

CHARTWELL DIVIDEND & INCOME FUND INC
Form N-Q
October 27, 2009

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

INVESTMENT COMPANY ACT FILE NUMBER 811-8747

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

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

PNC 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: JULY 31, 2009

ITEM 1. SCHEDULE OF INVESTMENTS

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | NUMBER OF SHARES | MARKET VALUE |
|------------------------------------|---------------------|-----------------|
| | ----- | ----- |
| COMMON STOCK - 60.1% | | |
| AEROSPACE & DEFENSE - 1.4% | | |
| Honeywell International, Inc. | 25,000 | \$ 919,000 |
| | | ----- |
| BANKS - 4.6% | | |
| JPMorgan Chase & Company | 60,000 | 2,607,600 |
| Wells Fargo & Company | 20,000 | 550,400 |
| | | ----- |

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

| | | |
|---|---------|-----------|
| | | 3,158,000 |
| | | ----- |
| BEVERAGES - 0.8% | | |
| PepsiCo, Inc. | 10,000 | 566,700 |
| | | ----- |
| COMPUTERS & PERIPHERALS - 1.3% | | |
| Hewlett-Packard Company | 20,000 | 897,800 |
| | | ----- |
| ELECTRICAL EQUIPMENT - 1.6% | | |
| Emerson Electric Company | 30,000 | 1,106,100 |
| | | ----- |
| ENERGY - 12.8% | | |
| Copano Energy LLC (A) | 25,000 | 388,250 |
| Energy Transfer Partners LP (A) | 62,500 | 2,533,750 |
| Enterprise Products Partners LP (A) | 20,000 | 540,000 |
| Exxon Mobil Corporation | 33,000 | 2,281,950 |
| General Maritime Corporation | 100,500 | 798,975 |
| Occidental Petroleum Corporation | 30,000 | 2,193,000 |
| | | ----- |
| | | 8,735,925 |
| | | ----- |
| FINANCIAL - 7.7% | | |
| ACE Limited | 30,000 | 1,565,400 |
| Bank of New York Mellon Corporation | 10,000 | 296,100 |
| Lincoln National Corporation | 26,700 | 673,908 |
| MetLife, Inc. | 60,000 | 2,265,600 |
| Star Asia Financial Limited * + (B) (C) | 15,000 | 449,850 |
| | | ----- |
| | | 5,250,858 |
| | | ----- |
| HEALTHCARE - 6.3% | | |
| Abbott Laboratories | 10,000 | 452,300 |
| Bristol-Myers Squibb Company | 10,000 | 221,300 |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | NUMBER OF SHARES | MARKET VALUE |
|--------------------------------------|---------------------|-----------------|
| | ----- | ----- |
| COMMON STOCK (CONTINUED) | | |
| HEALTHCARE (CONTINUED) | | |
| Merck & Company, Inc. | 40,000 | \$ 1,297,200 |
| Pfizer, Inc. | 140,000 | 2,338,000 |
| | | ----- |
| | | 4,308,800 |
| | | ----- |
| HOTELS, RESTAURANTS & LEISURE - 1.0% | | |
| Darden Restaurants, Inc. | 20,000 | 658,600 |
| | | ----- |
| INDUSTRIAL CONGLOMERATES - 2.1% | | |
| 3M Company | 20,000 | 1,442,000 |
| | | ----- |
| MULTILINE RETAIL - 3.3% | | |
| JC Penney Company, Inc. | 30,000 | 901,200 |

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

| | | |
|---|---------|-----------|
| Target Corporation | 28,000 | 1,316,000 |
| | | ----- |
| | | 2,217,200 |
| | | ----- |
| REAL ESTATE INVESTMENT TRUSTS - 6.0% | | |
| Annaly Capital Management, Inc. | 120,000 | 2,080,800 |
| Hatteras Financial Corporation | 30,000 | 896,700 |
| MFA Mortgage Investments, Inc. | 137,700 | 1,090,584 |
| | | ----- |
| | | 4,068,084 |
| | | ----- |
| ROAD & RAIL - 0.9% | | |
| Union Pacific Corporation | 10,000 | 598,100 |
| | | ----- |
| SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT - 1.4% | | |
| Microchip Technology, Inc. | 35,000 | 929,250 |
| | | ----- |
| SPECIALTY RETAIL - 1.5% | | |
| Limited Brands, Inc. | 70,000 | 1,044,400 |
| | | ----- |
| TELECOMMUNICATIONS - 6.9% | | |
| AT&T, Inc. | 100,000 | 2,605,000 |
| Frontier Communications Corporation | 125,000 | 888,750 |
| Verizon Communications, Inc. | 40,000 | 1,241,600 |
| | | ----- |
| | | 4,735,350 |
| | | ----- |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | NUMBER OF SHARES | MARKET VALUE |
|--|---------------------|-----------------|
| | ----- | ----- |
| COMMON STOCK (CONTINUED) | | |
| TRANSPORTATION - 0.5% | | |
| Seaspan Corporation | 50,000 | \$ 338,500 |
| | | ----- |
| TOTAL COMMON STOCK (COST \$42,263,083) | | 40,974,667 |
| | | ----- |
| EXCHANGE TRADED FUNDS - 2.2% | | |
| SPDR KBW Bank | 65,000 | 1,529,450 |
| | | ----- |
| TOTAL EXCHANGE TRADED FUNDS (COST \$871,731) | | 1,529,450 |
| | | ----- |
| PREFERRED STOCK - 1.7% | | |
| FINANCIAL - 1.1% | | |
| Solar Cayman Limited * + (B) (C) | 80,000 | 746,400 |
| | | ----- |
| REAL ESTATE INVESTMENT TRUSTS - 0.6% | | |
| FelCor Lodging Trust, Inc. | 40,000 | 440,000 |
| | | ----- |
| TOTAL PREFERRED STOCK (COST \$2,200,000) | | 1,186,400 |
| | | ----- |

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

| | PRINCIPAL AMOUNT | |
|-------------------------------|---------------------|-----------|
| | ----- | |
| CORPORATE NOTES/BONDS - 49.5% | | |
| BASIC INDUSTRY - 4.0% | | |
| Blount, Inc. | | |
| 8.875%, 08/01/12 | \$ 750,000 | 759,375 |
| H&E Equipment Services, Inc. | | |
| 8.375%, 07/15/16 | 1,175,000 | 1,016,375 |
| PE Paper Escrow + | | |
| 12.000%, 08/01/14 | 250,000 | 256,720 |
| Trimas Corporation | | |
| 9.875%, 06/15/12 | 772,000 | 696,730 |
| | | ----- |
| | | 2,729,200 |
| | | ----- |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | PRINCIPAL AMOUNT | MARKET VALUE |
|------------------------------------|---------------------|-----------------|
| | ----- | ----- |
| CORPORATE NOTES/BONDS (CONTINUED) | | |
| BUILDING MATERIALS - 1.0% | | |
| Gibraltar Industries, Inc. | | |
| 8.000%, 12/01/15 | \$ 840,000 | \$ 711,900 |
| | | ----- |
| CABLE TELEVISION - 3.4% | | |
| CSC Holdings, Inc. | | |
| 7.875%, 02/15/18 | 750,000 | 731,250 |
| Echostar DBS Corporation | | |
| 6.625%, 10/01/14 | 500,000 | 476,250 |
| Mediacom Broadband LLC | | |
| 8.500%, 10/15/15 | 750,000 | 736,875 |
| Virgin Media Finance PLC | | |
| 9.500%, 08/15/16 | 350,000 | 361,375 |
| | | ----- |
| | | 2,305,750 |
| | | ----- |
| CAPITAL GOODS - 0.5% | | |
| Southern Star Central Corporation | | |
| 6.750%, 03/01/16 | 350,000 | 329,000 |
| | | ----- |
| ENERGY - 7.0% | | |
| Cie Generale de Geophysique | | |
| 7.750%, 05/15/17 | 500,000 | 475,000 |
| Cimarex Energy Company | | |
| 7.125%, 05/01/17 | 650,000 | 604,500 |
| Complete Production Services, Inc. | | |
| 8.000%, 12/15/16 | 780,000 | 672,750 |

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

| | | |
|---|---------|---------|
| Copano Energy LLC | | |
| 8.125%, 03/01/16 | 935,000 | 899,937 |
| Linn Energy LLC | | |
| 9.875%, 07/01/18 | 185,000 | 179,450 |
| Newfield Exploration Company | | |
| 6.625%, 04/15/16 | 750,000 | 720,000 |
| Plains Exploration & Production Company | | |
| 7.625%, 06/01/18 | 500,000 | 475,000 |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | PRINCIPAL AMOUNT | MARKET VALUE |
|-------------------------------------|---------------------|-----------------|
| | ----- | ----- |
| CORPORATE NOTES/BONDS (CONTINUED) | | |
| ENERGY (CONTINUED) | | |
| Range Resources Corporation | | |
| 7.500%, 05/15/16 | \$ 750,000 | \$ 746,250 |
| | | ----- |
| | | 4,772,887 |
| | | ----- |
| GAMING - 2.2% | | |
| MTR Gaming Group, Inc. | | |
| 9.000%, 06/01/12 | 700,000 | 518,000 |
| Seneca Gaming Corporation | | |
| 7.250%, 05/01/12 | 1,000,000 | 945,000 |
| | | ----- |
| | | 1,463,000 |
| | | ----- |
| HEALTHCARE - 3.1% | | |
| Bio-Rad Laboratories, Inc. | | |
| 7.500%, 08/15/13 | 1,000,000 | 1,005,000 |
| HCA Inc. | | |
| 9.125%, 11/15/14 | 500,000 | 506,250 |
| Omnicare, Inc. | | |
| 6.875%, 12/15/15 | 650,000 | 611,000 |
| | | ----- |
| | | 2,122,250 |
| | | ----- |
| HEALTHCARE - 0.7% | | |
| DaVita, Inc. | | |
| 6.625%, 03/15/13 | 500,000 | 487,500 |
| | | ----- |
| INDUSTRIAL - 1.9% | | |
| Anixter, Inc. | | |
| 10.000%, 03/15/14 | 1,000,000 | 1,037,500 |
| United Rentals North America, Inc + | | |
| 10.875%, 06/15/16 | 270,000 | 276,750 |
| | | ----- |
| | | 1,314,250 |
| | | ----- |
| METALS & MINING - 3.8% | | |
| Arch Western Finance LLC | | |
| 6.750%, 07/01/13 | 500,000 | 480,000 |

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

Freeport-McMoRan Copper & Gold Inc.
 8.375%, 04/01/17 1,000,000 1,043,958

CHARTWELL DIVIDEND & INCOME FUND, INC. AUGUST 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | PRINCIPAL AMOUNT | MARKET VALUE |
|-----------------------------------|---------------------|-----------------|
| | ----- | ----- |
| CORPORATE NOTES/BONDS (CONTINUED) | | |
| METALS & MINING (CONTINUED) | | |
| Steel Dynamics, Inc. | | |
| 7.375%, 11/01/12 | \$ 750,000 | \$ 740,625 |
| Teck Resources Limited | | |
| 9.750%, 05/15/14 | 300,000 | 325,500 |
| | | ----- |
| | | 2,590,083 |
| | | ----- |
| PAPER & FOREST PRODUCTS - 2.8% | | |
| P H Glatfelter | | |
| 7.125%, 05/01/16 | 1,190,000 | 1,124,550 |
| U.S. Corrugated (C) | | |
| 10.000%, 06/01/13 | 1,000,000 | 750,000 |
| | | ----- |
| | | 1,874,550 |
| | | ----- |
| RACETRACKS - 0.5% | | |
| Yonkers Racing Corporation + | | |
| 11.375%, 07/15/16 | 330,000 | 337,425 |
| | | ----- |
| REAL ESTATE - 0.3% | | |
| Host Hotels & Resorts LP | | |
| 7.000%, 08/15/12 | 200,000 | 198,000 |
| | | ----- |
| REAL ESTATE MANAGEMENT - 1.7% | | |
| Corrections Corp of America | | |
| 7.750%, 06/01/17 | 300,000 | 297,750 |
| Geo Group, Inc. | | |
| 8.250%, 07/15/13 | 840,000 | 840,000 |
| | | ----- |
| | | 1,137,750 |
| | | ----- |
| RETAIL - 3.0% | | |
| Autonation, Inc. | | |
| 7.000%, 04/15/14 | 250,000 | 248,750 |
| Brown Shoe Company, Inc. | | |
| 8.750%, 05/01/12 | 700,000 | 680,750 |
| Couche-Tard US LP | | |
| 7.500%, 12/15/13 | 500,000 | 502,500 |

CHARTWELL DIVIDEND & INCOME FUND, INC. AUGUST 31, 2009

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | PRINCIPAL AMOUNT | MARKET VALUE |
|---|---------------------|-----------------|
| | ----- | ----- |
| CORPORATE NOTES/BONDS (CONTINUED) | | |
| RETAIL (CONTINUED) | | |
| Sonic Automotive, Inc., Series B 8.625%, 08/15/13 | \$ 750,000 | \$ 637,500 |
| | | ----- |
| | | 2,069,500 |
| | | ----- |
| RETAIL-PROPANE DISTRIBUTION - 0.2% | | |
| Suburban Propane Partners LP 6.875%, 12/15/13 | 190,000 | 185,250 |
| | | ----- |
| ROAD & RAIL - 1.1% | | |
| RailAmerica, Inc + 9.250%, 07/01/17 | 750,000 | 779,063 |
| | | ----- |
| SERVICES - 2.2% | | |
| ARAMARK Corporation 8.500%, 02/01/15 | 500,000 | 487,500 |
| KAR Holdings, Inc. 8.750%, 05/01/14 | 770,000 | 729,575 |
| Mobile Mini, Inc. 9.750%, 08/01/14 | 250,000 | 251,250 |
| | | ----- |
| | | 1,468,325 |
| | | ----- |
| TELECOMMUNICATIONS - 2.9% | | |
| Cincinnati Bell, Inc. 8.375%, 01/15/14 | 750,000 | 731,250 |
| Frontier Communications Corporation 8.250%, 05/01/14 | 150,000 | 149,625 |
| Hughes Network Systems LLC 9.500%, 04/15/14 | 855,000 | 872,100 |
| L-3 Communications Corporation 6.125%, 07/15/13 | 250,000 | 243,750 |
| | | ----- |
| | | 1,996,725 |
| | | ----- |
| TRANSPORTATION - 1.3% | | |
| Stena AB 7.500%, 11/01/13 | 950,000 | 859,750 |
| | | ----- |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED)

| | PRINCIPAL AMOUNT | MARKET VALUE |
|--|---------------------|-----------------|
| | ----- | ----- |

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

CORPORATE NOTES/BONDS (CONTINUED)

UTILITIES - 5.9%

AES Corporation +

9.750%, 04/15/16 \$ 500,000 \$ 522,500

Amerigas Partners LP

7.250%, 05/20/15 750,000 727,500

Edison Mission Energy

7.000%, 05/15/17 650,000 499,687

Elwood Energy LLC

8.159%, 07/05/26 872,794 768,115

Ferrellgas Partners LP +

6.750%, 05/01/14 300,000 276,750

Ipalco Enterprises, Inc. +

7.250%, 04/01/16 500,000 487,500

Sierra Pacific Resources

8.625%, 03/15/14 750,000 766,875

4,048,927

TOTAL CORPORATE NOTES/BONDS (COST \$35,118,745) 33,781,085

TOTAL INVESTMENTS - 113.5% (COST \$80,453,559) ** 77,471,602

COVERED CALL OPTIONS WRITTEN - (0.6) %

WRITTEN
CONTRACTS

| | | |
|--|-------|----------|
| 3M Company, Expires: 09/19/09, Strike Price: \$75 | (200) | (7,600) |
| ACE Limited, Expires: 09/19/09, Strike Price: \$55 | (300) | (12,000) |
| AT&T, Inc, Expires: 09/19/09, Strike Price: \$27 | (600) | (9,000) |
| Darden Restaurants, Inc., Expires: 09/19/09, Strike Price: \$35 ... | (200) | (5,600) |
| Emerson Electric Company, Expires: 09/19/09, Strike Price: \$36 ... | (100) | (15,000) |
| Hatteras Financial Corporation, Expires: 11/21/09, Strike Price: \$30 | (300) | (28,500) |
| Honeywell International, Inc., Expires: 09/19/09, Strike Price: \$36 | (150) | (18,450) |
| JCPenney Company, Inc., Expires: 09/19/09, Strike Price: \$33 | (300) | (7,500) |

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED)

WRITTEN
CONTRACTS

MARKET
VALUE

COVERED CALL OPTIONS WRITTEN (CONTINUED)

| | | |
|---|-------|-------------|
| JPMorgan Chase & Company, Expires: 09/19/09, Strike Price: \$44 ... | (600) | \$ (65,400) |
| Limited Brands, Inc., Expires: 09/19/09, Strike Price: \$15 | (700) | (38,500) |
| Lincoln National Corporation, Expires: 09/19/09, Strike | | |

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

| | | |
|---|---------|--------------|
| Price: \$28 | (267) | (8,010) |
| Merck & Company, Inc., Expires: 09/19/09, Strike Price: \$32.50 ... | (200) | (6,000) |
| MetLife, Inc., Expires: 09/19/09, Strike Price: \$39 | (300) | (30,000) |
| MetLife, Inc., Expires: 09/19/09, Strike Price: \$40 | (300) | (19,800) |
| Pfizer, Inc., Expires: 09/19/09, Strike Price: \$17 | (1,000) | (22,000) |
| SPDR KBW Bank ETF, Expires: 09/19/09, Strike Price: \$23 | (650) | (68,250) |
| Target Corporation, Expires: 09/19/09, Strike Price: \$48 | (200) | (15,200) |
| Target Corporation, Expires: 09/19/09, Strike Price: \$47 | (80) | (9,680) |
| Union Pacific Corporation, Expires: 09/19/09, Strike Price: \$65 .. | (100) | (1,500) |
| Wells Fargo & Company, Expires: 09/19/09, Strike Price: \$29 | (200) | (8,000) |
| ----- | | |
| TOTAL COVERED CALL OPTIONS WRITTEN | | |
| (PREMIUMS RECEIVED \$463,401) | | (395,990) |
| ----- | | |
| OTHER LIABILITIES IN EXCESS OF ASSETS - (12.9)% | | (8,843,764) |
| ----- | | |
| NET ASSETS - 100.0% | | \$68,231,848 |
| ----- | | |

* NON-INCOME PRODUCING SECURITY.

+ SECURITIES ARE EXEMPT FROM REGISTRATION UNDER RULE 144A OF THE SECURITIES ACT OF 1933. THESE SECURITIES MAY BE RESOLD IN TRANSACTIONS EXEMPT FROM REGISTRATION NORMALLY TO QUALIFIED INSTITUTIONS. AT AUGUST 31, 2009, THESE SECURITIES AMOUNTED TO \$4,132,958 OR 6.1% OF NET ASSETS.

(A) SECURITIES CONSIDERED MASTER LIMITED PARTNERSHIP. AT AUGUST 31, 2009, THESE SECURITIES AMOUNTED TO \$3,462,000 OR 5.1% OF NET ASSETS.

(B) SECURITIES ARE CONSIDERED ILLIQUID. THE TOTAL VALUE OF SUCH SECURITIES AS OF AUGUST 31, 2009 WAS \$1,196,250 OR 1.7% OF NET ASSETS.

(C) SECURITIES FAIR VALUED IN ACCORDANCE WITH FAIR VALUE PROCEDURES. AT AUGUST 31, 2009, THESE SECURITIES AMOUNTED TO \$1,946,250 OR 2.9% OF NET ASSETS.

ETF EXCHANGE TRADED FUND
 LLC LIMITED LIABILITY COMPANY
 LP LIMITED PARTNERSHIP
 MFA MORTGAGE FINANCE AUTHORITY
 PLC PUBLIC LIMITED COMPANY
 SPDR STANDARD & POOR'S DEPOSITORY RECEIPTS

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2009

SCHEDULE OF INVESTMENTS (UNAUDITED)

** AT AUGUST 31, 2009, THE TAX BASIS COST OF THE FUND'S INVESTMENTS WAS \$80,453,559, AND THE UNREALIZED APPRECIATION AND DEPRECIATION WERE \$6,531,965 AND \$(9,513,922), RESPECTIVELY.

AS OF AUGUST 31, 2009, \$10,000,000 OF COMMERCIAL PAPER WAS OUTSTANDING WITH AN AMORTIZED COST OF \$9,951,111. THE AVERAGE DISCOUNT RATE OF COMMERCIAL PAPER OUTSTANDING AT AUGUST 31, 2009, WAS 3.25%. THE AVERAGE DAILY BALANCE OF COMMERCIAL PAPER OUTSTANDING FOR THE QUARTER ENDED AUGUST 31, 2009 WAS \$9,959,806 AT A WEIGHTED AVERAGE DISCOUNT RATE OF 3.36%. THE MAXIMUM FACE AMOUNT OF COMMERCIAL PAPER OUTSTANDING AT ANYTIME DURING THE QUARTER ENDED AUGUST 31, 2009, WAS \$10,000,000. IN CONJUNCTION WITH THE ISSUANCE OF THE COMMERCIAL PAPER, THE FUND HAS ENTERED ONTO A LINE OF CREDIT ARRANGEMENT WITH A BANK FOR \$15,000,000. INTEREST ON BORROWING IS BASED ON MARKET RATES IN EFFECT AT THE

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

TIME OF BORROWING. THE COMMITMENT FEE IS COMPUTED AT THE RATE OF 0.10% PER ANNUM ON THE UNUSED BALANCE. THERE WERE NO BORROWINGS UNDER THIS ARRANGEMENT DURING THE QUARTER ENDED AUGUST 31, 2009.

THE FOLLOWING TABLE SETS FORTH INFORMATION ABOUT THE LEVEL WITHIN THE FAIR VALUE HIERARCHY AT WHICH THE FUND'S INVESTMENTS ARE MEASURED AT AUGUST 31, 2009:

| | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|---------------------------------|--------------|--------------|-------------|--------------|
| INVESTMENTS IN SECURITIES | | | | |
| COMMON STOCK | \$40,524,817 | \$ -- | \$ 449,850 | \$40,974,667 |
| CORPORATE NOTES/BONDS | -- | 33,284,585 | 750,000 | 34,034,585 |
| EXCHANGE TRADED FUND | 1,529,450 | -- | -- | 1,529,450 |
| PREFERRED STOCK | 440,000 | -- | 746,400 | 1,186,400 |
| | ----- | ----- | ----- | ----- |
| TOTAL INVESTMENTS IN SECURITIES | \$42,494,267 | \$33,284,585 | \$1,946,250 | \$77,725,102 |
| | ===== | ===== | ===== | ===== |

| | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|---------------------------------|--------------|---------|---------|--------------|
| LIABILITIES | | | | |
| WRITTEN COVERED CALL OPTIONS | \$ (395,990) | \$-- | \$-- | \$ (395,990) |
| | ----- | --- | --- | ----- |
| TOTAL LIABILITIES | \$ (395,990) | \$-- | \$-- | \$ (395,990) |
| | ===== | === | === | ===== |

THE FOLLOWING IS A RECONCILIATION OF THE INVESTMENTS IN WHICH SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) WERE USED IN DETERMINING VALUE:

| | INVESTMENTS IN SECURITIES |
|--|------------------------------|
| BEGINNING BALANCE AS OF SEPTEMBER 1, 2008 | \$ 5,791,150 |
| ACCRUED DISCOUNTS/PREMIUMS | -- |
| REALIZED GAIN/(LOSS) | (16,324,034) |
| CHANGE IN UNREALIZED APPRECIATION/(DEPRECIATION) | 12,522,743 |
| NET PURCHASES/SALES | -- |
| NET TRANSFER IN AND/OR OUT OF LEVEL 3 | (43,609) |
| | ----- |
| ENDING BALANCE AS OF AUGUST 31, 2009 | \$ 1,946,250 |
| | ===== |

THE INPUTS OR METHODOLOGY USED FOR VALUING SECURITIES ARE NOT NECESSARILY AN INDICATION OF THE RISKS ASSOCIATED WITH INVESTING IN THOSE SECURITIES.

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2009

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

SCHEDULE OF INVESTMENTS (UNAUDITED)

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

ITEM 2. CONTROLS AND PROCEDURES

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended, (the "1940 Act")) are effective as of a date within 90 days of the filing of this report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures, required by Rule 30a-3(b) under the 1940 Act and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended.

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

ITEM 3. EXHIBITS.

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

SIGNATURES

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

(Registrant) Chartwell Dividend and Income Fund, Inc.

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

Winthrop S. Jessup, President
(Principal Executive Officer)

Date October 27, 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 October 27, 2009

Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-Q

By (Signature and Title)*

/s/ G. Gregory Hagar

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

Date October 27, 2009

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