CHARTWELL DIVIDEND & INCOME FUND INC
Form N-CSRS
August 07, 2009

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

INVESTMENT COMPANY ACT FILE NUMBER 811-8747

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 Global Investment Servicing
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, 2009

DATE OF REPORTING PERIOD: MAY 31, 2009

ITEM 1. REPORTS TO STOCKHOLDERS.

(GRAPHIC)

CHARTWELL DIVIDEND AND INCOME FUND, INC.

SEMI-ANNUAL REPORT TO SHAREHOLDERS DATED MAY 31, 2009

(CHARTWELL INVESTMENT PARTNERS LOGO)
www.chartwellip.com

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

INVESTMENT OBJECTIVES & STRATEGY (UNAUDITED)

The Chartwell Dividend and Income Fund's (the "Fund") primary investment objective is to seek high current income. Capital appreciation is a secondary objective. The Fund will seek to achieve its objectives by investing, under normal circumstances, at least 50% of its total assets in income generating equity securities, including dividend paying common stocks, convertible securities, preferred stocks and other equity-related securities. In addition, the Fund may invest the balance of its total assets in non-convertible debt securities, consisting primarily of corporate bonds. The Fund attempts to minimize individual security risk by diversifying across many industries and asset classes. The Fund is a closed-end management investment company which trades on the New York Stock Exchange under the symbol CWF.

COMMON STOCK

The Fund invests in the common stocks of utility companies, Real Estate Investment Trusts (REITs) and other industrial and financial companies as well as other equity securities. Both utilities and REITs tend to offer a premium dividend yield with steady growth that can lead to capital appreciation. Industrial and financial stocks are primarily purchased for capital appreciation based on the fundamental value of the underlying company.

HIGH-YIELD CORPORATE BONDS

High-yield bonds are non-investment grade corporate debt obligations rated "Ba1" or lower by Moody's Investors Service, Inc. or "BB+" or lower by Standard and Poor's Ratings Group; they typically have a higher risk level than investment-grade bonds. These securities have historically compensated investors with higher levels of income for that risk. Prices usually are less sensitive to interest rate fluctuations than higher rated bonds because of the high income levels. However, the prices of these bonds are more sensitive to changes in the economy.

CONVERTIBLE SECURITIES

The Fund can invest in both convertible preferred stock and convertible bonds. Both pay fixed rates of income, but because they can be converted into common stock, they are indirectly tied to the common stock's performance. As a result, convertible securities generally offer higher income than common stocks and an opportunity for price appreciation when the value of the underlying security rises. The Fund buys convertibles when the underlying common stock offers strong growth potential as well.

COVERED CALL OPTIONS

The Fund is permitted to write (i.e., sell) covered call options on equity securities (including Exchange Traded Funds) or on stock indexes. The Fund may cover call options by: (i) owning the same security or, in the case of options on a stock index, a portfolio of stock substantially replicating the movement of the index underlying

the call option until the option is exercised or expires; (ii) segregating cash or other liquid assets with the Fund's Custodian in an amount equal to the current market value of the call option; or (iii) other methods consistent with applicable laws, rules and regulations.

The writing of call options involves some investment analysis and risks that are different from those associated with securities transactions in common stocks. Options can seek to enhance return through price appreciation of the option, increase income, hedge to reduce overall portfolio risk, and/or hedge to reduce individual security risk. Writing options to seek to increase income in the Fund involves the risk of net loss (after receiving the option premium) if the investment adviser is incorrect in its expectation of the direction or magnitude of the change in securities prices. The successful use of options for hedging purposes also depends in part on the degree of correlation between the option and a security or index of securities. If the investment adviser is incorrect in its expectation of changes in securities prices or its estimation of the correlation between the option and a security index, the investment performance of the Fund will be less favorable than it would have been in the absence of such options transactions. The use of options may increase the Fund's portfolio turnover rate and, therefore, associated brokerage commissions.

INVESTMENT IN SECURITIES ISSUED BY OTHER INVESTMENT COMPANIES

The Board of Directors recently approved a clarification of the Fund's investment policies to permit the Fund to invest in shares of other investment companies, including exchange traded funds ("ETFs"), to the extent permitted by the Investment Company Act of 1940 (the "1940 Act"). ETFs are open-end investment companies or unit investment trusts that are registered under the 1940 Act. ETF shares are listed and traded on stock exchanges at market prices.

An investment in other investment companies involves the risk in that the price of the shares can fluctuate up or down. Consequently, the Fund could lose money investing in another investment company if the prices of the securities owned by the investment company decline in value. In addition, ETFs are subject to the following risks that do not apply to conventional open-end funds: (i) market price of an ETF's shares may trade above or below their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; and (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

The Fund will bear its proportionate share of any management fees and other expenses paid by such other investment companies, which will increase the Fund's expenses and decrease returns.

TEMPORARY INVESTMENTS

The Board of Directors recently approved the addition of money market mutual funds and cash to the list of the Fund's temporary investments. Temporary investments can be made for defensive purposes in response to adverse market, economic, political or other conditions, pending investment of the proceeds of sales of portfolio securities, or at other times when suitable investments are not available. In addition to money market mutual funds and cash, the Fund is permitted to temporarily invest without limit in: debt securities issued by the U.S. Government, its agencies or instrumentalities; commercial paper (rated "A-2" or better by S&P or "P-2" or better by Moody's, similarly rated by another comparable rating agency or, if not so rated, of comparable quality as determined by the Fund's Manager); certificates of deposit or bankers' acceptances; or repurchase agreements with respect to any of the foregoing investments. The Fund is also permitted to borrow up to 5% of its total assets for temporary purposes.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

DEAR SHAREHOLDERS (UNAUDITED),

Stock market performance for the six months ended May 31, 2009 was the tale of two markets. From the start of the period through March 9, 2009, the market continued its significant decline from previous highs. After March 9th, the S&P 500 sharply reversed course and rebounded through May 31st. Overall, for the period, the market was up 4.05%. Meanwhile, over the entire period, the Chartwell Dividend and Income Fund's ("CWF") total market return was 26.52%. The net asset value (NAV) total return (including dividends) was 8.90% during the period. These results are discussed in greater detail later in this report.

A solid contributor to CWF's positive performance was the robust options writing strategy used on the common stock portfolio. Our ability to sell options on the portfolio's stock positions enabled CWF to take advantage of continued high options premiums. Through various portfolio transactions made during the period, we believe we continued to strengthen the portfolio during these uncertain and tumultuous times. Some of these changes are discussed in the fixed income and equity sections of this report.

The first portion of this semi-annual period saw a continuation of the economic and financial crises that we wrote about in the November 30, 2008 Annual Report to Shareholders. Home prices continued to decline and unemployment increased. This combination continued to exacerbate the challenging financial position of the banking system as banks had to absorb significant losses on mortgage and construction loans. Additionally, the economic decline continued to affect bank's credit card and commercial real estate portfolios. All of this uncertainty drove the S&P 500 Index down to its intra-day low of 667. On March 10th, it appears as if the all clear bell was rung and market participants found "green shoots" of nascent economic improvement. Around that time some of the financial institutions that were viewed to be in the most trouble let it be known that they had made significant profits in the first two months of the year. The rates of decline of many economic indicators began to ebb. Job losses slowed, China appeared to begin to feel the benefits of their substantial economic stimulus package, and the Baltic Dry Index began to increase indicating that demand for seaborne shipping was on the rise. These and other "green shoots" incited the market to rally almost 37% from its lows through the end of May.

As the stock market is a forward looking indicator, it appears to be discounting an economic recovery beginning sometime later this year. In general, we are in agreement with this notion. We believe that the economy will be on better footing in either late 2009 or early 2010. In our opinion, this improvement will come as a result of inventory restocking, the impact of the domestic stimulus package, continued low interest rates, global economic improvement and a steep yield curve helping the banking industry. The main question for investors is will an economic recovery be sustainable or will the economy slip back into another slowdown? We will continue to closely monitor the economy and markets and will endeavor to make appropriate adjustments in CWF's portfolio.

5
CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

(UNAUDITED)

Please read the accompanying equity and fixed income commentary for more information and analysis.

THE ABOVE COMMENTARY REPRESENTS MANAGEMENT'S ASSESSMENT OF THE FUND AND MARKET ENVIRONMENT AT A SPECIFIC POINT IN TIME AND SHOULD NOT BE RELIED UPON BY THE READER AS RESEARCH OR INVESTMENT ADVICE.

Sincerely,

/s/ Winthrop S. Jessup
Winthrop S. Jessup
CHAIRMAN
CHARTWELL DIVIDEND AND INCOME FUND

/s/ Bernard P. Schaffer	/s/ Andrew S. Toburen
Bernard P. Schaffer	Andrew S. Toburen
PORTFOLIO MANAGER	PORTFOLIO MANAGER

PORTFOLIO MANAGEMENT TEAM

Bernard P. Schaffer	Andrew S. Toburen
PORTFOLIO MANAGER	PORTFOLIO MANAGER
EQUITY	FIXED INCOME
Paul Matlack	Christine F. Williams
PORTFOLIO MANAGER	PORTFOLIO MANAGER
FIXED INCOME	FIXED INCOME

6
CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

(UNAUDITED)

HOW DID THE FUND PERFORM DURING THE SIX MONTH PERIOD ENDED MAY 31, 2009?

For the six month period ended May 31, 2009, the Fund's market return was 26.52% including dividends reinvested. The Fund's net asset value (NAV) return including dividends reinvested was 8.90%. The market, as measured by the S&P 500, was up 4.05% (including dividends) for the period having recovered nearly 37% from its lows on March 9, 2009.

The Merrill Lynch High Yield Cash Pay Index returned 34.78% for the six month period ended May 31, 2009, reversing a substantial portion of the high yield bond market's decline experienced in the last half of calendar 2008. The yield market's spread to Treasury (or risk premium) reached all-time highs in December, as uncertainty about the viability of the domestic banking system appeared to reach an apex. By late spring, the historic government actions in response to the credit collapse, along with evidence that the rate of economic deterioration may be slowing, contributed to a sharp reduction in the high yield market's risk premium (i.e. the yield spread over Treasury bonds fell as seen in the graph below). The yield on the Merrill Lynch High Yield Cash Pay Index declined from 21.69% at the start of the period to 13.84% by the end of May. Expressed differently, the average price of a high yield bond in the index rose from $56.74 to $76.41 over the six month the period.

HIGH YIELD SPREAD VS. DEFAULT RATES
(Source: Merill Lynch, Bloomberg)

(PERFORMANCE GRAPH)

	HY INDEX	
DATE	SPREAD (BPS)	DEFAULT RATE (BPS)
May-85	323	340
Jun-85	373	415
Jul-85	366	462
Aug-85	347	505
Sep-85	345	479
Oct-85	365	395
Nov-85	396	444
Dec-85	409	391
Jan-86	418	434
Feb-86	408	407
Mar-86	487	414
Apr-86	521	584
May-86	473	640
Jun-86	445	635
Jul-86	510	619
Aug-86	505	613
Sep-86	481	602
Oct-86	467	588
Nov-86	486	575
Dec-86	502	569
Jan-87	471	561
Feb-87	436	568
Mar-87	434	583
Apr-87	412	596
May-87	373	382
Jun-87	389	386
Jul-87	394	359
Aug-87	366	366
Sep-87	357	389
Oct-87	423	428
Nov-87	458	427
Dec-87	455	426
Jan-88	483	476
Feb-88	458	506
Mar-88	436	476
Apr-88	418	459
May-88	402	512
Jun-88	401	460
Jul-88	379	439
Aug-88	378	451
Sep-88	408	413

Oct-88	429	425
Nov-88	402	391
Dec-88	406	348
Jan-89	425	361
Feb-89	408	314
Mar-89	426	300
Apr-89	451	262
May-89	482	224
Jun-89	530	286
Jul-89	573	335
Aug-89	527	385
Sep-89	558	440
Oct-89	630	437
Nov-89	646	482
Dec-89	645	606
Jan-90	627	628
Feb-90	663	681
Mar-90	655	689
Apr-90	631	791
May-90	651	823
Jun-90	635	817
Jul-90	660	845
Aug-90	711	889
Sep-90	825	943
Oct-90	904	970
Nov-90	932	977
Dec-90	934	985
Jan-91	975	1,124
Feb-91	811	1,139
Mar-91	720	1,220
Apr-91	648	1,178
May-91	644	1,231
Jun-91	600	1,279
Jul-91	567	1,271
Aug-91	578	1,215
Sep-91	623	1,191
Oct-91	557	1,108
Nov-91	567	1,094
Dec-91	641	1,043
Jan-92	489	920
Feb-92	467	890
Mar-92	429	801
Apr-92	407	733
May-92	417	698
Jun-92	418	644
Jul-92	431	608
Aug-92	436	613
Sep-92	449	570
Oct-92	457	619
Nov-92	443	575
Dec-92	457	494
Jan-93	453	388
Feb-93	452	405
Mar-93	446	466
Apr-93	433	491
May-93	410	459
Jun-93	409	428
Jul-93	404	442
Aug-93	434	395
Sep-93	443	393
Oct-93	432	329
Nov-93	395	322

Dec-93	383	359
Jan-94	322	362
Feb-94	296	361
Mar-94	310	299
Apr-94	316	247
May-94	326	212
Jun-94	331	194
Jul-94	356	203
Aug-94	348	196
Sep-94	322	219
Oct-94	315	224
Nov-94	337	208
Dec-94	344	191
Jan-95	342	186
Feb-95	336	134
Mar-95	332	119
Apr-95	318	163
May-95	344	185
Jun-95	368	213
Jul-95	338	221
Aug-95	355	217
Sep-95	373	227
Oct-95	374	266
Nov-95	387	317
Dec-95	396	326
Jan-96	366	326
Feb-96	321	337
Mar-96	325	343
Apr-96	300	321
May-96	282	285
Jun-96	306	284
Jul-96	298	263
Aug-96	275	221
Sep-96	270	217
Oct-96	297	195
Nov-96	305	164
Dec-96	266	164
Jan-97	260	171
Feb-97	243	159
Mar-97	258	158
Apr-97	271	137
May-97	243	160
Jun-97	241	159
Jul-97	242	184
Aug-97	230	200
Sep-97	234	206
Oct-97	272	212
Nov-97	266	227
Dec-97	269	201
Jan-98	271	207
Feb-98	261	237
Mar-98	260	235
Apr-98	271	263
May-98	293	269
Jun-98	350	296
Jul-98	351	280
Aug-98	502	269
Sep-98	573	262
Oct-98	613	266
Nov-98	530	280
Dec-98	555	341
Jan-99	550	349

Feb-99	507	359
Mar-99	510	382
Apr-99	464	420
May-99	467	480
Jun-99	465	485
Jul-99	444	532
Aug-99	465	552
Sep-99	489	584
Oct-99	499	597
Nov-99	470	585
Dec-99	453	556
Jan-00	461	553
Feb-00	496	553
Mar-00	584	567
Apr-00	596	567
May-00	618	540
Jun-00	615	555
Jul-00	617	496
Aug-00	641	521
Sep-00	664	531
Oct-00	757	496
Nov-00	874	544
Dec-00	881	615
Jan-01	739	669
Feb-01	729	709
Mar-01	760	784
Apr-01	739	803
May-01	703	809
Jun-01	739	829
Jul-01	745	890
Aug-01	731	937
Sep-01	914	971
Oct-01	865	1,019
Nov-01	752	1,022
Dec-01	734	1,060
Jan-02	697	1,089
Feb-02	722	1,073
Mar-02	621	1,060
Apr-02	601	1,057
May-02	643	1,070
Jun-02	781	1,054
Jul-02	874	1,033
Aug-02	882	1,002
Sep-02	966	978
Oct-02	974	929
Nov-02	800	894
Dec-02	802	843
Jan-03	747	768
Feb-03	757	771
Mar-03	696	698
Apr-03	576	679
May-03	614	663
Jun-03	554	614
Jul-03	488	587
Aug-03	477	619
Sep-03	483	603
Oct-03	415	607
Nov-03	401	550
Dec-03	368	531
Jan-04	360	517
Feb-04	381	442
Mar-04	392	427

Apr-04	351	403
May-04	383	365
Jun-04	371	349
Jul-04	369	293
Aug-04	381	234
Sep-04	372	234
Oct-04	355	242
Nov-04	310	247
Dec-04	314	241
Jan-05	341	219
Feb-05	305	249
Mar-05	360	229
Apr-05	423	220
May-05	423	218
Jun-05	404	192
Jul-05	354	191
Aug-05	390	203
Sep-05	378	197
Oct-05	381	195
Nov-05	394	178
Dec-05	399	167
Jan-06	368	171
Feb-06	369	159
Mar-06	339	158
Apr-06	318	151
May-06	330	173
Jun-06	351	179
Jul-06	359	172
Aug-06	369	166
Sep-06	365	171
Oct-06	353	181
Nov-06	347	190
Dec-06	318	174
Jan-07	300	177
Feb-07	311	175
Mar-07	312	158
Apr-07	303	162
May-07	276	151
Jun-07	312	144
Jul-07	422	153
Aug-07	451	144
Sep-07	410	129
Oct-07	429	107
Nov-07	548	91
Dec-07	561	91
Jan-08	640	110
Feb-08	697	124
Mar-08	745	148
Apr-08	635	171
May-08	607	188
Jun-08	686	200
Jul-08	741	234
Aug-08	772	250
Sep-08	1007	274
Oct-08	1496	301
Nov-08	1873	322
Dec-08	1724	422
Jan-09	1513	511
Feb-09	1623	556
Mar-09	1577	740
Apr-09	1232	830
May-09	1037	923

(SEE DESCRIPTION OF BENCHMARK INDICES ON PAGE 13.)

WHAT FACTORS CONTRIBUTED TO THE FUND'S PERFORMANCE?

The equity portion of the Fund returned -2.35% due to several factors. As can be seen on the next page, only three sectors of the S&P 500 had significant positive returns during the period and all three are cyclical in nature. CWF was underweight relative to the Index in all three sectors. During the strong rally that occurred subsequent to March 9, 2009, S&P 500 performance significantly benefited from the performance of lower quality and smaller capitalization stocks. The Fund typically owns higher quality, larger capitalization stocks which underperformed in the rally. The Fund was overweighted in Financials versus the Index for the period, and the timing of our weighting was beneficial to performance. However, stock selection within the group more than offset the

positive sector allocation impact. In addition, negative stock selection in the Materials, Telecommunications, and Capital Goods groups detracted from relative performance. Positive contributions to relative performance came from; strong stock selection in the Energy sector and an underweight position in Consumer Staples and Utilities - both underperforming sectors. In addition, a robust options overwriting strategy was solidly beneficial to the Fund's performance.

The fixed income portion of the Fund returned 26.44% for the six month period ending May 31, 2009. The Fund's strategy of owning predominately higher quality BB and B-rated bonds accounted for much of our underperformance versus the index. For example, CCC-rated issues, where the Fund has little exposure though they comprise approximately 23% of the broad high yield market, returned a staggering 51.21% for the period. Industry weightings were a secondary contributor to the fixed income portion of the Fund's relative

TOTAL RETURN
(Six Months Ended May 31, 2009)

(BAR CHART)

CWF (NAV)	8.9%
CWF Equities	(2.4)%
CWF High Yield	26.4%
S&P 500 Index	4.1%
Morgan Stanley REIT Index	6.4%
Merrill Lynch High Yield Cash Pay Index	34.8%

S&P 500 TOTAL RETURN BY SECTOR
(Six Months Ended May 31, 2009)

(BAR CHART)

SP 500 SECTOR PERFORMANCE	FACTSET ATTRIBUTION
Energy	-1.44%
Utilities	-8.85%
Tel. Services	-4.11%
REITS	2.88%
Industrials	-2.98%
Basic Materials	19.20%
Consumer Discretionary	13.90%
Fin. (ex-REIT)	-0.88%
Consumer Staples	-2.69%
Technology	22.18%
Health Care	4.25%
S&P 500	4.05%

(SEE DESCRIPTION OF BENCHMARK INDICES ON PAGE 13.)

performance, as the bond portfolio held under-weights in Financials, Autos, and Banking. After a weak showing in 2008, performance in these industries snapped back strongly as seen in the graph below. Notably, a wave of fallen angels entered the high yield index in the Banking and Financials industries during the period. Banking and Financials, which on a combined basis comprised less than three percent of the index six months ago, now make up more than ten percent of the Merrill Lynch High Yield Cash Pay Index. BANK OF AMERICA, CITIGROUP, ROYAL BANK OF SCOTLAND, AIG, CIT, and JANUS CAPITAL now have part or all of their public debt rated below investment grade.

HIGH YIELD PERFORMANCE BY INDUSTRY
(Six Months Ended May 31, 2009)
(Source: Bloomberg)

(BAR CHART)

INDUSTRY	6 MTHS END 5/31/09
Financials	90.6%
Auto	87.2%
Banking	49.9%
Steel	45.1%
Homebuilding	44.8%
Gaming	40.7%
Telecom	39.8%
HY INDEX	34.8%
Technology	30.9%
Energy	27.8%
Healthcare	27.5%
Cable TV	22.0%
Building Materials	20.5%
Consumer	19.5%
Utilities	16.5%

Paper	14.4%
Chemicals	14.3%

DID ANY COMMON STOCKS OR FIXED INCOME HOLDINGS WITHIN THE FUND UNDERPERFORM RELATIVE TO YOUR EXPECTATIONS?

As mentioned above, the stocks of large cap, high quality companies did not perform as well as the market during the large and rapid market rally that started on March 10th. Our holdings in AT&T INC., VERIZON COMMUNICATIONS INC., EXXON MOBIL CORPORATION and 3M COMPANY all underperformed the S&P 500. In addition, PPG INDUSTRIES was sold off by the marketplace despite relatively strong fundamentals throughout the slowdown.

The Fund's worst performing bond position over the last six months was ALLBRITTON COMMUNICATIONS, a television broadcaster. Other bond positions that underperformed the market over the last six months included gaming companies BOYD GAMING and MGM, a specialty chemical producer, CHEMTURA, and an auto parts supplier, LEAR CORPORATION.

WHAT CHANGES WERE MADE TO THE PORTFOLIO DURING THE PERIOD?

The equity portion of the portfolio made some sizeable changes during the period. Reductions were made in the Materials sector while the significant overweighting in the Telecommunications sector was reduced. Cyclicality in the equity portfolio was raised by increases in both the Energy and Consumer Discretionary sectors. This was achieved through increases in allocations to Master Limited Partnerships

and higher quality retail companies, respectively. In addition, the Financials weighting was increased during the latter portion of the quarter by purchasing shares of higher quality financial institutions.

Turnover was low in the fixed income portion of the fund for the six months ending May 31, 2009. New bond positions included ANIXTER INTERNATIONAL, a distributor of wire and wiring systems for voice and data networks, and IPALCO ENTERPRISES, an Indiana based utility. Sales of fixed income positions during the period included ALLBRITTON COMMUNICATIONS, BOYD GAMING, CHEMTURA, LEAR CORPORATION and MGM, among others.

HOW DID THE FUND TRADE RELATIVE TO ITS NET ASSET VALUE (NAV) DURING THE SIX MONTH PERIOD?

As shown by the chart below, as of May 31, 2009 the Fund was trading at a closing price of $3.07, which is a 17.7% discount to its NAV of $3.73. At November 30, 2008, the Fund was trading at a closing price of $2.60, which was a large 29.2% discount to its NAV of $3.67. Throughout the six month period ended May 31, 2009 the Fund traded between a 13.6% to 33.7% discount to its NAV.

HISTORY OF FUND PRICE, NAV AND PREMIUM
(Six Months Ended May 31, 2009)
(Source: Bloomberg)

(PERFORMANCE GRAPH)

DATE	PRICE	NAV	%PREMIUM
12/1/2008	2.4777	3.4827	-28.857
12/2/2008	2.4379	3.5623	-31.564
12/3/2008	2.5175	3.622	-30.495
12/4/2008	2.428	3.5126	-30.878
12/5/2008	2.3981	3.5225	-31.921
12/8/2008	2.5175	3.622	-30.495
12/9/2008	2.4379	3.5822	-31.944
12/10/2008	2.4479	3.622	-32.418
12/11/2008	2.3682	3.5723	-33.705
12/12/2008	2.4021	3.5922	-33.13
12/15/2008	2.3981	3.5723	-32.8969
12/16/2008	2.4924	3.64	-31.528
12/17/2008	2.62	3.66	-28.415
12/18/2008	2.6	3.64	-28.571
12/19/2008	2.79	2.66	-23.77
12/22/2008	2.86	3.64	-21.429
12/23/2008	2.9	3.63	-20.11
12/24/2008	2.95	3.65	-19.178
12/26/2008	2.94	3.67	-19.891
12/29/2008	2.85	3.65	-21.918
12/30/2008	2.9525	3.72	-20.632
12/31/2008	3.02	3.78	-20.106
1/2/2009	3.16	3.82	-17.277
1/5/2009	3.12	3.82	-18.325
1/6/2009	3.15	3.88	-18.814
1/7/2009	3.16	3.83	-17.493
1/8/2009	3.13	3.85	-18.701
1/9/2009	3.15	3.83	-17.755
1/12/2009	3.1	3.77	-17.772
1/13/2009	3.09	3.78	-18.519
1/14/2009	2.996	3.71	-19.245
1/15/2009	3	3.69	-18.699
1/16/2009	3.1	3.71	-16.442
1/20/2009	2.95	3.57	-17.367
1/21/2009	3.001	3.65	-17.781
1/22/2009	3.024	3.6	-16
1/23/2009	3.05	3.61	-15.512
1/26/2009	3.02	3.61	-16.343
1/27/2009	3.07	3.63	-15.427
1/28/2009	3.17	3.67	-13.624
1/29/2009	3.05	3.62	-15.746
1/30/2009	2.98	3.59	-16.992
2/2/2009	3.09	3.6	-14.167
2/3/2009	3.12	3.62	-13.812
2/4/2009	3.05	3.6	-15.278
2/5/2009	3.1	3.62	-14.365
2/6/2009	3.13	3.67	-14.714
2/9/2009	3.17	3.7	-14.324
2/10/2009	3.02	3.62	-16.575
2/11/2009	3.02	3.63	-16.804
2/12/2009	3.01	3.64	-17.308
2/13/2009	3.04	3.62	-16.022
2/17/2009	2.8	3.51	-20.228
2/18/2009	2.78	3.48	-20.115
2/19/2009	2.7	3.46	-21.965
2/20/2009	2.61	3.44	-24.128
2/23/2009	2.47	3.4	-27.353
2/24/2009	2.75	3.43	-19.825

2/25/2009	2.65	3.43	-22.741
2/26/2009	2.63	3.42	-23.099
2/27/2009	2.61	3.4	-23.235
3/2/2009	2.38	3.32	-28.313
3/3/2009	2.42	3.29	-26.444
3/4/2009	2.5	3.31	-24.471
3/5/2009	2.35	3.24	-27.469
3/6/2009	2.29	3.24	-29.321
3/9/2009	2.26	3.08	-26.623
3/10/2009	2.43	3.14	-22.611
3/11/2009	2.4	3.15	-23.81
3/12/2009	2.5	3.22	-22.36
3/13/2009	2.51	3.25	-22.769
3/16/2009	2.55	3.26	-21.779
3/17/2009	2.55	3.27	-22.018
3/18/2009	2.5996	3.3	-21.223
3/19/2009	2.54	3.28	-22.561
3/20/2009	2.5673	3.25	-21.006
3/23/2009	2.72	3.36	-19.048
3/24/2009	2.62	3.33	-21.321
3/25/2009	2.67	3.37	-20.772
3/26/2009	2.76	3.39	-18.584
3/27/2009	2.7	3.37	-19.881
3/30/2009	2.6	3.32	-21.687
3/31/2009	2.67	3.36	-20.536
4/1/2009	2.77	3.39	-18.289
4/2/2009	2.8	3.42	-18.129
4/3/2009	2.78	3.45	-19.42
4/6/2009	2.72	3.44	-20.93
4/7/2009	2.72	3.41	-20.235
4/8/2009	2.73	3.43	-20.408
4/9/2009	2.84	3.49	-18.625
4/13/2009	2.85	3.51	-18.803
4/14/2009	2.8	3.47	-19.308
4/15/2009	2.86	3.51	-18.519
4/16/2009	2.94	3.53	-16.714
4/17/2009	2.99	3.54	-15.537
4/20/2009	2.9	3.46	-16.185
4/21/2009	2.88	3.46	-16.763
4/22/2009	2.89	3.44	-15.988
4/23/2009	2.8999	3.47	-16.43
4/24/2009	2.86	3.49	-18.052
4/27/2009	2.82	3.48	-18.966
4/28/2009	2.84	3.5	-18.857
4/29/2009	2.9	3.56	-18.539
4/30/2009	2.94	3.57	-17.647
5/1/2009	2.95	3.59	-17.827
5/4/2009	3.03	3.66	-17.213
5/5/2009	3.02	3.65	-17.26
5/6/2009	3.07	3.7	-17.027
5/7/2009	3.06	3.67	-16.621
5/8/2009	3.16	3.73	-15.282
5/11/2009	3.098	3.69	-16.043
5/12/2009	3.1082	3.7	-15.995
5/13/2009	3.0301	3.64	-16.755
5/14/2009	3.275	3.66	-17.281
5/15/2009	3.01	3.64	-17.308
5/18/2009	3.07	3.71	-17.251
5/19/2009	3.06	3.66	-16.393
5/20/2009	3.04	3.66	-16.94
5/21/2009	2.9201	3.64	-19.777
5/22/2009	2.95	3.63	-18.733

5/26/2009	3.01	3.68	-18.207
5/27/2009	3.0199	3.65	-17.264
5/28/2009	3.04	3.69	-17.615
5/29/2009	3.07	3.73	-17.473

(UNAUDITED)

CWF (AS A % OF) TOTAL INVESTMENTS
(As of May 31, 2009)

(PIE CHART)

Equities	54.2%
Fixed Income	44.8%
Cash	0.8%
Preferred Term Securities	0.2%

HOW IS THE FUND POSITIONED AT THE CLOSE OF THE PERIOD?

As of May 31, 2009, the percentage of the Fund's total investments held in equities and fixed income was 54% and 45%, respectively. The Fund continues to be overweight high quality, higher dividend paying securities. As shown below, in the Equity portion of the portfolio, securities related to the Energy sector represent the largest sector allocation from both an absolute and relative perspective. In addition, the Financials weighting has been increased as the financial markets have recovered and stands at an overweight to the Index. Technology and Consumer Staples are the largest underweights within the portfolio at May 31, 2009.

We intend to remain conservatively positioned in the fixed income portion of the Fund relative to the overall high yield market. While economic deterioration

FUND EQUITY ALLOCATION AS A % OF TOTAL INVESTMENTS
(As of May 31, 2009)

(PIE CHART)

Equities	54.2%
Preferred Term Securities	0.2%
Cash	0.8%
Fixed Income	44.8%
Banks	5.4%
Consumer Discretionary	3.2%
Consumer Staples	1.0%
Energy	12.8%
Financials	6.7%
Healthcare	4.9%
Industrials	5.5%
REITs	4.6%

Technology	2.0%
Telecommunications Services	6.3%
Transportation	1.8%

(UNAUDITED)

FUND FIXED INCOME ALLOCATION AS A % OF TOTAL INVESTMENTS
(As of May 31, 2009)

(PIE CHART)

Equities	54.2%
Fixed Income	44.8%
Cash	0.8%
Preferred Term Securities	0.2%
Basic Industry	4.3%
Cable Television	3.5%
Energy	7.0%
Gaming	3.0%
Healthcare	3.5%
Metals & Mining	4.2%
Paper & Forest Products	1.5%
Real Estate	2.9%
Retail	4.0%
Services	3.5%
Telecommunications	2.3%
Transportation	1.0%
Utilities	4.1%

appears to have slowed, we see few signs to suggest that we should begin to take more risk in the bond portfolio. Default rates are high and may trend higher if smaller companies with leveraged balance sheets continue to have difficulty accessing capital. Continuing jobless claims are high, senior lenders are still tightening lending standards as seen in the graph below. As shown above, the fixed-income portion of the Fund was well-diversified as of May 31, 2009, and we currently intend that it will remain well diversified with the primary goal of contributing a stable income stream to help support the Fund's monthly distribution.

NET % OF CREDITORS TIGHTENING STANDARDS FOR C&I LOANS
(source: Federal Reserve)

(PERFORMANCE GRAPH)

Apr-90	56.90
Jul-90	39.45
Oct-90	48.90
Jan-91	36.00
Apr-91	15.50
Jul-91	12.25

Oct-91	9.00
Jan-92	5.25
Apr-92	0.90
Jul-92	-1.70
Oct-92	4.35
Jan-93	2.65
Apr-93	-7.85
Jul-93	-19.45
Oct-93	-17.75
Jan-94	-12.95
Apr-94	-12.20
Jul-94	-6.95
Oct-94	-17.40
Jan-95	-6.85
Apr-95	-5.90
Jul-95	-6.05
Oct-95	-3.45
Jan-96	6.95
Apr-96	-0.90
Jul-96	-3.70
Oct-96	-7.80
Jan-97	-5.45
Apr-97	-6.95
Jul-97	-5.70
Oct-97	-7.00
Jan-98	1.80
Apr-98	-7.10
Jul-98	0.00
Oct-98	36.40
Jan-99	7.40
Apr-99	10.00
Jul-99	5.40
Oct-99	9.10
Jan-00	10.90
Apr-00	24.60
Jul-00	33.90
Oct-00	43.80
Jan-01	59.70
Apr-01	50.90
Jul-01	40.40
Oct-01	50.90
Jan-02	45.40
Apr-02	25.00
Jul-02	23.20
Oct-02	20.00
Jan-03	22.00
Apr-03	8.90
Jul-03	3.50
Oct-03	0.00
Jan-04	-17.90
Apr-04	-23.20
Jul-04	-20.00
Oct-04	-21.10
Jan-05	-23.60
Apr-05	-24.10
Jul-05	-16.70
Oct-05	-8.80
Jan-06	-10.70
Apr-06	-12.30
Jul-06	-8.90
Oct-06	0.00
Jan-07	0.00

Apr-07	-3.70
Jul-07	7.50
Oct-07	19.20
Jan-08	32.20
Apr-08	55.40
Jul-08	57.60
Oct-08	83.60
Jan-09	64.20
Apr-09	39.60

(UNAUDITED)

WHAT ARE THE TOP 10 EQUITY HOLDINGS BY PERCENTAGE OF TOTAL INVESTMENTS?

TOP 10 EQUITIES BY PERCENTAGE OF TOTAL INVESTMENTS
(AS OF MAY 31, 2009)

TICKER	SECURITY	% OF TOTAL INVESTMENTS
ETP	Energy Transfer Partners LP	4.8%
XOM	Exxon Mobil Corporation	3.9%
T	AT&T, Inc.	3.5%
JPM	JPMorgan Chase & Company	3.1%
PFE	Pfizer, Inc.	3.0%
OXY	Occidental Petroleum Corporation	2.8%
MET	Metlife, Inc.	2.7%
NLY	Annaly Capital Management, Inc.	2.4%
CAT	Caterpillar, Inc.	2.0%
ACE	Ace Ltd.	1.9%

DEFINITION OF THE COMPARATIVE INDICES

S&P 500 INDEX is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

MERRILL LYNCH HIGH YIELD CASH PAY INDEX is an unmanaged index of corporate bonds that pay cash coupons, meet a minimum size threshold, and have a Merrill Lynch composite rating lower than BBB3.

MORGAN STANLEY REIT INDEX is an unmanaged total-return index comprised of the most actively traded real estate investment trusts and is designed to be a measure of real estate equity performance.

UTILIZATION OF LEVERAGE (UNAUDITED)

The Chartwell Dividend and Income Fund, Inc. has utilized leverage through the issuance of commercial paper. As of May 31, 2009, the Fund had approximately $10 million in leverage outstanding (out of $60 million available) in the form of commercial paper rated A1/P1 by Moody's Investors Service, Inc./Standard & Poor's Ratings Group. These ratings should enhance the marketability and reduce the interest costs associated with the issuance of the commercial paper. However, it must be noted that the utilization of leverage involves the risk of lower portfolio returns if the cost of leverage is higher than the resulting yields on assets or if the Fund experiences capital losses in excess of the yield spread, if any. Therefore, the addition of leverage also increases the potential volatility of the Fund. The Fund has the ability to leverage to a maximum of 33% of the Fund's gross assets.

The Fund utilizes leveraging to seek to enhance the yield and NAV of its common stock. However, these objectives cannot be achieved in all interest rate environments. To leverage, the Fund issues commercial paper, which is issued at a discount equivalent to short-term interest rates, and invests the proceeds in long-term securities. The interest earned on these investments is paid to common stock shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV of the Fund's common stock. However, in order to benefit common stock shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit common stock shareholders. IF EITHER OF THESE CONDITIONS CHANGE, THEN THE RISKS OF LEVERAGING WILL BEGIN TO OUTWEIGH THE BENEFITS.

To illustrate these concepts, assume a fund's common stock capitalization of $100 million and the issuance of commercial paper for an additional $50 million, creating a total value of $150 million available for investment in long-term securities. If prevailing short-term interest rates are approximately 3% and long-term interest rates are approximately 6%, the yield curve has a strongly positive slope. In this example, the Fund pays a discount on the $50 million of commercial paper based on the lower short-term interest rates. At the same time, the Fund's total portfolio of $150 million earns the income based on long-term interest rates.

IN THIS CASE, THE DISCOUNT PAID TO COMMERCIAL PAPER HOLDERS IS SIGNIFICANTLY LOWER THAN THE INCOME EARNED ON THE FUND'S LONG-TERM INVESTMENTS, AND THEREFORE THE COMMON STOCK SHAREHOLDERS ARE THE BENEFICIARIES OF THE INCREMENTAL YIELD. HOWEVER, IF SHORT-TERM INTEREST RATES RISE, NARROWING THE DIFFERENTIAL BETWEEN SHORT-TERM AND LONG-TERM INTEREST RATES, THE INCREMENTAL YIELD PICK-UP ON THE COMMON STOCK WILL BE REDUCED OR ELIMINATED COMPLETELY. AT THE SAME TIME, THE MARKET VALUE ON THE FUND'S COMMON STOCK (THAT IS, ITS PRICE AS LISTED ON THE NEW YORK STOCK EXCHANGE), MAY, AS A RESULT, DECLINE. FURTHERMORE, IF LONG-TERM INTEREST RATES RISE, THE COMMON STOCK'S NAV WILL REFLECT THE FULL DECLINE IN THE PRICE OF THE PORTFOLIO'S INVESTMENTS, SINCE THE VALUE OF THE FUND'S COMMERCIAL PAPER DOES NOT FLUCTUATE. IN ADDITION TO THE DECLINE IN NET ASSET VALUE, THE MARKET VALUE OF THE FUND'S COMMON STOCK MAY ALSO DECLINE.

SCHEDULE OF INVESTMENTS (UNAUDITED)

ASSET CLASS WEIGHTINGS+:

(BAR CHART)

Common Stock	59.2%
Exchange Traded Fund	1.9%
Preferred Term Securities	0.2%
Preferred Stock	1.5%
Corporate Notes/Bonds	51.7%
Cash Equivalent	0.9%

\+ Percentages are based on total net assets of $62,999,359.

Total Investments including leverage are $72,724,700.

	NUMBER OF SHARES	MA VA
COMMON STOCK--59.2%		
AEROSPACE & DEFENSE--1.3%		
Honeywell International, Inc.	25,000	$ 8
BANKS--4.3%		
JPMorgan Chase & Company	60,000	2,2
Wells Fargo & Company	20,000	5
		2,7
BEVERAGES--0.8%		
PepsiCo, Inc.	10,000	5
COMPUTERS & PERIPHERALS--1.1%		
Hewlett Packard Company	20,000	6
CONSUMER STAPLES--0.4%		
B&G Foods, Inc., Class A	30,000	2
ELECTRICAL EQUIPMENT--1.0%		
Emerson Electric Company	20,000	6
ENERGY--14.8%		
Copano Energy LLC	25,000	3
Energy Transfer Partners LP (a)	80,000	3,3
Enterprise Products Partners LP (a)	30,000	7
Exxon Mobil Corporation	40,000	2,7
Occidental Petroleum Corporation	30,000	2,0
		9,3

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	NUMBER OF SHARES	MA VA
COMMON STOCK (CONTINUED)		
FINANCIAL--6.6%		
ACE Limited	30,000	$ 1,3
Bank of New York Mellon Corporation	10,000	2
MCG Capital Corporation	100,000	2
MetLife, Inc.	60,000	1,8
Star Asia Financial Limited+ (b) (c)	15,000	4
		4,1
HEALTHCARE--5.7%		
Abbott Laboratories	10,000	4
Pfizer, Inc.	140,000	2,1
Schering-Plough Corporation	40,000	9
		3,5
INDUSTRIAL CONGLOMERATES--1.8%		
3M Company	20,000	1,1
MACHINERY--2.3%		
Caterpillar, Inc.	40,000	1,4
MULTILINE RETAIL--2.3%		
JC Penney Company, Inc.	10,000	2
Target Corporation	30,000	1,1
		1,4
REAL ESTATE INVESTMENT TRUSTS--4.9%		
Annaly Capital Management, Inc.	120,000	1,6
Hatteras Financial Corporation	30,000	7
MFA Mortgage Investments, Inc.	106,700	6
		3,0
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT--1.2%		
Microchip Technology, Inc.	35,000	7
SPECIALTY RETAIL--1.4%		
Limited Brands, Inc.	70,000	8

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	NUMBER OF SHARES	MA VA
COMMON STOCK (CONTINUED)		
TELECOMMUNICATIONS--7.2%		
AT&T, Inc.	100,000	$ 2,4
Frontier Communications Corporation	125,000	9
Verizon Communications, Inc.	40,000	1,1
		4,5
TRANSPORTATION--2.1%		
General Maritime Corporation	100,500	9
Seaspan Corporation	50,000	3
		1,3
TOTAL COMMON STOCK (COST $44,540,388)		37,2
EXCHANGE TRADED FUNDS 1.9%		
SPDR KBW Bank	65,000	1,2
TOTAL EXCHANGE TRADED FUNDS (COST $871,731)		1,2
PREFERRED TERM SECURITIES--0.2%+ (b) (c)		
Alesco Preferred Funding IX, 06/23/36	10,000	
Alesco Preferred Funding X, 09/23/36	10,000	
Alesco Preferred Funding XI, 12/23/36	5,000	
Alesco Preferred Funding XII, 07/15/37	5,000	
Alesco Preferred Funding XIII, 09/23/37	2,500	
Alesco Preferred Funding XIV, 03/15/37	5,000	
Alesco Preferred Funding XV, 12/23/37	2,500	
Alesco Preferred Funding XVI, 03/23/38	5,000	
I-Preferred Term Securities IV, 06/24/34	10,000	
Preferred Term Securities IV, 12/23/31	20,000	
Preferred Term Securities XIV, 06/24/34	20,000	
Preferred Term Securities XVIII, 06/23/35	10,000	
Preferred Term Securities XIX, 12/22/35	10,000	
Preferred Term Securities XX, 03/22/38	10,000	
Preferred Term Securities XXIII, 12/22/36	5,000	
Preferred Term Securities XXIV, 03/22/37	5,000	
Taberna Preferred Funding II Limited, 06/30/35	5,000	
TOTAL PREFERRED TERM SECURITIES (COST $10,674,175)		1

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	NUMBER OF SHARES	MA VA
PREFERRED STOCK--1.5%		
FINANCIAL--1.1%		
Solar Cayman Limited*+ (b) (c)	80,000	$ 7
REAL ESTATE INVESTMENT TRUSTS--0.4%		
FelCor Lodging Trust, Inc.	40,000	2
TOTAL PREFERRED STOCK (COST $2,200,000)		9
	PRINCIPAL AMOUNT	
CORPORATE NOTES/BONDS--51.7%		
BASIC INDUSTRY--3.5%		
Blount, Inc.		
8.875%, 08/01/12	$ 750,000	7
H&E Equipment Services, Inc.		
8.375%, 07/15/16	1,175,000	9
Trimas Corporation		
9.875%, 06/15/12	772,000	5
		2,2
BUILDING MATERIALS--0.9%		
Gibraltar Industries, Inc.		
8.000%, 12/01/15	840,000	5
CABLE TELEVISION--4.2%		
CSC Holdings, Inc.		
7.875%, 02/15/18	750,000	7
DIRECTV Holdings LLC		
6.375%, 06/15/15	750,000	6
Echostar DBS Corporation		
6.625%, 10/01/14	500,000	4
Mediacom Broadband LLC		
8.500%, 10/15/15	750,000	6
Virgin Media Finance PLC		
9.500%, 08/15/16	100,000	
		2,6

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	PRINCIPAL AMOUNT	MA VA
CORPORATE NOTES/BONDS (CONTINUED)		
ENERGY--6.9%		
Cie Generale de Geophysique		
7.750%, 05/15/17	$ 500,000	$ 4
Cimarex Energy Company		
7.125%, 05/01/17	650,000	5
Complete Production Services, Inc.		
8.000%, 12/15/16	780,000	6
Copano Energy LLC		
8.125%, 03/01/16	935,000	8
Newfield Exploration Company		
6.625%, 04/15/16	750,000	6
Plains Exploration & Production Company		
7.625%, 06/01/18	500,000	4
Range Resources Corporation		
7.500%, 05/15/16	750,000	7
		4,3
GAMING--3.5%		
MTR Gaming Group, Inc., Series B		
9.750%, 04/01/10	520,000	4
MTR Gaming Group, Inc.		
9.000%, 06/01/12	700,000	4
Scientific Games Corporation		
6.250%, 12/15/12	500,000	4
Seneca Gaming Corporation		
7.250%, 05/01/12	1,000,000	8
		2,1
HEALTHCARE--4.0%		
Bio-Rad Laboratories, Inc.		
7.500%, 08/15/13	1,000,000	9
DaVita, Inc.		
6.625%, 03/15/13	500,000	4
HCA Inc.		
9.125%, 11/15/14	500,000	4
Omnicare, Inc.		
6.875%, 12/15/15	650,000	5
		2,5

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	PRINCIPAL AMOUNT	MA VA
CORPORATE NOTES/BONDS (CONTINUED)		
INDUSTRIAL--1.6%		
Anixter, Inc.		
10.000%, 03/15/14	$1,000,000	$ 9
METALS & MINING--3.9%		
Arch Western Finance LLC		
6.750%, 07/01/13	500,000	4
Freeport-McMoRan Copper & Gold Inc.		
8.375%, 04/01/17	1,000,000	9
Steel Dynamics, Inc.		
7.375%, 11/01/12	750,000	6
Teck Resources Limited+		
9.750%, 05/15/14	300,000	2
		2,4
PAPER & FOREST PRODUCTS--2.6%		
P H Glatfelter		
7.125%, 05/01/16	1,190,000	1,0
U.S. Corrugated (c)		
10.000%, 06/01/13	1,000,000	5
		1,6
REAL ESTATE--0.3%		
Host Hotels & Resorts LP (a)		
7.000%, 08/15/12	200,000	1
REAL ESTATE MANAGEMENT--3.1%		
Corrections Corp of America		
7.500%, 05/01/11	830,000	8
Corrections Corp of America		
7.750%, 06/01/17	300,000	2
Geo Group, Inc.		
8.250%, 07/15/13	840,000	8
		1,9
RETAIL--4.6%		
Autonation, Inc.		
7.000%, 04/15/14	500,000	4
Brown Shoe Company, Inc.		
8.750%, 05/01/12	1,200,000	1,0

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

20
CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	PRINCIPAL AMOUNT	MA VA
CORPORATE NOTES/BONDS (CONTINUED)		
RETAIL (CONTINUED)		
Couche-Tard US LP		
7.500%, 12/15/13	$ 500,000	$ 4
Sonic Automotive, Inc., Series B		
8.625%, 08/15/13	1,390,000	8
		2,8
SERVICES--2.6%		
ARAMARK Corporation		
8.500%, 02/01/15	500,000	4
KAR Holdings, Inc.		
8.750%, 05/01/14	1,270,000	1,0
Mobile Mini, Inc.		
9.750%, 08/01/14	100,000	
		1,6
TELECOMMUNICATIONS--3.0%		
Cincinnati Bell, Inc.		
8.375%, 01/15/14	750,000	7
Frontier Communications Corporation		
8.250%, 05/01/14	150,000	1
Hughes Network Systems LLC		
9.500%, 04/15/14	855,000	8
L-3 Communications Corporation		
6.125%, 07/15/13	250,000	2
		1,9
TRANSPORTATION--1.2%		
Stena AB		
7.500%, 11/01/13	950,000	7
UTILITIES--5.8%		
AES Corporation+		
9.750%, 04/15/16	500,000	5
Amerigas Partners LP		
7.250%, 05/20/15	750,000	7
Edison Mission Energy		
7.000%, 05/15/17	650,000	4
Elwood Energy LLC		
8.159%, 07/05/26	892,840	7

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	PRINCIPAL AMOUNT	MA VA
CORPORATE NOTES/BONDS (CONTINUED)		
UTILITIES (CONTINUED)		
Ipalco Enterprises, Inc.+		
7.250%, 04/01/16	$ 500,000	$ 4
Sierra Pacific Resources		
8.625%, 03/15/14	750,000	7
		3,6
TOTAL CORPORATE NOTES/BONDS (COST $36,666,331)		32,5
CASH EQUIVALENTS--0.9%		
SEI Daily Income Trust, Prime Obligations Fund,		
Class A shares, 0.260% (d)	555,383	5
TOTAL CASH EQUIVALENTS (COST $555,383)		5
TOTAL INVESTMENTS--115.4% (COST $95,508,008)		72,7

	WRITTEN CONTRACTS	
COVERED CALL OPTIONS WRITTEN--(0.9)%		
3M Company, Expires: 06/20/09, Strike Price: $60	(200)	
ACE Limited, Expires: 06/20/09, Strike Price: $45	(300)	(
Annaly Capital Management, Inc., Expires: 06/20/09, Strike Price: $15	(1,200)	(
AT&T, Inc., Expires: 06/20/09, Strike Price: $26	(500)	
Bank of New York Mellon Corporation, Expires: 06/20/09,		
Strike Price: $32.50	(100)	
Caterpillar, Inc., Expires: 06/20/09, Strike Price: $40	(200)	
Caterpillar, Inc., Expires: 06/20/09, Strike Price: $38	(200)	(
Emerson Electric Company, Expires: 06/20/09, Strike Price: $35	(200)	
Exxon Mobil Corporation, Expires: 06/20/09, Strike Price: $75	(400)	
Hewlett-Packard Company, Expires: 06/20/09, Strike Price: $37.50	(200)	
Honeywell International, Inc., Expires: 06/20/09, Strike Price: $35	(100)	
Honeywell International, Inc., Expires: 06/20/09, Strike Price: $34	(150)	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

22
CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	WRITTEN CONTRACTS	MA VA
COVERED CALL OPTIONS WRITTEN (CONTINUED)		
JPMorgan Chase & Company, Expires: 06/20/09, Strike Price: $40	(300)	$ (
JPMorgan Chase & Company, Expires: 06/20/09, Strike Price: $37.50	(300)	(
Limited Brands, Inc., Expires: 06/20/09, Strike Price: $12.50	(700)	(
MetLife, Inc., Expires: 06/20/09, Strike Price: $31	(200)	(
MetLife, Inc., Expires: 06/20/09, Strike Price: $34	(400)	(
Microchip Technology, Inc., Expires: 06/20/09, Strike Price: $20	(250)	(
Microchip Technology, Inc., Expires: 06/20/09, Strike Price: $25	(100)	
Occidental Petroleum Corporation, Expires: 06/20/09, Strike Price: $65	(300)	(1
PepsiCo, Inc., Expires: 06/20/09, Strike Price: $52.50	(100)	
Pfizer, Inc., Expires: 06/20/09, Strike Price: $15	(600)	(
Pfizer, Inc., Expires: 06/20/09, Strike Price: $16	(800)	
Schering-Plough Corporation, Expires: 06/20/09, Strike Price: $25	(400)	(
Seaspan Corporation, Expires: 06/20/09, Strike Price: $7.50	(500)	(
SPDR KBW Bank ETF, Expires: 06/20/09, Strike Price: $19	(650)	(
Target Corporation, Expires: 06/20/09, Strike Price: $43	(200)	
Target Corporation, Expires: 06/20/09, Strike Price: $46	(100)	
Verizon Communications, Inc., Expires: 06/20/09, Strike Price: $32	(400)	
Wells Fargo & Company, Expires: 06/20/09, Strike Price: $28	(200)	
TOTAL COVERED CALL OPTIONS WRITTEN (PREMIUMS RECEIVED $811,353)		(5
OTHER LIABILITIES IN EXCESS OF ASSETS--(14.5)%		(9,1
NET ASSETS 100.0%		$62,9

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

23
CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONCLUDED)

* 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 May 31, 2009, these securities amounted to $2,578,637 or 4.1% of net assets.

(a) Securities considered Master Limited Partnership. At May 31, 2009, these securities amounted to $4,357,800 or 6.9% of net assets.

(b) Securities are considered illiquid. The total value of such securities as of May 31, 2009 was $1,292,350 or 2.1% of net assets.

(c) Securities fair valued in accordance with Fair Value Procedures (See Note 1).

(d) The rate reported is the 7-day effective yield as of May 31, 2009.

LLC Limited Liability Company

LP Limited Partnership

PLC Public Limited Company

SPDR Standard & Poor's Depository Receipts

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

STATEMENT OF ASSETS AND LIABILITIES
AS OF MAY 31, 2009 (UNAUDITED)

ASSETS:	
Investments, at value (cost $95,508,008) (Note 1)	$ 72,724,700
Receivable for investment securities sold	794,313
Interest receivable	704,224
Dividends receivable	81,975
Prepaid expenses and other assets	128,210
Total assets	74,433,422
LIABILITIES:	
Commercial paper (Note 4)	9,949,333
Covered call options written, at value (premiums received--$811,353) (Note 1)	587,350
Payable for investment securities purchased	481,806
Payable for investment management fees (Note 2)	51,752
Payable to custodian	26,391
Payable for administration fees (Note 2)	12,740
Accrued expenses and other liabilities	324,691
Total liabilities	11,434,063
NET ASSETS	$ 62,999,359
NET ASSETS CONSIST OF:	
Common Stock, $0.01 par value (authorized 100,000,000 shares)	$ 169,060
Additional paid-in capital	181,044,215
Distributions in excess of net investment income	(902,562)

Accumulated net realized losses on investments and written call options	(94,752,049)
Net unrealized depreciation on investments and written call options	(22,559,305)
NET ASSETS	$ 62,999,359
NET ASSET VALUE PER SHARE:	
$62,999,359 / 16,905,967 shares of Common Stock issued and outstanding	$ 3.73

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED
MAY 31, 2009 (UNAUDITED)

INVESTMENT INCOME:	
Interest	$ 1,883,508
Dividends	919,065
Total investment income	2,802,573
EXPENSES:	
Investment management fees (Note 2)	331,712
Commercial paper fees	198,569
Administration fees (Note 2)	74,795
Legal fees	71,989
Printing and shareholder reports	44,812
Audit fees	32,885
Transfer agent fees	21,277
Directors' fees and expenses	13,141
Registration fees	11,413
Custodian fees	8,881
Insurance fees	1,417
Other operating expenses	16,638
Total operating expenses	827,529
Interest expense (Note 4)	166,764
Total expenses	994,293
Less: Investment management fees waived (Note 2)	(34,928)
Net expenses	959,365
NET INVESTMENT INCOME	1,843,208
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS:	
Net realized loss on investments	(30,606,981)

Net realized gain on written call options	1,531,122
Change in net unrealized appreciation on investments and written call options	31,659,270
Net realized and unrealized gain on investments and written call options	2,583,411
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 4,426,619

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED
MAY 31, 2009 (UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net increase in net assets resulting from operations	$ 4,426,619
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:	
Purchase of long-term portfolio investments	(26,695,103)
Proceeds from sales of long-term portfolio investments	25,811,139
Net purchase of short-term portfolio investments	(25,834,915)
Net proceeds from sales of short-term portfolio investments	25,279,533
Realized gain on written call options	(1,531,122)
Premiums received from options written	5,431,067
Premiums paid to closed options	(3,482,376)
Amortization of premiums on investments	(28,268)
Realized losses from security transactions	30,606,981
Change in unrealized appreciation from security transactions and written call options	(31,659,270)
Decrease in interest receivable	165,134
Decrease in dividends receivable	55,250
Increase in receivable for securities sold	(794,313)
Increase in prepaid expenses and other assets	(70,646)
Decrease in payable for securities purchased	(970,600)
Decrease in payable for investment management fees	(7,833)
Increase in payable for administration fees	5,730
Increase in payable to custodian	26,391
Increase in accrued expenses and other liabilities	93,119
Net cash provided by operating activities	826,517
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash dividends paid to shareholders	(3,448,816)
Decrease in commercial paper, at value	7,513
Net cash used in financing activities	(3,441,303)

	Net decrease in cash	(2,614,786)
CASH		
	Cash at beginning of period	2,614,786
	Cash at end of period	$ --

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

STATEMENT OF CHANGES IN NET ASSETS

	FOR THE SIX MONTHS ENDED MAY 31, 2009 (UNAUDITED)	FOR THE YEAR ENDED NOVEMBER 30, 2008
OPERATIONS:		
Net investment income	$ 1,843,208	$ 9,420,942
Net realized loss on investments	(30,606,981)	(37,833,912)
Net realized gain on written call options	1,531,122	8,825,538
Change in net unrealized appreciation (depreciation) on investments and written call options	31,659,270	(41,822,635)
Net increase (decrease) in net assets resulting from operations	4,426,619	(61,410,067)
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(3,448,816)	(9,913,146)
Tax return of capital	--	(4,609,079)
Net decrease in net assets resulting from dividends and distributions	(3,448,816)	(14,522,225)
Total increase (decrease) in net assets	977,803	(75,932,292)
NET ASSETS:		
Beginning of period	62,021,556	137,953,848
End of period (including distributions in excess of net investment income $(902,562) and undistributed net investment income of $703,046, respectively)	$ 62,999,359	$ 62,021,556

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

FINANCIAL HIGHLIGHTS

THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS	FOR THE SIX MONTHS ENDED MAY 31, 2009 (UNAUDITED)	FOR THE YEAR ENDED NOVEMBER 30, 2008
NET ASSET VALUE, BEGINNING OF PERIOD	$ 3.67	$ 8.16
INCOME/(LOSS) FROM INVESTMENT OPERATIONS: (1)		
Net investment income	0.11	0.56
Net realized and unrealized gain (loss) on investment transactions and written call options	0.15	(4.19)
Total from investment operations	0.26	(3.63)
LESS DIVIDENDS:		
Dividends from net investment income	(0.20)	(0.59)
Tax return of capital	--	(0.27)
Total dividends	(0.20)	(0.86)
NET ASSET VALUE, END OF PERIOD	$ 3.73	$ 3.67
MARKET VALUE, END OF PERIOD	$ 3.07	$ 2.60
TOTAL RETURN BASED ON: (2)		
Net asset value	8.90%	(47.75)%
Market value	26.52%	(58.90)%
RATIOS AND SUPPLEMENTAL DATA: (3)		
Net assets, end of period (000 omitted)	$62,999	$62,022
Total expenses including waiver of fees	2.75%(5)	2.41%
Total expenses excluding waiver of fees	2.85%(5)	2.51%
Total operating expenses including waiver of fees (4)	1.70%(5)	1.22%
Total operating expenses excluding waiver of fees (4)	1.80%(5)	1.32%
Commercial paper fees and interest expense	0.26%(5)	1.19%
Net investment income including waiver of fees	5.28%(5)	5.97%
Portfolio turnover	36%	54%
LEVERAGE ANALYSIS:		
Aggregate amount outstanding at end of period (000 omitted)	$10,000	$10,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted)	$ 9,960	$47,921
Asset coverage per $1,000 at end of period	$ 7,040	$15,880

----

(1) Based on average shares outstanding.

(2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Total investment return does not reflect brokerage commissions. Dividends and distributions, if any, are assumed for the purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns based on market value, which can be significantly greater or less than the net asset value, may result in substantially different returns. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the sale of Fund shares.

(3) Ratios are stated as a percentage of managed net assets which includes any liabilities constituting indebtedness in connection with financial leverage.

(4) Exclusive of commercial paper fees and interest expense.

(5) Annualized.

Amounts designated as "--" are $0.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FINANCIAL HIGHLIGHTS (CONTINUED)

	FOR THE YEARS ENDED NOVEMBER 30,	
	2007	2006
NET ASSET VALUE, BEGINNING OF YEAR	$ 9.55	$ 8.65
INCOME/(LOSS) FROM INVESTMENT OPERATIONS: (1)		
Net investment income	0.80	0.63
Net realized and unrealized gain (loss) on investment transactions and written call options	(1.30)	1.20
Total from investment operations	(0.50)	1.83
LESS DIVIDENDS AND DISTRIBUTIONS:		
Dividends from net investment income	(0.84)	(0.93)
Tax return of capital	(0.05)	--
Total dividends	(0.89)	(0.93)
NET ASSET VALUE, END OF YEAR	$ 8.16	$ 9.55
MARKET VALUE, END OF YEAR	$ 7.35	$ 9.78

TOTAL RETURN BASED ON: (2)		
Net asset value	(6.05)%	22.51%
Market value	(17.19)%	0.36%
RATIOS AND SUPPLEMENTAL DATA: (3)		
Net assets, end of year (000 omitted)	$137,953	$160,613
Total expenses including waiver of fees	2.69%	2.59%
Total expenses excluding waiver of fees	2.79%	2.68%
Total operating expenses including waiver of fees (4)	1.15%	1.13%
Total operating expenses excluding waiver of fees (4)	1.26%	1.24%
Commercial paper fees and interest expense	1.53%	1.44%
Net investment income including waiver of fees	6.33%	5.07%
Portfolio turnover	74%	96%
LEVERAGE ANALYSIS:		
Aggregate amount outstanding at end of year (000 omitted)	$ 55,000	$ 55,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted)	$ 54,790	$ 54,659
Asset coverage per $1,000 at end of year	$ 3,903	$ 3,980

----

(1) Based on average shares outstanding.

(2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each year reported. Total investment return does not reflect brokerage commissions. Dividends and distributions, if any, are assumed for the purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns based on market value, which can be significantly greater or less than the net asset value, may result in substantially different returns. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the sale of Fund shares.

(3) Ratios are stated as a percentage of average weekly net assets which includes any liabilities constituting indebtedness in connection with financial leverage.

(4) Exclusive of commercial paper fees and interest expense.

Amounts designated as "--" are $0 or have been rounded to $0.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FINANCIAL HIGHLIGHTS (CONCLUDED)

FOR THE YEARS ENDED
NOVEMBER 30,

	2005	2004
NET ASSET VALUE, BEGINNING OF YEAR	$ 8.96	$ 8.52
INCOME/GAIN FROM INVESTMENT OPERATIONS: (1)		
Net investment income	0.61	0.55
Net realized and unrealized gain on investment transactions and written call options	0.08	0.89
Total from investment operations	0.69	1.44
LESS DIVIDENDS AND DISTRIBUTIONS:		
Dividends from net investment income	(0.53)	(0.54)
Distributions in excess	(0.01)	(0.46)
Tax return of capital	(0.46)	--
Total dividends and distributions	(1.00)	(1.00)
NET ASSET VALUE, END OF YEAR	$ 8.65	$ 8.96
MARKET VALUE, END OF YEAR	$ 10.70	$ 10.03
TOTAL RETURN BASED ON: (2)		
Net asset value	8.19%	18.01%
Market value	18.14%	14.02%
RATIOS AND SUPPLEMENTAL DATA: (3)		
Net assets, end of year (000 omitted)	$144,352	$148,144
Total expenses including waiver of fees	2.90%	2.26%
Total expenses excluding waiver of fees	3.04%	2.40%
Total operating expenses including waiver of fees (4)	1.59%	1.57%
Total operating expenses excluding waiver of fees (4)	1.73%	1.71%
Commercial paper fees and interest expense	1.31%	0.69%
Net investment income including waiver of fees	7.00%	6.34%
Portfolio turnover	80%	99%
LEVERAGE ANALYSIS:		
Aggregate amount outstanding at end of year (000 omitted)	$ 55,000	$ 50,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted)	$ 54,794	$ 54,052
Asset coverage per $1,000 at end of year	$ 3,679	$ 3,680

----

(1) Based on average shares outstanding.

(2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each year reported. Total investment return does not reflect brokerage commissions. Dividends and distributions, if any, are assumed for the purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns based on market value, which can be significantly greater or less than the net asset value, may result in substantially different returns. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the sale of Fund shares.

(3) Ratios are stated as a percentage of average weekly net assets which includes any liabilities constituting indebtedness in connection with

financial leverage.

(4) Exclusive of commercial paper fees and interest expense.

Amounts designated as "--" are $0 or have been rounded to $0.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

Chartwell Dividend and Income Fund, Inc. (the "Fund") was incorporated under the laws of the State of Maryland on April 6, 1998 and is registered under the Investment Company Act of 1940 as amended, (the "Act"), as a closed-end, diversified management investment company. Investment operations commenced on June 29, 1998. The Fund's primary investment objective is to seek high current income. Capital appreciation is a secondary objective.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with U.S. generally accepted accounting principles.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

SECURITY VALUATION: Investment securities of the Fund that are listed on a securities exchange, except for debt securities, and for which market quotations are readily available, are valued at the last quoted sales price at the close of trading on the New York Stock Exchange (normally 4:00 p.m., Eastern Time). Investment securities of the Fund that are quoted on the NASDAQ market system are valued at the official closing price, or if there is none, at the last sales price. If there is no reported sale, these securities and unlisted securities for which market quotations are not readily available are valued at last bid price. Debt securities are priced based upon valuations provided by independent, third-party pricing agents, if available. Such values generally reflect the last reported sales price if the security is actively traded. The third-party pricing agents may also value debt securities at an evaluated bid price by employing methodologies that utilize actual market transactions, broker-supplied valuations, or other methodologies designed to identify the market value for such securities. Debt obligations with remaining maturities of sixty days or less may be valued at their amortized cost, which approximates market value. Prices for most securities held in the Fund are provided daily by recognized independent pricing agents. If a security price cannot be obtained from an independent, third-party pricing agent, the Fund seeks to obtain a bid price from at least one independent broker. All securities and assets for which quotations are not readily available, of which there were $1,842,350 as of May 31, 2009, are valued in accordance with Fair Value Procedures established by the Board of Directors (the "Board"). The Fund's Fair Value Procedures are implemented through a Fair Value Committee (the "Committee") designated by the Fund's Board. Some of the more common reasons that may necessitate that a security be valued using Fair Value Procedures include, among other things: the security's trading has been halted or suspended;

the security has been de-listed from a national exchange; the security's primary trading market is temporarily closed at a time when under normal conditions it would be open; or the security's primary pricing source is not able or willing to provide a price. When a security is valued in accordance with the Fair Value Procedures, the Committee will determine the value after taking into consideration relevant information reasonably available to the Committee.

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.

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 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 May 31, 2009:

VALUATION INPUTS	INVESTMENTS IN SECURITIES	OTHER FINANCIAL INSTRUMENTS*

Level 1	$38,840,314	$(587,350)
Level 2	32,042,036	--
Level 3	1,842,350	--
TOTAL	$72,724,700	$(587,350)

* OTHER FINANCIAL INSTRUMENTS ARE WRITTEN COVERED CALL OPTIONS.

The following is a reconciliation of the investments in which significant unobservable inputs (Level 3) were used in determining value:

	INVESTMENTS IN SECURITIES
BALANCE AS OF 11/30/08	$ 5,791,150
Realized gain/(loss)	(5,652,009)
Change in unrealized appreciation/(depreciation)	1,744,668
Net purchase/(sales)	(41,459)
Net transfers in and/or out of Level 3	--
BALANCE AS OF 5/31/09	$ 1,842,350

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

CASH AND CASH EQUIVALENTS: Idle cash may be swept into various money market funds and is classified as cash equivalents on the Schedule of Investments. Amounts invested are generally available on the same business day.

WRITTEN OPTIONS: When the Fund writes a covered call option, an amount equal to the premium received by the Fund is included in the Fund's Statement of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written.

When a covered written call option expires on its stipulated expiration date, or if the Fund enters into a closing purchase transaction, the Fund will realize a gain (or loss if the cost of the closing purchase transaction exceeds the premium received when the call option was written) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option will be extinguished. When a covered written call option is exercised, the Fund will realize a gain or loss from the sale of the underlying security and the proceeds of the sale are increased by the premium originally received. The Fund, as writer of an option, has no control over whether the underlying securities may be sold (called) and as a result bears the market risk of an unfavorable change in the price of the securities underlying the written option.

FASB Statement of SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities", is effective for the Fund's financial statements issued after November 15, 2008. The new standard requires all companies including funds, to disclose information intended to enable financial statements users to understand how and why the company uses derivative instruments, how derivative instruments are accounted for under FAS 133 and how derivative instruments affect the Fund's financial position, result of operations and cash flows.

The Fund is permitted to write covered call options on equity securities or stock indexes. The Fund writes covered call options to enhance return through price appreciation of the option, increase income, hedge to reduce overall portfolio risk and/or hedge to reduce individual security risk. As of May 31, 2009, the Fund had $587,350 in covered call options written representing 0.9% of the Fund's net assets.

DIVIDENDS AND DISTRIBUTIONS: The Fund will declare and pay dividends to shareholders on a monthly basis. Net long-term capital gains, if any, in excess of capital loss carryforwards are distributed to shareholders annually. Dividends from net investment income and capital gain distributions, if any, are determined in accordance with U.S. Federal income tax regulations, which may differ from generally accepted accounting principles. Dividends and distributions, if any, to shareholders are recorded on the ex-dividend date.

The Fund currently intends to distribute a monthly fixed amount to shareholders. The Fund's final distribution for each calendar year may exceed that amount, however, to the extent necessary for the Fund to have distributed all of its net investment company taxable income and net capital gains recognized during the year, if any. If, for any calendar year, the total distributions exceed current and accumulated earnings and profit, the excess, distributed from the Fund's assets, will generally be treated as a tax-free return of capital and will result in a reduction in the shareholder's basis. The Board reserves the right to change the aforementioned dividend policy from time to time.

BORROWINGS: The Fund issues short-term commercial paper at a discount from par. The discount is amortized to interest expense over the life of the commercial paper using the straight-line method. In conjunction with the issuance of the commercial paper, the Fund entered into a line of credit arrangement with a bank for $15,000,000. Effective February 28, 2009, the borrowings under the line of credit are secured by a perfected security interest on all of the Fund's assets, and the bank has imposed a 1.00% per annum commitment fee on the unused balance. There were no borrowings under this arrangement during the six months ended May 31, 2009.

ILLIQUID SECURITIES: A security is considered illiquid if it cannot be sold or disposed of in the ordinary course of business within seven days or less for its approximate carrying value on the books of the Fund. Valuations of illiquid securities may differ significantly from the values that would have been used had an active market for these securities existed.

SECURITY TRANSACTIONS AND INVESTMENT INCOME: Security transactions are recorded on the trade date. Realized gains and losses on sales of securities are calculated on the identified cost basis.

Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The Fund accretes original issue discount on securities using the effective interest method.

FEDERAL INCOME TAXES: It is the Fund's intention to continue to meet the requirements under Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to shareholders. Therefore, no provision for Federal income or excise tax is required.

On May 30, 2008, the Fund adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 defines the threshold for recognizing the benefits of tax-return

positions in the financial statements as "more-likely-than-not" to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the "more-likely-than-not" threshold, based on the largest benefit that is more than 50 percent likely to be realized.

The adoption of FIN 48 did not result in the recording of any tax expense in the current period. However, management's conclusions regarding FIN 48 may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

INVESTMENTS IN REAL ESTATE INVESTMENT TRUSTS ("REITS"): With respect to the Fund, dividend income is recorded based on the income included in distributions received from the REIT investments using published REIT reclassifications including some management estimates when actual amounts are not available. Distributions received in excess of this estimated amount are recorded as a reduction of the cost of investments or reclassified to capital gains. The actual amounts of income, return of capital, and capital gains are only determined by each REIT after its fiscal year-end, and may differ from the estimated amounts.

INVESTMENTS IN PREFERRED TERM SECURITIES ("PTSS"): The Fund invests in Preferred Term Securities, a type of collateralized debt obligation ("CDO"). A PTS is a trust collateralized by a pool of capital securities of affiliated holding corporations, typically of, but not limited to, smaller to medium sized banks and insurance companies.

The income tranche of these securities, owned by the Fund, receives residual cash disbursements after the senior tranches are paid a stated rate of interest. Dividend income from these securities is recorded based on anticipated cash flows and the internal rate of return of each PTS. Distributions received in excess of this estimated amount are recorded as a reduction of the cost of investments or reclassified to capital gains. The actual amounts of income, return of capital, and capital gains are only determined by each PTS quarterly, and may differ from the estimated amounts.

In addition to the normal risks associated with fixed income securities (e.g., interest rate risk and default risk), PTSs carry additional risks including, but are not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the Fund may invest in PTSs that are subordinate to other classes; and (iv) the complex structure of the security may produce disputes with the issuer or unexpected investment results.

NOTE 2. INVESTMENT MANAGEMENT, ADMINISTRATION, CUSTODIAN AGREEMENTS AND OTHER TRANSACTIONS WITH AFFILIATES

The Fund has entered into an investment management agreement with Chartwell Investment Partners, (the "Manager"). The Manager manages the Fund's portfolio and makes investment decisions. For these services, the Fund

pays the Manager a monthly fee at an annual rate of 0.95% of the Fund's Managed Assets. "Managed Assets" are the average weekly value of the Fund's total assets minus the sum of the Fund's liabilities, excluding debt related to leveraging, short-term debt and the aggregate liquidation preference of any outstanding preferred stock. The Manager has agreed to limit the investment management fee paid to it by the Fund to 0.85% of the Fund's Managed Assets. This waiver is voluntary and may be changed at any time.

The Fund has entered into an administration agreement with SEI Investments Global Funds Services (the "Administrator"). Under such agreement, the Administrator performs or arranges for the performance of certain administrative services necessary for the operation of the Fund. The Fund pays a fee to the Administrator based on the Fund's Managed Assets according to the following rates: 0.10% on the first $250 million of such Managed Assets and 0.09% on such Managed Assets in excess of $250 million, subject to a minimum annual fee of $150,000.

Certain officers and/or directors of the Fund are officers and/or directors of the Manager. The Fund pays each director, who is not an "affiliated person" as defined in the Act (a "Disinterested Director"), a fee of $2,000 for each regular Board Meeting attended, $750 for each special Board Meeting attended, plus $1,000 per year for audit committee members. Each Disinterested Director is reimbursed for reasonable out-of-pocket expenses associated with attending Board and Committee Meetings.

For the six months ended May 31, 2009, the Fund incurred a legal expense of $71,989 for services provided by Drinker Biddle & Reath LLP, counsel for the Fund. A partner of the firm is an officer of the Fund.

U.S. Bank serves as the custodian for the Fund. The Custodian plays no role in determining the investment policies of the Fund or which securities are to be purchased or sold by the Fund.

NOTE 3. PURCHASE AND SALES OF INVESTMENTS

For the six months ended May 31, 2009, purchases and sales of investments, excluding short-term investments, totaled $26,695,103 and $25,811,139, respectively.

The following table summarizes the Fund's call options written for the six months ended May 31, 2009:

	NUMBER OF CONTRACTS	PREMIUMS
Options outstanding, November 30, 2008	8,500	$ 784,470
Options written	67,550	5,431,067
Options expired	(30,300)	(1,908,371)
Options exercised	(850)	(91,209)
Options closed	(34,650)	(3,404,604)
Options outstanding, May 31, 2009	10,250	$ 811,353

NOTE 4. COMMERCIAL PAPER

As of May 31, 2009, $10,000,000 of commercial paper was outstanding with an amortized cost of $9,918,750. The average discount rate of commercial paper outstanding at May 31, 2009 was 3.25%. The average daily balance of commercial paper outstanding for the six months ended May 31, 2009, was $9,959,590 at a weighted average discount rate of 3.39%. The maximum face amount of commercial paper outstanding at any time during the six months ended May 31, 2009, was $10,000,000. In conjunction with the issuance of the commercial paper, the Fund entered into a line of credit arrangement with a bank for $15,000,000. Interest on borrowings is based on market rates in effect at the time of borrowing. Effective February 28, 2009, the borrowings under the line of credit are secured by a perfected security interest on all of the Fund's assets. The commitment fee is computed at the rate of 1.00% per annum on the unused balance. There were no borrowings under this arrangement during the six months ended May 31, 2009.

NOTE 5. CAPITAL STOCK

There are 100,000,000 shares of $0.01 par value common stock authorized. Of the 16,905,967 shares of common stock outstanding at May 31, 2009, the Manager owned 22,671 shares.

For the six months ended May 31, 2009 and the year ended November 30, 2008, the Fund issued no shares in connection with the Fund's dividend reinvestment plan.

NOTE 6. MARKET AND CREDIT RISKS

The Fund may invest in high yielding fixed-income securities, which carry ratings of BB or lower by S&P and/or Ba1 or lower by Moody's. Investments in these higher yielding securities may be accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities. The Fund may invest up to 15% of its total assets in illiquid securities and other securities which may not be readily marketable. In addition, the Fund may purchase securities sold in reliance of Rule 144A of the Securities Act of 1933. The relative illiquidity of some of the Fund's portfolio securities may adversely affect the ability of the Fund to dispose of such securities in a timely manner and at a fair price at times when it might be necessary or advantageous for the Fund to liquidate portfolio securities.

NOTE 7. FEDERAL TAX INFORMATION

It is the Fund's intention to continue to meet the requirements under Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to shareholders. Therefore, no provision for Federal income or excise tax is required.

The tax character of dividends and distributions paid during the last two fiscal years were as follows:

	ORDINARY INCOME	RETURN OF CAPITAL	TOTALS
2008	$ 9,913,146	$4,609,079	$14,522,225
2007	14,219,577	825,229	15,044,806

As of November 30, 2008, the components of Distributable Earnings (Accumulated Losses) were as follows:

Capital loss carryforwards	$ (56,121,066)
Post-October losses	(9,449,141)
Net unrealized depreciation	(54,324,559)
Other temporary differences	703,047
Total accumulated losses	$(119,191,719)

Post-October losses represent losses realized on investment transactions from November 1, 2008 through November 30, 2008, that in accordance with federal income tax regulations the Fund may elect to defer or treat as having arisen in the following fiscal year.

The following summarizes the capital loss carryforwards as of November 30, 2008. These capital loss carryforwards are available to offset future net capital gains.

EXPIRING IN FISCAL YEAR	AMOUNT
2009	$ 7,900,696
2010	30,533,344
2011	771,608
2014	103,382

2016	16,812,036
Total capital loss carryforwards	$56,121,066

During the year ended November 30, 2008, the Fund utilized none of the capital loss carryforwards to offset capital gains.

The Federal tax cost as well as the aggregate gross unrealized appreciation and depreciation on investments excluding written options held by the Fund at May 31, 2009, were as follows:

Federal Tax Cost	$ 95,508,008
Aggregate Gross Unrealized Appreciation	3,489,890
Aggregate Gross Unrealized Depreciation	(26,273,198)
Net Unrealized Depreciation	$(22,783,308)

NOTE 8. SUBSEQUENT EVENTS

The Board of the Fund declared the following dividends:

DECLARATION DATE	EX-DATE	RECORD DATE	PAYABLE DATE	DIVIDEND RATE
June 1, 2009	June 16, 2009	June 18, 2009	June 30, 2009	$0.034
July 1, 2009	July 21, 2009	July 23, 2009	July 31, 2009	0.034

NOTE 9. INDEMNIFICATIONS

The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

NOTE 10. ACCOUNTING PRONOUNCEMENTS

In April 2009, the FASB issued Staff Position No. 157-4 -- Determining Fair Value when the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly ("FSP 157-4") was issued. FSP 157-4 clarifies the process for measuring the fair value of financial instruments when the markets become inactive and quoted prices may reflect distressed transactions. FSP 157-4 provides additional guidance for estimating fair value in accordance with FASB statement No. 157, "Fair Value Measurements", when the volume and level of activity for the asset or liability have significantly decreased as well as guidance on identifying circumstances that indicate a transaction is not orderly. FSP 157-4 is effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. At this time, management is evaluating the impact of FSP 157-4 on the Fund's financial statements.

AUTOMATIC DIVIDEND REINVESTMENT PLAN (UNAUDITED)

Pursuant to the Fund's Automatic Dividend Reinvestment Plan (the "Plan"), unless a shareholder otherwise elects, all dividend and capital gains distributions will be automatically reinvested in additional shares of common stock of the Fund by PNC Global Investment Servicing ("PNC Global") formerly known as PFPC, Inc., as agent for shareholders in administering the Plan (the "Plan Agent"). Shareholders who elect not to participate in the Plan will receive all dividends and distributions in cash, paid by check mailed directly to the shareholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by PNC Global, as dividend paying agent. Such participants may elect not to participate in the Plan and to receive all distributions of dividends and capital gains in cash by sending written instructions to PNC Global, as dividend paying agent, at the address set forth below.

Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by written notice if received by the Plan Agent not less than ten days prior to any dividend record date. Otherwise such termination will be effective with respect to any subsequently declared dividend or distribution.

Whenever the Fund declares a distribution, an ordinary income dividend or a capital gain dividend (collectively referred to as "dividends") payable either in shares or in cash, non-participants in the Plan will receive cash, and participants in the Plan will receive the equivalent in shares of common stock. The shares will be acquired by the Plan Agent for the participant's account, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized shares of common stock from the Fund or (ii) by purchase of outstanding shares of common stock on the open market on the NYSE or elsewhere. If on the payment date of the dividend, the net asset value per share of the common stock is equal to or less than the market price per share plus estimated brokerage commissions (such condition being referred to herein as "market premium"), the Plan Agent will invest the dividend amount in newly issued shares on behalf of the participant. The number of newly issued shares of common stock to be credited to the participant's account will be determined by dividing the dollar amount of the dividend by the net asset value per share on the date the shares are issued, provided that the maximum discount from the then current market price per share on the date of issuance may not exceed 5%. If on the dividend payment date the net asset value per share is greater than the market value (such condition being referred to herein as "market discount"), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participant in open-market purchases.

In the event of a market discount on the dividend payment date, the Plan Agent will have until the last business day before the next date on which the shares trade on the "ex-dividend" basis or in no event more than 30 days after the dividend payment date to invest the dividend amount in shares acquired in open-market purchases. If, before the Plan Agent has completed its open-market purchases, the market price of a share of common stock exceeds the net asset value per share, the average per share purchase price paid by the Plan Agent may exceed the net asset value of the Fund's shares, resulting in the acquisition of fewer shares than if the dividend had been paid in newly issued shares on the dividend payment date. The Plan provides that if the Plan Agent is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to market premium during the purchase period, the Plan Agent will cease making open-market purchases and will invest the uninvested portion of the dividend amount in newly issued shares at the close of business on the last purchase date.

The Plan Agent maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Shares in the account of each Plan participant will be held by the Plan Agent on behalf of the Plan participant, and each shareholder's proxy will include those shares purchased or received pursuant to the Plan. The Plan Agent will forward all proxy solicitation materials to participants and vote proxies for shares held pursuant to the Plan in accordance with the instructions of the participants.

In the case of shareholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the record shareholders as representing the total amount registered in the record shareholder's name and held for the account of beneficial owners who are to participate in the Plan.

There will be no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or capital gain distributions payable either in shares or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open-market purchases in connection with reinvestment of dividends.

The automatic reinvestment of dividends and distributions will not relieve participants of any Federal, state or local income tax that may be payable (or required to be withheld) on such dividends.

Shareholders participating in the Plan may receive benefits not available to shareholders not participating in the Plan. If the market price plus commissions of the Fund's shares is above the net asset value, participants in the Plan will receive shares of the Fund at less than they could otherwise purchase them and will have shares with a cash value greater than the value of any cash distribution they would have received on their shares. If the market price plus commissions is below the net asset value, participants will receive distributions in shares with a net asset value greater than the value of any cash distribution they would have received on their shares. However, there may be insufficient shares available in the market to make distributions in shares at prices below the net asset value. Also, since the Fund does not redeem its shares, the price on resale may be more or less than the net asset value.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence concerning the Plan should be directed to the Plan Agent at PNC Global Investment Servicing, P.O. Box 43027, Providence, RI 02940-3027, Attn: Closed-End Department.

FEDERAL TAX INFORMATION (UNAUDITED)

Information for Federal income tax purposes is presented as an aid to shareholders in reporting the dividend distributions for the year ended November 30, 2008.

ADDITIONAL INFORMATION (UNAUDITED)

During the period, there have been no material changes in the Fund's investment objective or fundamental policies that have not been approved by the shareholders, other than the changes to the investment policies regarding investments in securities issued by other investment companies and temporary investments described on pages 3 and 4. There have been no changes in the Fund's charter or By-Laws that would delay or prevent a change in control of the Fund which have not been approved by the shareholders. There have been no material changes in the principal risk factors associated with investment in the Fund.

EFFECTS OF LEVERAGE (UNAUDITED)

Leverage of $60 million in commercial paper was initially sold by the Fund on July 28, 1999. As of May 31, 2009, the Fund had $10 million outstanding at 3.25% per annum maturing on July 28, 2009. All interest rates include fees due to the broker-dealer. The Fund must experience an annual return of 0.43% to cover interest payments on the commercial paper.

The following table explains the potential effects of leverage on the equity returns of common shareholders:

Assumed return on portfolio (net of expenses)	(10.00)%	(5.00)%	0.00%	5.00%	10.00%
Corresponding return to common stockholder	(12.04)%	(6.27)%	(0.50)%	5.27%	11.04%

(UNAUDITED)

Assumes $65 million assets attributable to common shareholders; $10 million aggregate leverage with an average interest rate of 3.25%. All figures appearing above are hypothetical returns generated to assist investors in understanding the effects of leverage. Actual returns may be greater or less than those appearing in the table.

HOW TO OBTAIN A COPY OF THE FUND'S QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q within sixty days after the end of the period. The Fund's Forms N-Q are available on the Commission's website at http://www.sec.gov, and may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

HOW TO OBTAIN A COPY OF THE FUND'S PROXY VOTING POLICIES

A description of the policies and procedures that are used by the Fund's investment adviser to vote proxies relating to the Fund's portfolio securities as well as information relating to how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (i) without charge, upon request, by calling the Fund toll-free at (866) 585-6552; (ii) on the Fund's website at www.chartwellip.com; and (iii) on the SEC's website at http://www.sec.gov.

NEW YORK STOCK EXCHANGE CERTIFICATION

The Fund's President has certified to the New York Stock Exchange that, as of May 18, 2009, he was not aware of any violation by the Fund of the applicable NYSE Corporate Governance listing standards. In addition, the Fund has filed certifications of its principal executive officer and principal financial officer as exhibits to its reports on Form N-CSR filed with the Securities and Exchange Commission relating to the quality of the disclosures contained in such reports.

CHARTWELL BOARD CONSIDERATIONS RELATING TO THE ADVISORY CONTRACT RENEWAL (UNAUDITED)

The Board of Directors of the Fund determined on April 22, 2009 whether to renew the Advisory Agreement with Chartwell Investment Partners, LP ("Chartwell Partners") (the "Agreement"). Prior to making its determination, the Board received detailed information from Chartwell Partners, including, among other things, information provided by Lipper, Inc. ("Lipper") comparing the performance of the Fund for the one, two, three, four and five year periods ended February 28, 2009 to the performance of an income and preferred stock universe selected by Lipper and a leveraged high yield universe selected by Lipper at the request of Chartwell Partners; advisory fee and other expense information for the Fund as compared to these peer groups; and information provided by Chartwell Partners responsive to requests by the Fund's independent counsel for certain information to assist the Board in its considerations. In addition, the Board reviewed a memorandum from its independent counsel detailing the Board's duties and responsibilities in considering renewal of the Agreement.

In reaching its decision to renew the Agreement, the Board, including a majority of the Directors who are not interested persons under the Investment Company Act of 1940 (the "Independent Directors"), considered, among other things: (i) the nature, extent and quality of Chartwell Partners' services provided to the Fund; (ii) the experience and qualifications of the portfolio management team; (iii) its investment philosophy and process; (iv) Chartwell Partners' assets under management, client descriptions and performance record for each of its investment strategies; (v) its annual compliance summary; (vi) its soft dollar commission, broker selection, best execution and trade allocation policies; (vii) current advisory fee arrangements with the Fund and its other clients; (viii) Lipper information comparing the Fund's performance, advisory fee and expense ratio to that of its peer groups; (ix) Chartwell Partners' financial information and profitability analysis related to providing advisory services to the Fund, including the commission arrangement with Merrill Lynch; (x) any compensation and other possible benefits to Chartwell Partners arising from its advisory and other relationships with the Fund; and (xi) the extent to which economies of scale are relevant to the Fund. The Board noted, in particular the Fund's expenses relative to its peers and the impact of the unique investment strategy of the Fund and the commission arrangement with Merrill Lynch whereby Chartwell Partners has been paying the underwriter's commission in connection with the Fund's initial public offering.

(UNAUDITED)

During the course of its deliberations, the Board, including a majority of Independent Directors, reached the following conclusions, among others, regarding Chartwell Partners and the Agreement: the Fund's advisory fee and expense ratio are above average in comparison to those of its comparable Lipper peer groups and both are reflective of the unique and bifurcated investment style of the Fund; Chartwell Partners' fees for managing the Fund are reasonable as compared to fees it charges for managing assets for other clients and considering the unique investment strategy of the Fund; the Fund's performance is generally competitive (performance for certain periods was higher and for other periods was lower) with that of the comparable Lipper peer groups; the nature, extent and quality of services provided by Chartwell Partners in advising the Fund was satisfactory; the profits earned by Chartwell Partners seemed reasonable; and the benefits derived by Chartwell Partners from managing the Fund, including its use of soft dollars and the way it selects brokers, seemed reasonable. The Independent Directors discussed economies-of-scale, but noted that asset growth to achieve such economies was unlikely for a closed-end fund such as the Fund.

Based on the factors considered, the Board, including a majority of the Independent Directors, concluded that it was appropriate to renew the Agreement.

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2009

SHAREHOLDER VOTING RESULTS (UNAUDITED)

The Annual Meeting of shareholders of the Chartwell Dividend and Income Fund, Inc. was held on April 22, 2009 at the offices of PNC Global Investment Servicing, 103 Bellevue Parkway, Wilmington, Delaware. The description of the proposal and number of shares voted at the meeting are as follows:

		VOTES FOR	VOTES AGAINST	VOTES WITHHELD
To elect the following directors to serve as the Class I directors for a three-year term expiring	Kenneth F. Herlihy	14,448,619	0	869,909
in 2012:	C. Warren Ormerod	14,463,422	0	855,106

Directors whose terms of office continue beyond this meeting are Winthrop S. Jessup, Marie D. Fairchild and Bernard P. Schaffer.

DIRECTORS
Winthrop S. Jessup, Chairman
Marie D. Fairchild
Kenneth F. Herlihy
C. Warren Ormerod
Bernard P. Schaffer

OFFICERS
Winthrop S. Jessup, President
G. Gregory Hagar, Vice President, Treasurer, Chief Financial Officer and Chief Compliance Officer
Bernard P. Schaffer, Vice President
Kevin A. Melich, Vice President
Timothy J. Riddle, Vice President
Andrew S. Toburen, Vice President
Michael P. Malloy, Secretary
Maria E. Pollack, Assistant Secretary

INVESTMENT MANAGER
Chartwell Investment Partners, L.P.
1235 Westlakes Drive, Suite
400 Berwyn, PA 19312

ADMINISTRATOR
SEI Investments Global Funds Services
One Freedom Valley Drive
Oaks, PA 19456

CUSTODIAN
U.S. Bank
Two Liberty Place
Philadelphia, PA 19102

TRANSFER AGENT
PNC Global Investment Servicing
P.O. Box 43027
Providence, RI 02940-3027

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ernst & Young, LLP
2001 Market Street, Suite 4000
Philadelphia, PA 19103

LEGAL COUNSEL
Drinker Biddle & Reath LLP
One Logan Square
18th & Cherry Streets
Philadelphia, PA 19103

This report, including the financial statements herein, is transmitted to the shareholders of Chartwell Dividend and Income Fund, Inc. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in the report. Past performance results should not be considered a representation of future performance. Statements and other information contained in this report are as dated and are subject to change.

Past performance is no guarantee of future results. Share prices will fluctuate, so that a share may be worth more or less than its original cost when sold. The investment adviser's commentaries included in this report contain certain forward-looking statements about the factors that may affect the performance of the Fund in the future. These statements are based on Fund management's predictions and expectations concerning certain future events and their expected impact on the Fund, such as performance of the economy as a whole and of specific industry sectors, changes in the levels of interest rates, the impact of developing world events and other factors that may influence the future performance of the Fund. Management believes these forward-looking statements to be reasonable, although they are inherently uncertain and difficult to predict. Actual events may cause adjustments in portfolio management strategies from those currently expected to be employed.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase, from time to time, shares of its common stock in the open market.

ITEM 2. CODE OF ETHICS.

Not applicable for semi-annual report.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable for semi-annual report.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable for semi-annual report.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable for semi-annual report.

ITEM 6. SCHEDULE OF INVESTMENTS.

(a) The schedule of investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.

(b) Not applicable.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable for semi-annual report.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable for semi-annual report.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the Registrant's Board of Directors since the Registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K in its proxy statement filed with the Commission on March 13,2009.

ITEM 11. 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 (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEMS 12. EXHIBITS.

(a)(1) Not applicable for semi-annual report.

(a)(2) 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 attached hereto as EX-99Cert.

(a)(3) Not applicable.

(b) Officer certifications as required by Rule 30a-2(b) under the Investment Company Act of 1940, as amended (17 CFR 270.30a-2(b)) also accompany this filing as EX-99.906Cert.

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: August 1, 2009

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: August 1, 2009

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

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

Date: August 1, 2009

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