

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

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

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FORM N-CSR

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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)

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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](http://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

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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

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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.

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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.

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### 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

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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.

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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.

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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  
Bernard P. Schaffer  
PORTFOLIO MANAGER

/s/ Andrew S. Toburen  
Andrew S. Toburen  
PORTFOLIO MANAGER

PORTFOLIO MANAGEMENT TEAM

Bernard P. Schaffer  
PORTFOLIO MANAGER  
EQUITY

Andrew S. Toburen  
PORTFOLIO MANAGER  
FIXED INCOME

Paul Matlack  
PORTFOLIO MANAGER  
FIXED INCOME

Christine F. Williams  
PORTFOLIO MANAGER  
FIXED INCOME

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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

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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: Merrill 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

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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

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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



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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

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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

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(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

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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)

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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.)

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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%

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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. Cyclicity 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

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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)

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(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

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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

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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

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2009

(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%



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Technology	2.0%
Telecommunications Services	6.3%
Transportation	1.8%

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2009

(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

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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

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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

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2009

(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.

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2009

### 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.

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2009

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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.

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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
		-----

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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
		-----

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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.



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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
		-----

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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

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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

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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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.

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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.

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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.

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- (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.

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CHARTWELL

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

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)

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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.

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CHARTWELL

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)

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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.

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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)
	-----



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

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

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.

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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

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- (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.

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2009

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

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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

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- (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.

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2009

FINANCIAL HIGHLIGHTS (CONCLUDED)

FOR THE YEARS ENDED  
NOVEMBER 30,  
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	2005	2004
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NET ASSET VALUE, BEGINNING OF YEAR .....	\$ 8.96	\$ 8.52
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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
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Total from investment operations .....	0.69	1.44
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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

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(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

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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.

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## 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

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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;

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

\* OTHER FINANCIAL INSTRUMENTS ARE WRITTEN COVERED CALL OPTIONS.

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

	INVESTMENTS IN SECURITIES
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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	