500) | (8,000) |
| Brookdale Senior Living, Inc., Expires: 09/20/08, Strike Price: \$22.50 | (400) | (36,000) |
| Brookdale Senior Living, Inc., Expires: 10/18/08, Strike Price: \$25 | (400) | (22,000) |
| CapitalSource, Inc., Expires: 09/20/08, Strike Price: \$12.50 | (1,500) | (97,500) |
| CapitalSource, Inc., Expires: 10/18/08, Strike Price: \$15 | (698) | (13,960) |
| Carnival Corporation, Expires: 09/20/08, Strike Price: \$40 | (250) | (16,250) |
| Carnival Corporation, Expires: 09/20/08, Strike Price: \$42.50 | (250) | (5,000) |
| Caterpillar, Inc., Expires: 09/20/08, Strike Price: \$75 | (500) | (24,000) |
| Dow Chemical Company, Expires: 09/20/08, Strike Price: \$35 | (500) | (25,000) |
| Exxon Mobil Corporation, Expires: 09/20/08, Strike Price: \$85 | (400) | (14,000) |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | WRITTEN CONTRACTS | MARKET VALUE |
|--|----------------------|-----------------|
| | ----- | ----- |
| COVERED CALL OPTIONS WRITTEN (CONTINUED) | | |
| Frontier Communications Corporation, Expires: 10/18/08, Strike Price: \$12.50 | (2,000) | \$ (100,000) |
| JPMorgan Chase & Company, Expires: 09/20/08, Strike Price: \$42.50 | (250) | (6,750) |
| Kinder Morgan Energy Partners LP, Expires: 09/20/08, Strike Price: \$60 | (450) | (4,500) |
| Liberty Property Trust, Expires: 09/20/08, Strike Price: \$40 | (600) | (36,000) |
| Occidental Petroleum Corporation, Expires: 09/20/08, Strike Price: \$85 | (200) | (18,000) |
| Pfizer, Inc., Expires: 09/20/08, Strike Price: \$20 | (1,600) | (28,800) |
| Philip Morris International, Inc., Expires: 09/20/08, Strike Price: \$55 | (800) | (32,000) |
| PHLX Bank Index, Expires: 09/20/08, Strike Price: \$70 | (300) | (41,250) |

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| | | |
|--|-------|----------------|
| Reynolds American, Inc., Expires: 10/18/08, Strike Price: \$60 | (300) | (3,000) |
| US Bancorp, Expires: 09/20/08, Strike Price: \$32.50 | (500) | (37,500) |
| US Bancorp, Expires: 09/20/08, Strike Price: \$30 | (600) | (145,800) |
| Verizon Communications, Inc., Expires: 09/20/08, Strike Price: \$35 | (400) | (35,200) |
| XL Capital Limited, Expires: 09/20/08, Strike Price: \$20 | (450) | (45,000) |
| | | ----- |
| TOTAL COVERED CALL OPTIONS WRITTEN (PREMIUMS RECEIVED \$1,463,676) | | (1,020,670) |
| | | ----- |
| OTHER LIABILITIES IN EXCESS OF ASSETS - (42.0)% .. | | (44,082,482) |
| | | ----- |
| NET ASSETS - 100.0% | | \$ 104,910,418 |
| | | ===== |

* NON-INCOME PRODUCING SECURITY.

+ SECURITIES ARE EXEMPT FROM REGISTRATION UNDER RULE 144A OF THE SECURITIES ACT OF 1933. THESE SECURITIES MAY BE RESOLD IN TRANSACTIONS EXEMPT FROM REGISTRATION NORMALLY TO QUALIFIED INSTITUTIONS. AT AUGUST 31, 2008, THESE SECURITIES AMOUNTED TO \$12,307,875 OR 11.7% OF NET ASSETS.

(a) SECURITIES CONSIDERED MASTER LIMITED PARTNERSHIP. AT AUGUST 31, 2008, THESE SECURITIES AMOUNTED TO \$16,723,526 OR 15.9% OF NET ASSETS.

(b) VARIABLE RATE SECURITY -- THE RATE REPORTED ON THE SCHEDULE OF INVESTMENTS IS THE RATE IN EFFECT AT AUGUST 31, 2008.

(c) THE RATE REPORTED IS THE 7-DAY EFFECTIVE YIELD AS OF AUGUST 31, 2008.

(d) SECURITIES ARE CONSIDERED ILLIQUID. THE TOTAL VALUE OF SUCH SECURITIES AS OF AUGUST 31, 2008 WAS \$6,988,250 OF 6.7% OF THE NET ASSETS.

LLC LIMITED LIABILITY COMPANY

LP LIMITED PARTNERSHIP

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

** AT AUGUST 31, 2008, THE TAX BASIS COST OF THE FUND'S INVESTMENTS WAS \$186,290,450, AND THE UNREALIZED APPRECIATION AND DEPRECIATION WERE \$2,257,982 AND \$(38,534,862), RESPECTIVELY.

++ AS OF AUGUST 31, 2008, \$45,000,000 OF COMMERCIAL PAPER WAS OUTSTANDING WITH AN AMORTIZED COST OF \$44,947,166. THE AVERAGE DISCOUNT RATE OF COMMERCIAL PAPER OUTSTANDING AT AUGUST 31, 2008, WAS 2.48%. THE AVERAGE DAILY BALANCE OF COMMERCIAL PAPER OUTSTANDING FOR THE QUARTER ENDED AUGUST 31, 2008 WAS \$52,935,191 AT A WEIGHTED AVERAGE DISCOUNT RATE OF 2.48%. THE MAXIMUM FACE AMOUNT OF COMMERCIAL PAPER OUTSTANDING AT ANYTIME DURING THE QUARTER ENDED AUGUST 31, 2008, WAS \$50,000,000. IN CONJUNCTION WITH THE ISSUANCE OF THE COMMERCIAL PAPER, THE FUND HAS ENTERED ONTO A LINE OF CREDIT ARRANGEMENT WITH A BANK FOR \$25,000,000. INTEREST ON BORROWING IS BASED ON MARKET RATES IN EFFECT AT THE TIME OF BORROWING. THE COMMITMENT FEE IS COMPUTED AT THE

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RATE OF 0.10% PER ANNUM ON THE UNUSED BALANCE. THERE WERE NO BORROWINGS UNDER THIS ARRANGEMENT DURING THE QUARTER ENDED AUGUST 31, 2008.

Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 157 is effective for the Fund's financial statements issued after December 1, 2007. SFAS No. 157 defines fair value, establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under SFAS No. 157 are described below:

- Level 1 -- Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has the ability to access at the measurement date;

- Level 2 -- Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and

- Level 3 -- Significant unobservable prices or inputs (including the Fund's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

As required by SFAS No.157, investments are classified within the level of the lowest significant input considered in determining fair value. Investments classified within Level 3 whose fair value measurement considers several inputs and may include Level 1 or Level 2 inputs as components of the overall fair value measurement. The following table sets forth information about the level within the fair value hierarchy at which the Fund's investments are measured at August 31, 2008:

| VALUATION INPUTS | INVESTMENTS IN SECURITIES | OTHER FINANCIAL INSTRUMENTS* |
|------------------|------------------------------|---------------------------------|
| LEVEL 1 | \$ 86,843,959 | \$ (1,020,670) |
| LEVEL 2 | 54,333,261 | -- |
| LEVEL 3 | 8,836,350 | -- |
| | ----- | ----- |
| TOTAL | \$150,013,570 | \$ (1,020,670) |
| | ===== | ===== |

* OTHER FINANCIAL INSTRUMENTS ARE COVERED CALL OPTIONS WRITTEN.

The following is a reconciliation of the investments in which significant

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unobservable inputs (Level 3) were used in determining value:

| | INVESTMENTS IN SECURITIES |
|--|------------------------------|
| | ----- |
| BALANCE AS OF 5/31/08 | \$12,269,790 |
| ACCRUED DISCOUNTS/PREMIUMS | -- |
| REALIZED GAIN/(LOSS) | -- |
| CHANGE IN UNREALIZED APPRECIATION/(DEPRECIATION) | (3,339,703) |
| NET PURCHASE/(SALES) | (93,737) |
| NET TRANSFERS IN/AND OR OUT OF LEVEL 3 | -- |
| | ----- |
| BALANCE AS OF 8/31/08 | \$ 8,836,350 |
| | ===== |

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

FOR INFORMATION ON THE FUND'S POLICY REGARDING VALUATION OF INVESTMENTS AND OTHER SIGNIFICANT ACCOUNTING POLICIES, PLEASE REFER TO THE FUND'S MOST RECENT SEMI-ANNUAL OR ANNUAL FINANCIAL STATEMENTS.

ITEM 2. CONTROLS AND PROCEDURES

(a) The registrant's principal executive officer and principal financial officer 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 that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures, required by Rule 30a-3(b) under the 1940 Act and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

(a) A separate certification for the principal executive officer and the principal financial officer of the registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940, as amended (17 CFR 270.30a-2(a)), are filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Chartwell Dividend and Income Fund, Inc.

By (Signature and Title)* /s/ Winthrop S. Jessup

Winthrop S. Jessup, President
(Principal Executive Officer)

Date October 29, 2008

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 (Signature and Title)* /s/ Winthrop S. Jessup

Winthrop S. Jessup, President
(Principal Executive Officer)

Date October 29, 2008

By (Signature and Title)* /s/ G. Gregory Hagar

G. Gregory Hagar, Vice President and CFO
(Principal Financial Officer)

Date October 29, 2008

* Print the name and title of each signing officer under his or her signature.