

CHARTWELL DIVIDEND & INCOME FUND INC
Form N-CSRS
August 02, 2005

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

INVESTMENT COMPANY ACT FILE NUMBER 811-8747

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

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

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

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

DATE OF FISCAL YEAR END: NOVEMBER 30, 2005

DATE OF REPORTING PERIOD: MAY 31, 2005

ITEM 1. REPORTS TO STOCKHOLDERS.

[GRAPHIC, LOGO AND BACKGROUND OMITTED]

CHARTWELL
DIVIDEND AND
INCOME FUND, INC.

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

SEMI-ANNUAL REPORT TO SHAREHOLDERS
DATED MAY 31, 2005

CHARTWELL INVESTMENT
PARTNERS

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

INVESTMENT OBJECTIVES & STRATEGY

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

COMMON STOCK

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

HIGH-YIELD CORPORATE BONDS

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

CONVERTIBLE SECURITIES

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

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

LETTER TO SHAREHOLDERS

During the six months ending May 31, 2005, the total market return of the Fund was 6.40% with dividends reinvested and the Net Asset Value (NAV) of the Fund advanced 1.90%. The equity and fixed income markets advanced moderately over these six months with the S&P 500 equity index and high yield corporate bonds (Merrill Lynch High Yield Cash Pay Index) returning 2.42% and 0.81%, respectively. Despite continued favorable economic growth, solid earnings, and reasonable valuations, the markets were stalled as worries about the direction of interest rates, oil prices, inflation, and a feared housing bubble weighed on investors' sentiment.

EQUITIES (60% of the portfolio)

Our current view of the equities market still leans to the positive. While economic growth has moderated somewhat, solid corporate earnings growth, reasonable equity valuations, low interest rates, and improved hiring activity suggest the economy is far from the cusp of experiencing a material slowdown. The Fed Chairman Alan Greenspan seems to back this view having noted in testimony before the Joint Economic Committee in June that the economy seems to be on "reasonably firm footing, and underlying inflation remains contained." At the same time, a moderate slowing in earnings growth combined with rising rates does not provide the basis for an overly bullish outlook. Based on such an outlook, we continue to believe the most likely path for the equity markets is for a total return that is close to the long-term annual average of mid to high single digits. As always, the outlook is not without risks. One of the biggest risks is that oil prices continue to rise and undermine economic growth. However, expectations for sustained high oil prices have, at least in part, been factored into the outlook.

HIGH YIELD BONDS (40% of the portfolio)

[Line Graph Omitted]

Plot points follow:

HIGH YIELD DEFAULT RATES: TRAILING TWELVE MONTHS
(Source: Moody's, 2005 is Six Months Ended May 31, 2005)

Date	Global Percentage of Issuers Default Rate
May-95	1.85
June-95	2.13
Jul-95	2.21
Aug-95	2.17
Sep-95	2.27
Oct-95	2.66
Nov-95	3.17
Dec-95	3.26
Jan-96	3.26
Feb-96	3.37
Mar-96	3.43

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

Apr-96	3.21
May-96	2.85
Jun-96	2.84
Jul-96	2.63
Aug-96	2.21
Sep-96	2.17
Oct-96	1.95
Nov-96	1.64
Dec-96	1.64
Jan-97	1.71
Feb-97	1.59
Mar-97	1.58
Apr-97	1.37
May-97	1.60
Jun-97	1.59
Jul-97	1.84
Aug-97	2.00
Sep-97	2.06
Oct-97	2.12
Nov-97	2.27
Dec-97	2.01
Jan-98	2.07
Feb-98	2.37
Mar-98	2.35
Apr-98	2.63
May-98	2.69
Jun-98	2.96
Jul-98	2.80
Aug-98	2.69
Sep-98	2.62
Oct-98	2.66
Nov-98	2.80
Dec-98	3.41
Jan-99	3.49
Feb-99	3.59
Mar-99	3.82
Apr-99	4.20
May-99	4.80
Jun-99	4.85
Jul-99	5.32
Aug-99	5.52
Sep-99	5.84
Oct-99	5.97
Nov-99	5.85
Dec-99	5.56
Jan-00	5.53
Feb-00	5.53
Mar-00	5.67
Apr-00	5.67
May-00	5.40
Jun-00	5.55
Jul-00	4.96
Aug-00	5.21
Sep-00	5.31
Oct-00	4.96
Nov-00	5.44
Dec-00	6.15
Jan-01	6.69
Feb-01	7.09
Mar-01	7.84
Apr-01	8.03
May-01	8.09

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

Jun-01	8.29
Jul-01	8.90
Aug-01	9.37
Sep-01	9.71
Oct-01	10.19
Nov-01	10.22
Dec-01	10.60
Jan-02	10.89
Feb-02	10.73
Mar-02	10.60
Apr-02	10.57
May-02	10.70
Jun-02	10.54
Jul-02	10.33
Aug-02	10.02
Sep-02	9.78
Oct-02	9.29
Nov-02	8.94
Dec-02	8.43
Jan-03	7.69
Feb-03	7.70
Mar-03	6.99
Apr-03	6.79
May-03	6.62
Jun-03	6.14
Jul-03	5.87
Aug-03	6.19
Sep-03	6.03
Oct-03	6.06
Nov-03	5.50
Dec-03	5.31
Jan-04	5.12
Feb-04	4.51
Mar-04	4.37
Apr-04	4.12
May-04	3.65
Jun-04	3.55
Jul-04	3.08
Aug-04	2.45
Sep-04	2.45
Oct-04	2.49
Nov-04	2.54
Dec-04	2.29
Jan-05	2.20
Feb-05	2.45
Mar-05	2.12
Apr-05	1.98
May-05	1.91

Strong credit quality trends were overwhelmed by negative technicals, as high profile downgrades (i.e. Ford and General Motors) and mutual fund outflows

3

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

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

combined to push prices lower. The price decline drove the yield on the market up 77 basis points from 7.46% to 8.23%. Conversely, after peaking in late March, the yield on the 10-year Treasury bond fell sharply to 4.01% at May 31st. These factors combined to cause the high yield market's spread over 10-year Treasury (i.e. risk premium) to widen 113 basis points (1.13%) to a new spread of 423 basis points (4.23%).

[Line Graph Omitted]
Plot points follow:

HIGH YIELD PREMIUM OVER TREASURIES ("SPREAD")
(Source: Merrill Lynch, Bloomberg: May 31, 1995-May 31, 2005)

Date	HY Index Spread (bps)
May-97	243
Jun-97	241
Jul-97	242
Aug-97	230
Sep-97	234
Oct-97	272
Nov-97	266
Dec-97	269
Jan-98	271
Feb-98	261
Mar-98	260
Apr-98	271
May-98	293
Jun-98	350
Jul-98	351
Aug-98	502
Sep-98	573
Oct-98	613
Nov-98	530
Dec-98	555
Jan-99	550
Feb-99	507
Mar-99	510
Apr-99	464
May-99	467
Jun-99	465
Jul-99	444
Aug-99	465
Sep-99	489
Oct-99	499
Nov-99	470
Dec-99	453
Jan-00	461
Feb-00	496
Mar-00	584
Apr-00	596
May-00	618
Jun-00	615
Jul-00	617
Aug-00	641
Sep-00	664
Oct-00	757
Nov-00	874
Dec-00	881
Jan-01	739
Feb-01	729

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

Mar-01	760
Apr-01	739
May-01	703
Jun-01	739
Jul-01	745
Aug-01	731
Sep-01	914
Oct-01	865
Nov-01	752
Dec-01	734
Jan-02	697
Feb-02	722
Mar-02	621
Apr-02	601
May-02	643
Jun-02	781
Jul-02	874
Aug-02	882
Sep-02	966
Oct-02	974
Nov-02	800
Dec-02	802
Jan-03	747
Feb-03	757
Mar-03	696
Apr-03	576
May-03	614
Jun-03	554
Jul-03	488
Aug-03	477
Sep-03	483
Oct-03	415
Nov-03	401
Dec-03	368
Jan-04	360
Feb-04	381
Mar-04	392
Apr-04	351
May-04	383
Jun-04	371
Jul-04	369
Aug-04	381
Sep-04	372
Oct-04	355
Nov-04	310
Dec-04	314
Jan-05	341
Feb-05	305
Mar-05	360
Apr-05	423
May-05	423

Thank you for your continued support of the portfolio management team and of the Chartwell Dividend and Income Fund.

Sincerely,

/s/ Winthrop S. Jessup

Winthrop S. Jessup

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

CHAIRMAN
CHARTWELL DIVIDEND AND INCOME FUND

/s/ Bernard P. Schaffer

Bernard P. Schaffer
PORTFOLIO MANAGER

/s/ Andrew S. Toburen

Andrew S. Toburen
PORTFOLIO MANAGER

4

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

PORTFOLIO MANAGEMENT TEAM

Bernard P. Schaffer
PORTFOLIO MANAGER
EQUITY

Matthew H. Taylor
PORTFOLIO MANAGER
EQUITY

Andrew S. Toburen
PORTFOLIO MANAGER
FIXED INCOME

Christine F. Williams
PORTFOLIO MANAGER
FIXED INCOME

Paul Matlack
PORTFOLIO MANAGER
FIXED INCOME

5

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

HOW DID THE FUND PERFORM DURING THE SIX MONTHS ENDING MAY 31, 2005?

[Bar Chart Omitted]
Plot points follow:

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

TOTAL RETURN
SIX MONTHS ENDED MAY 31, 2005

CWF Stock	CWF NAV	S&P 500	Merill Lynch High Yield Cash Bond Index
6.4%	1.9%	2.4%	0.8%

During the six months ending May 31, 2005, the Chartwell Dividend and Income Fund advanced 1.90% on a Net Asset Value basis (NAV) and 6.40% on a market basis, assuming reinvestment of dividends for both return calculations. In comparison, the S&P 500 Index advanced 2.42%, also including reinvested dividends, and the Merrill Lynch High Yield Cash Pay Index returned 0.81%.

WHAT FACTORS CONTRIBUTED TO THE FUND'S PERFORMANCE?

[Bar Chart Omitted]
Plot points follow:

TOTAL RETURN
SIX MONTHS ENDED MAY 31, 2005

CWF Equities	CWF High Yield	S&P 500	Morgan Stanley REIT Index	Merrill Lynch High Yield Cash Bond Index
1.9%	-0.9%	2.4%	6.2%	0.8%

The equity portion of the Fund advanced 1.90% due to strong performance by several stocks, particularly in the Consumer Staples, Energy and Health Care sectors. Some of the best performing stocks in the Fund included ALTRIA GROUP (MO), ALLIANCE CAPITAL MANAGEMENT HOLDINGS (AC), HARTFORD FINANCIAL SERVICES GROUP (HIG), KERR-MCGEE (KMG) and CITIGROUP (C).

6

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

The high yield portion of the Fund underperformed the benchmark over the last six months largely due to overweights in Building Materials and Consumer Products and an underweight in interest rate sensitive BB-rated issues.

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

Some of our Financial stocks underperformed during the period, including FRIEDMAN, BILLINGS RAMSEY GROUP (FBR), NEW CENTURY FINANCIAL (NEW), and BANK OF NEW YORK (BK). Shares in FRIEDMAN BILLINGS RAMSEY came under pressure when management announced a tempered earnings outlook for 2005 due to lower banking revenues. The stock was sold prior to the end of the current period. NEW CENTURY FINANCIAL shares also experienced softness due to weakness in earnings related

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

to margin compression. Higher than expected expenses and a higher loan loss provision outlook contributed to the weakness in BANK OF NEW YORK'S shares during the period.

[Bar Chart Omitted]
Plot points follow:

S&P 500 TOTAL RETURN BY SECTOR (SIX MONTHS ENDED MAY 31, 2005)	
Utilities	11.8
Energy	11.1
Health Care	9.6
Consumer Staples	5.9
Industrials	0.5
Financials	0.4
Information Technology	-1.3
Consumer Discretionary	-2.0
Telecommunication Services	-3.4
Materials	-4.8

Regarding the bond portfolio, the top performing industries for the first half of the year included Telecommunications and Energy, while the bonds of Paper and Automotive companies performed poorly on average. AUTOCAM, INTEGRATED ELECTRICAL SERVICES, and PLY GEM INDUSTRIES were some of the bonds that underperformed during the period.

In April/May, the rating agencies downgraded the debt of both FORD and GENERAL MOTORS (GM), two of the largest issuers of U.S. corporate debt. Moody's Investors Service currently has weak investment grade ratings on both FORD and GM, while Standard & Poor's rates FORD at BB+ and GM at BB. As a result of the downgrades, GM became the largest single issuer in the high yield benchmark

7

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

(approximately 6% of the market) on May 31st, while FORD remains in the investment grade index. The overhang from these downgrades weighed heavily on the credit markets, and put significant pressure on the bonds of automotive suppliers. We have conducted extensive credit analysis on FORD and GM, and at this point we have chosen not to invest in their capital structures. We continue to closely monitor credit developments at these two issuers, recognizing that changes in their credit outlooks, actual or perceived, will likely have an impact on the overall market if for no other reason than their sheer size.

[Bar Chart Omitted]
Plot points follow:

HIGH YIELD INDUSTRY PERFORMANCE

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

Six Months Ended May 31, 2005 (Source: Merrill Lynch)

Telecom	3.6
Energy	2.4
Food/Bev	2.1
Healthcare	2.0
Technology	1.9
BB INDEX	1.8
Publishing	1.5
Services	1.4
Homebuilding	1.3
Gaming	1.3
Chemicals	1.0
HY INDEX	0.8
B INDEX	0.6
Utilities	0.6
Cable TV	0.5
Steel	-0.4
CCC INDEX	-1.5
Consumer	-1.5
Bldg Mat	-2.7
Paper	-2.8
Automotive	-9.5

WHAT CHANGES WERE MADE TO THE PORTFOLIO DURING THE PERIOD?

During the period, we added more higher-yielding, high-quality stocks to the portfolio, thereby raising the overall yield on our equity portfolio slightly. Some of the stocks we added include REGAL ENTERTAINMENT GROUP (RGC), ALASKA COMMUNICATIONS SYSTEMS GROUP (ALSK), and PACKAGING CORPORATION OF AMERICA (PKG). To fund these purchases, we sold some of our lower-yielding Technology stocks such as FLEXTRONICS INTERNATIONAL LIMITED (FLEX), LSI LOGIC (LSI), and MICROSOFT (MSFT).

Bond trading activity was relatively light during the period, though the fixed portion of the Fund did initiate new positions in Aztar and RELIANT ENERGY. AZTAR is a diversified operator of hotels and gaming facilities and RELIANT is a Houston-based utility. These purchases are consistent with our focus on B and BB-rated issuers with strong, stable cashflows and improving credit profiles. Top performers over the last six months included EURAMAX INTERNATIONAL, INTEGRATED ELECTRICAL SERVICES, MEDIACOM BROADBAND and CELANESE. Offsetting these winners, the Fund lost money in AUTOCAM, GENERAL NUTRITION and PLY GEM INDUSTRIES.

8

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

HOW DID THE FUND TRADE RELATIVE TO ITS NET ASSET VALUE (NAV) DURING THE 6-MONTH PERIOD?

As of May 31, 2005, the Fund was trading at a closing price of \$10.16, a premium of 17.7% to its Net Asset Value of \$8.63. At the start of the period on November 30, 2004, the Fund was trading at a closing price of \$10.03, a premium of 11.9%

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

to its NAV of \$8.96. Throughout the period, the Fund traded between \$8.25 and \$10.68 and between a 6.8% premium and a 20.6% premium.

WHAT IS YOUR CURRENT OUTLOOK FOR THE EQUITY AND FIXED INCOME MARKETS?

We believe the most likely intermediate outlook for the equity market resembles the long-term annual average of 8-10% total return. Current expectations seem to factor in rising interest rates, combined with a slowing rate of growth for both the economy and corporate earnings. While this combination does not imply the market has significant downside risk, at this time it may suggest a modest opportunity for near-term capital appreciation. However, an outlook that emphasizes only interest rates and slower growth ignores current stock market valuation. The underlying constructive case for equities reflects stock valuations that are not stretched. Thus, the combination of 5-10% corporate earnings growth for the remainder of 2005, low (albeit rising) interest rates and

[Line Graph Omitted]
Plot points follow:

HISTORY OF FUND PRICE, NAV AND PREMIUM (SOURCE: BLOOMBERG, SIX MONTHS ENDED MAY 31, 2005)

	PRICE	NAV
12/1/04	10.03	9.04
12/8/04	10.10	9.00
12/15/04	10.16	9.12
12/22/04	10.19	9.11
12/29/04	10.09	9.13
1/5/05	10.23	8.91
1/12/05	10.50	8.97
1/19/05	10.44	8.94
1/26/05	10.32	8.87
2/2/05	10.22	9.01
2/9/05	10.24	9.05
2/16/05	10.31	9.09
2/23/05	10.23	8.99
3/2/05	10.27	9.09
3/9/05	10.28	9.06
3/16/05	10.22	8.88
3/23/05	9.43	8.66
3/30/05	9.39	8.72
4/6/05	9.61	8.74
4/13/05	9.82	8.67
4/20/05	9.77	8.40
4/27/05	9.65	8.51
5/4/05	9.84	8.60
5/11/05	9.96	8.59
5/18/05	10.12	8.47
5/25/05	10.11	8.56
5/31/05	10.16	8.63

PREMIUM DISCOUNT

12/1/04	10.95
12/8/04	12.24
12/15/04	11.45
12/22/04	11.89
12/29/04	10.56
1/5/05	14.77

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

1/12/05	17.11
1/19/05	16.79
1/26/05	16.30
2/2/05	13.47
2/9/05	13.13
2/16/05	13.40
2/23/05	13.82
3/2/05	12.93
3/9/05	13.45
3/16/05	15.15
3/23/05	8.94
3/30/05	7.71
4/6/05	9.93
4/13/05	13.26
4/20/05	16.25
4/27/05	13.38
5/4/05	14.44
5/11/05	15.91
5/18/05	19.45
5/25/05	18.18
5/31/05	17.78

9

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

reasonable valuation provides the foundation for further advances in equity prices. One of the biggest single risks to this outlook is the market's changing expectations for inflation and subsequent further unanticipated Federal Reserve policy initiatives.

In spite of difficult technical conditions recently, our outlook for the high yield market is constructive. Default rates are expected to remain low by historical standards as bank lending, the principal source of operating liquidity for most high yield issuers, remains widely available and relatively cheap. Generally speaking, high yield credit trends have been improving. Financial leverage (defined as debt divided by cash flow) has declined and the ratio of rating agency upgrades to downgrades has improved and remains above one-to-one. With the economy continuing to experience modest growth, we expect the high yield bond market to deliver absolute returns in line with the market coupon over the next six months. As always, our mission for the fixed income portion of the fund is to provide a consistent level of high income. To this end, Chartwell continues to employ a bottom up approach, where rigorous fundamental credit research drives the investment process.

[Line Graph Omitted]
Plot points follow:

HIGH YIELD PREMIUM UPGRADE/DOWNGRADE RATIO
(Source: Moody's Investores Service)

1995 Q1	1.4
1995 Q2	0.8
1995 Q3	0.7
1995 Q4	0.7

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

1996 Q1 2.1
 1996 Q2 1.3
 1996 Q3 1.8
 1996 Q4 1.8
 1997 Q1 1.3
 1997 Q2 1.4
 1997 Q3 1.6
 1997 Q4 1.6
 1998 Q1 1.2
 1998 Q2 0.9
 1998 Q3 0.7
 1998 Q4 0.3
 1999 Q1 0.3
 1999 Q2 0.5
 1999 Q3 0.5
 1999 Q4 0.4
 2000 Q1 0.3
 2000 Q2 0.3
 2000 Q3 0.4
 2000 Q4 0.2
 2001 Q1 0.4
 2001 Q2 0.3
 2001 Q3 0.2
 2001 Q4 0.3
 2002 Q1 0.3
 2002 Q2 0.2
 2002 Q3 0.3
 2002 Q4 0.2
 2003 Q1 0.7
 2003 Q2 0.5
 2003 Q3 0.5
 2003 Q4 0.6
 2004 Q1 0.7
 2004 Q2 1.3
 2004 Q3 1.4
 2004 Q4 0.9
 2005 Q1 1.1

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

[Pie Chart Omitted]
 Plot points follow:

CWF (AS A % OF) TOTAL INVESTMENTS
 As of May 31, 2005

Cash	1.0%
Fixed Income	40%
Equities	59%

10

 CHARTWELL

 CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

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

As of May 31, 2005, the percentage of the Fund's total investments held in equities and fixed income was 59% and 40%, respectively.

Regarding the equity outlook, the market may continue to favor high-yielding equities given the low level of interest rates. In addition to a favorable tax treatment for qualified dividends, slower earnings growth relative to last year should focus investor attention on total return investing. In this environment, the dividend return becomes more important to many investors. The largest sector position in the Fund is in financial stocks given their high yields and attractive valuations. The Fund also has a large position in the Energy sector given the continued favorable worldwide supply and demand outlook. The Fund has little or no weight in the Technology, Industrials and Consumer Discretionary sectors, as these are areas with less attractive valuations and lower dividend yields.

[Pie Chart Omitted]
Plot points follow:

FUND EQUITY ALLOCATION (as of May 31, 2005)

Cash	1.0%
Fixed Income	40%
Equities	59%
Basic Materials	2.7%
Consumer Discretionary	1.6%
Consumer Staples	7.8%
Energy	7.9%
Financials	20.3%
Industrials	0.9%
Health Care	0.0%
REITS	8.9%
Technology	0.0%
Telecommunications	
Services	5.8%
Utilities	3.2%

The bond side of the Fund is currently overweighted in cyclically sensitive B rated securities, which we believe will benefit from continued economic growth and are generally less sensitive to interest rates (relative to BB's). Our team continues to employ bottom up, fundamental research in our investment decisions, recognizing that solid credit analysis is the key driver of relative performance in high yield.

[Pie Chart Omitted]
Plot points follow:

FUND FIXED INCOME ALLOCATION (as of May 31, 2005)

Cash	1.0%
Fixed Income	40%
Equities	59%
Basic Industry	6.3%
Capital Goods	2.2%
Consumer Cyclical	3.7%
Consumer Staples	4.2%
Energy	2.2%

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

Financial	2.3%
Health Care	1.1%
Industrial	3.5%
Real Estate	2.8%
Telecommunications	4.7%
Transportation	0.9%
Utilities	0.9%
Preferred Term Securities	4.8%

11

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

WHAT ARE THE TOP 10 EQUITY HOLDINGS BY PERCENTAGE OF TOTAL INVESTMENTS AND THE 10 HIGHEST-YIELDING STOCKS IN THE FUND?

TOP 10 EQUITIES BY PERCENTAGE OF TOTAL INVESTMENTS

TICKER	SECURITY	% OF TOTAL INVESTMENTS	YIELD%
BAC	Bank of America Corporation	5.00	3.9
MO	Altria Group, Inc.	4.54	4.3
OXY	Occidental Petroleum Corporation	2.98	1.7
CZN	Citizens Communications Company	2.43	7.3
AC	Alliance Capital Management Holdings LP	2.31	4.9
CG	Loews Corporation - Carolina Group	1.95	6.1
C	Citigroup, Inc.	1.92	3.7
WM	Washington Mutual, Inc.	1.84	4.6
HAL	Halliburton Company	1.65	1.2
DRY	Coinmach Corporation	1.62	11.5

TOP 10 HIGHEST-YIELDING EQUITIES

TICKER	SECURITY	% OF TOTAL INVESTMENTS	YIELD%
NEW	New Century Financial Corporation	1.03	12.6
BGF	B&G Foods, Inc.	0.25	11.8
DRY	Coinmach Corporation	1.61	11.5
BMM	Bimini Mortgage Management, Inc.	0.06	11.4
ATB	Arlington Tankers Limited	0.42	9.6
ALSK	Alaska Communications Systems Group, Inc.	0.84	8.4
HMB	HomeBanc Corporation	1.07	8.1
CZN	Citizens Communications Company	2.41	7.3
APU	AmeriGas Partners LP	0.24	7.1
SFI	iStar Financial, Inc.	1.06	7.0

DEFINITION OF THE COMPARATIVE INDICES

S&P 500 INDEX is an unmanaged capitalization-weighted index of 500 stocks

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

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.

12

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

UTILIZATION OF LEVERAGE

The Chartwell Dividend and Income Fund has utilized leverage through the issuance of commercial paper. As of May 31, 2005, the Fund had \$55 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. 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

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

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.

13

CHARTWELL

 CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

SCHEDULE OF INVESTMENTS (UNAUDITED)

SECTOR WEIGHTINGS+:

56.6% Common Stock
 35.0% Corporate Notes/Bonds
 4.8% Preferred Term Securities
 2.4% Convertible Preferred Stock
 1.0% Cash Equivalent
 0.2% Preferred Stock

+Percentages are based on total investments.

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
COMMON STOCK--77.6%		
BANKS--13.1%		
AmSouth Bancorporation	50,760	\$ 1,353,262
Bank of America Corporation	212,000	9,819,840
Citigroup, Inc.	80,000	3,768,800
New York Community Bancorp, Inc.	50,000	911,000
U.S. Bancorp	100,000	2,933,000

		18,785,902

BASIC INDUSTRY--3.5%		
Dow Chemical Company	30,000	1,358,700
Packaging Corporation of America	50,000	1,092,000
Weyerhaeuser Company	40,000	2,566,000

		5,016,700

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

CONSUMER CYCLICAL--2.2%		
Coinmach Corporation	245,000	3,185,000
CONSUMER STAPLES--10.7%		
Altria Group, Inc.	132,950	8,926,263
B&G Foods, Inc.	34,300	498,036
ConAgra Foods, Inc.	50,000	1,307,500
Loews Corporation - Carolina Group	128,225	3,831,363
Regal Entertainment Group, Class A	40,000	795,600
		15,358,762

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

14

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	NUMBER OF SHARES	MARKET VALUE
COMMON STOCK (CONTINUED)		
ENERGY--10.9%		
Exxon Mobil Corporation	20,000	\$ 1,124,000
Halliburton Company	75,800	3,239,692
Kerr-McGee Corporation	24,800	1,831,728
Occidental Petroleum Corporation	80,000	5,848,800
Schlumberger Limited	30,000	2,051,100
Sunoco Logistics Partners LP	40,000	1,486,000
		15,581,320
FINANCIAL--11.9%		
Alliance Capital Management Holdings LP	100,000	4,540,000
Fidelity National Financial, Inc.	49,000	1,763,510
Hartford Financial Services Group, Inc.	39,200	2,931,768
MBNA Corporation	50,000	1,054,500
Montpelier Re Holdings Limited	80,000	2,748,000
People's Choice Europe Limited	35,000	350,000
Washington Mutual, Inc.	87,700	3,622,010
		17,009,788
INDUSTRIAL--1.2%		
Arlington Tankers Limited	42,100	828,107
Teekay LNG Partners LP	35,000	922,950
		1,751,057

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

REAL ESTATE--11.5%		
Bimini Mortgage Management, Inc.	8,000	111,840
Boston Properties, Inc.	30,000	2,004,000
BRE Properties, Class A	19,500	751,530
CarrAmerica Realty Corporation	32,600	1,126,982
Duke Realty Corporation	80,320	2,479,479
HomeBanc Corporation	225,000	2,124,000
iStar Financial, Inc.	50,000	2,095,000
Mack-Cali Realty Corporation	27,682	1,220,499
New Century Financial Corporation	40,000	2,038,000
Reckson Associates Realty Corporation	80,000	2,527,200

		16,478,530

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

15

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	NUMBER OF SHARES/ PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
COMMON STOCK (CONTINUED)		
TELECOMMUNICATIONS--8.0%		
Alaska Communications Systems Group, Inc.	175,000	\$ 1,657,250
BellSouth Corporation	100,000	2,676,000
Citizens Communications Company	350,000	4,774,000
Fairpoint Communications, Inc.	75,000	1,167,750
SBC Communications, Inc.	50,000	1,169,000

		11,444,000

TRANSPORTATION--0.5%		
K-Sea Transportation Partners LP	10,000	333,000
Transmontaigne Partners LP	15,000	368,250

		701,250

UTILITIES--4.1%		
AmeriGas Partners LP	15,200	478,344
Duquesne Light Holdings, Inc.	30,000	570,900
Kinder Morgan Energy Partners LP	45,000	2,149,200
Northern Border Partners LP	26,600	1,266,160
TEPPCO Partners LP	34,800	1,438,980

		5,903,584

TOTAL COMMON STOCK (COST \$99,435,157)		111,215,893

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

CORPORATE NOTES/BONDS--47.9%		
BASIC INDUSTRY--8.6%		
Aearo Company I		
8.250%, 04/15/12	\$ 755,000	736,125
Buhrmann US, Inc.		
8.250%, 07/01/14	850,000	833,000
Euramax International, Inc.		
8.500%, 08/15/11	1,645,000	1,850,625
Goodman Global Holdings Company, Inc.+		
7.875%, 12/15/12	1,100,000	995,500
Imco Recycling, Inc.		
10.375%, 10/15/10	855,000	953,325
Koppers Industries		
9.875%, 10/15/13	1,230,000	1,316,100
Nortek, Inc.		
8.500%, 09/01/14	1,085,000	976,500

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

16

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
BASIC INDUSTRY (CONTINUED)		
Ply Gem Industries, Inc.		
9.000%, 02/15/12	\$ 855,000	\$ 679,725
Sensus Metering Systems, Inc.		
8.625%, 12/15/13	700,000	654,500
Tenneco Automotive, Inc.		
8.625%, 11/15/14	800,000	776,000
United Agri Products		
8.250%, 12/15/11	651,000	670,530
Vertis, Inc., Series B		
10.875%, 06/15/09	500,000	490,000
Williams Scotsman, Inc.		
9.875%, 06/01/07	875,000	866,250
Wolverine Tube, Inc.		
10.500%, 04/01/09	500,000	487,500

		12,285,680

CAPITAL GOODS--3.0%		
Allied Waste North America, Series B		
8.500%, 12/01/08	935,000	979,412
GenCorp, Inc.		

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

9.500%, 08/15/13	451,000	504,195
H&E Equipment Finance		
11.125%, 06/15/12	970,000	1,064,575
Norcross Safety Products LLC, Series B		
9.875%, 08/15/11	1,070,000	1,144,900
Propex Fabrics, Inc.		
10.000%, 12/01/12	600,000	567,000

		4,260,082

CONSUMER CYCLICAL--5.1%		
Allied Security Escrow		
11.375%, 07/15/11	1,020,000	974,100
Cenveo, Inc.		
9.625%, 03/15/12	850,000	915,875
Coinmach Corporation		
9.000%, 02/01/10	1,110,000	1,143,300
LCE Acquisition Corporation+		
9.000%, 08/01/14	1,255,000	1,223,625
Mothers Work, Inc.		
11.250%, 08/01/10	1,000,000	1,005,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

17

CHARTWELL

 CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
CONSUMER CYCLICAL (CONTINUED)		
Norcraft Companies		
9.000%, 11/01/11	\$ 570,000	\$ 575,700
Sonic Automotive, Inc., Series B		
8.625%, 08/15/13	635,000	626,269
Universal City Florida		
8.375%, 05/01/10	755,000	781,425

		7,245,294

CONSUMER STAPLES--5.8%		
American Seafood Group LLC		
10.125%, 04/15/10	1,005,000	1,077,862
Amscan Holdings, Inc.		
8.750%, 05/01/14	595,000	556,325
Brown Shoe Company, Inc.+		
8.750%, 05/01/12	800,000	820,000
Chiquita Brands International, Inc.		
7.500%, 11/01/14	950,000	907,250
FTD, Inc.		

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

7.750%, 02/15/14	385,000	371,525
General Nutrition Centers, Inc.		
8.500%, 12/01/10	945,000	725,287
Jean Countu Group (PJC), Inc.		
8.500%, 08/01/14	1,225,000	1,197,438
MTR Gaming Group, Inc., Series B		
9.750%, 04/01/10	520,000	566,800
Solo Cup Company		
8.500%, 02/15/14	1,100,000	1,061,500
Stater Brothers Holdings		
8.125%, 06/15/12	715,000	698,913
WH Holdings Limited		
9.500%, 04/01/11	294,000	314,580

		8,297,480

ENERGY--3.0%		
Belden & Blake Corporation		
8.750%, 07/15/12	1,300,000	1,183,000
Bluewater Finance Limited		
10.250%, 02/15/12	1,000,000	1,050,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

18

CHARTWELL

 CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
ENERGY (CONTINUED)		
Kerr-McGee Corporation		
7.000%, 11/01/11	\$1,010,000	\$ 1,012,525
Reliant Energy, Inc.		
6.750%, 12/15/14	500,000	478,750
Whiting Petroleum Corporation		
7.250%, 05/01/13	600,000	600,000

		4,324,275

FINANCIAL--3.2%		
E*Trade Financial Corporation		
8.000%, 06/15/11	870,000	913,500
Labranche & Company, Inc.		
11.000%, 05/15/12	1,160,000	1,252,800
United Rentals North America, Inc.		
7.750%, 11/15/13	1,200,000	1,194,000
Western Financial		
9.625%, 05/15/12	1,120,000	1,220,800

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

		----- 4,581,100 -----
HEALTHCARE--1.5%		
Iasis Healthcare Corporation		
8.750%, 06/15/14	1,005,000	1,080,375
Town Sports International		
9.625%, 04/15/11	1,100,000	1,133,000
		----- 2,213,375 -----
INDUSTRIAL--4.8%		
Ainsworth Lumber		
7.250%, 10/01/12	775,000	732,375
Douglas Dynamics, LLC+		
7.750%, 01/15/12	610,000	588,650
Freeport-McMoRan Copper & Gold, Inc.		
10.125%, 02/01/10	1,010,000	1,121,100
General Cable Corporation		
9.500%, 11/15/10	420,000	449,400
INVISTA+		
9.250%, 05/01/12	1,690,000	1,844,212
Noble Group Limited+		
6.625%, 03/17/15	900,000	826,889

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

19

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
INDUSTRIAL (CONTINUED)		
Rayovac Corporation		
8.500%, 10/01/13	\$ 395,000	\$ 413,763
Superior Essex Communications, LLC		
9.000%, 04/15/12	900,000	909,000
		----- 6,885,389 -----
REAL ESTATE--3.8%		
Aztar Corporation		
7.875%, 06/15/14	880,000	930,600
Geo Group, Inc.		
8.250%, 07/15/13	1,120,000	1,083,600
Intrawest Corporation		
7.500%, 10/15/13	890,000	903,350
La Quinta Properties		

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

8.875%, 03/15/11	1,130,000	1,226,050
Tech Olympic USA, Inc.		
9.000%, 07/01/10	1,320,000	1,366,200

		5,509,800

TELECOMMUNICATIONS--6.5%		
Albritton Communications Company		
7.750%, 12/15/12	990,000	975,150
Cablevision Systems Corporation+		
8.000%, 04/15/12	670,000	707,687
Centennial Cellular Operating Company		
10.125%, 06/15/13	1,110,000	1,244,587
Charter Communications Holdings, LLC		
10.750%, 10/01/09	400,000	312,000
Charter Communications Operating, LLC+		
8.000%, 04/30/12	425,000	427,125
Cincinnati Bell, Inc.		
8.375%, 01/15/14	875,000	870,625
Cincinnati Bell, Inc.+		
8.375%, 01/15/14	515,000	512,425
Intelsat Bermuda Limited+		
7.805%, 01/15/12	630,000	642,600
MediaCom Broadband, LLC		
11.000%, 07/15/13	1,775,000	1,930,313

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

20

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	NUMBER OF SHARES/ PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
TELECOMMUNICATIONS (CONTINUED)		
Time Warner, Inc.		
9.750%, 07/15/08	\$ 785,000	\$ 790,888
UbiquiTel Operating Company		
9.875%, 03/01/11	860,000	933,100

		9,346,500

TRANSPORTATION--1.3%		
Continental Airlines, Inc.		
8.000%, 12/15/05	470,000	462,362
Ship Finance International Limited		
8.500%, 12/15/13	1,525,000	1,471,625

		1,933,987

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

UTILITIES--1.3%		
AES Corporation		
9.500%, 06/01/09	900,000	1,003,500
CE Generation, LLC		
7.416%, 12/15/18	684,028	719,687
MSW Energy Holdings		
7.375%, 09/01/10	130,000	131,300

		1,854,487

TOTAL CORPORATE NOTES/BONDS (COST \$69,751,137)		68,737,449

CONVERTIBLE PREFERRED STOCK--3.3%		
CONSUMER STAPLES--0.8%		
Albertson's, Inc.	54,400	1,215,296

FINANCIAL--1.8%		
ACE Limited	26,025	690,703
Chubb Corporation	10,000	310,300
Felcor Lodging Trust, Inc.	40,000	976,000
Hartford Financial Services Group, Inc.	5,000	343,050
XL Capital Limited	10,000	240,200

		2,560,253

REAL ESTATE--0.7%		
LTC Properties, Inc.	25,000	975,000

TOTAL CONVERTIBLE PREFERRED STOCK (COST \$4,269,583) ..		4,750,549

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

21

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
PREFERRED STOCK--0.3%		
FINANCIAL--0.3%		
TransCanada Corporation	14,905	\$ 383,804

TOTAL PREFERRED STOCK (COST \$381,501)		383,804

PREFERRED TERM SECURITIES (A) --6.6%		
I-Preferred Term Securities IV	10,000	1,080,000
Preferred Term Securities IV	20,000	1,320,500
Preferred Term Securities XIII	10,000	1,010,000
Preferred Term Securities XIV	20,000	2,008,000

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

Preferred Term Securities XV	20,000	2,120,000
Preferred Term Securities XVI	10,000	1,065,000
Preferred Term Securities XVII	6,000	609,000
Taberna Preferred Funding I+	2,500	250,000

TOTAL PREFERRED TERM SECURITIES (COST \$8,873,652)		9,462,500

CASH EQUIVALENT--1.4%		
SEI Daily Income Trust, Prime Obligation Fund, Class A	1,983,584	1,983,584

TOTAL CASH EQUIVALENT (COST \$1,983,584)		1,983,584

TOTAL INVESTMENTS--137.1% (COST \$184,694,614)		196,533,779

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

22

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONCLUDED)

	WRITTEN CONTRACTS	MARKET VALUE (NOTE 1)
	-----	-----
COVERED CALL OPTIONS WRITTEN--(0.6)%		
Altria Group, Inc. July 75 Call	(400)	\$ (10,000)
Altria Group, Inc. June 70 Call	(200)	(14,000)
BellSouth Corporation July 27.5 Call	(1,000)	(25,000)
Citigroup, Inc. June 47.5 Call	(400)	(16,000)
Dow Chemical Company June 50 Call	(300)	(1,500)
Exxon Mobil Corporation July 60 Call	(200)	(10,000)
Fidelity National Financial, Inc. June 35 Call	(490)	(51,450)
Halliburton Company June 42.5 Call	(400)	(8,000)
Halliburton Company June 45 Call	(350)	(43,750)
MBNA Corporation June 20 Call	(500)	(75,000)
New Century Financial Corporation June 45 Call	(400)	(252,000)
Occidental Petroleum Corporation June 70 Call	(800)	(304,000)
Packaging Corporation of America June 22.5 Call	(100)	(2,500)
Schlumberger Limited June 70 Call	(300)	(24,000)
Washington Mutual, Inc. June 42.5 Call	(450)	(9,000)
Weyerhaeuser Company June 65 Call	(400)	(36,000)

TOTAL COVERED CALL OPTIONS WRITTEN (PREMIUM RECEIVED \$712,290)		(882,200)

OTHER LIABILITIES IN EXCESS OF OTHER ASSETS--(36.5)%		(52,319,012)

NET ASSETS -- 100.0%		\$143,332,567

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

=====

- + Security 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, 2005, these securities amounted to \$8,838,713 or 6.2% of net assets.
- (a) Security is illiquid. See Note 1 in Notes to Financial Statements.
- LLC Limited Liability Company
- LP Limited Partnership

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

23

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

STATEMENT OF ASSETS AND LIABILITIES
AS OF MAY 31, 2005 (UNAUDITED)

ASSETS:

Investments, at value (cost \$184,694,614) (Note 1)	\$196,533,779
Receivable for securities sold	947,649
Interest receivable	1,861,189
Dividends receivable	203,173
Prepaid expenses and other assets	81,735

Total assets	199,627,525

LIABILITIES:

Commercial paper (Note 4)	54,859,796
Covered call options written, at value (premiums received--\$712,290) (Note 1)	882,200
Payable for securities purchased	218,495
Payable for investment management fees (Note 2)	142,097
Payable for administration fees (Note 2)	16,717
Accrued expenses and other liabilities	175,653

Total liabilities	56,294,958

NET ASSETS

	\$143,332,567
	=====

NET ASSETS CONSIST OF:

Common Stock, \$0.01 par value (authorized 100,000,000 shares)	\$ 166,137
Additional paid-in-capital	199,185,832
Distributions in excess of net investment income	(2,749,232)
Accumulated net realized losses on investments and options ...	(64,939,425)
Net unrealized appreciation on investments and options	11,669,255

NET ASSETS -- 100%

	\$143,332,567
	=====

NET ASSET VALUE PER SHARE:

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

\$143,332,567 / 16,613,668 shares of Common Stock issued
and outstanding \$8.63
=====

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

24

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED
MAY 31, 2005 (UNAUDITED)

INVESTMENT INCOME:	
Interest	\$ 3,155,044
Dividends	4,228,002

Total investment income	7,383,046

EXPENSES:	
Investment management fees (Note 2)	953,989
Administration fees (Note 2)	100,415
Professional fees	94,332
Commercial paper fees	65,305
Printing and shareholder reports	39,533
Transfer agent fees	17,295
Directors' fees and expenses	12,861
Registration fees	12,753
Custodian fees	11,143
Insurance fees	1,922
Other operating expenses	7,926

Total operating expenses	1,317,474
Interest expense (Note 4)	727,940

Total expenses	2,045,414

Less:	
Investment management fees waived (Note 2)	(100,464)

Net expenses	1,944,950

NET INVESTMENT INCOME	5,438,096

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Net realized gain on investments	719,219
Net realized gain on call options written	1,222,887
Change in net unrealized depreciation on investments and options	(4,742,783)

Net realized and unrealized loss on investments and options	(2,800,677)

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

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS \$ 2,637,419
=====

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

25

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED
MAY 31, 2005 (UNAUDITED)

INCREASE (DECREASE) IN CASH

Cash flows provided from (used for) operating activities:	
Interest and dividends received	\$ 7,778,003
Operating expenses paid	(1,273,473)
Interest paid	(727,940)
Net proceeds from the sale of short-term portfolio investments	760,755
Purchase of long-term portfolio investments	(92,702,945)
Proceeds from sale of long-term portfolio investments	91,931,812
Premiums received from written options transactions	1,585,784

Net cash provided from operating activities	7,351,996

Cash flows provided from (used for) financing activities:	
Net cash provided from commercial paper issuance	(301,069)
Cash dividends paid to shareholders	(7,448,624)

Net cash used for financing activities	(7,749,693)

Net decrease in cash	(397,697)
Cash at beginning of period	397,697

Cash at end of period	\$ --
	=====

RECONCILIATION OF NET INCREASE IN NET ASSETS RESULTING FROM
OPERATIONS TO NET CASH PROVIDED FROM OPERATING ACTIVITIES

Net increase in net assets resulting from operations	\$ 2,637,419

Accretion of market discount	(16,459)
Decrease in investments	6,579,155
Net realized gain on investments and options	(1,942,106)
Net change in unrealized depreciation	
on investments and options	4,742,783
Increase in receivable for securities sold	(947,649)
Decrease in interest and dividend receivable	47,704
Decrease in commercial paper discount	209,476
Increase in prepaid expenses and other assets	(58,458)
Decrease in payable for securities purchased	(3,901,864)

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

Increase in accrued expenses and other liabilities	1,995

Total adjustments	4,714,577

Net cash provided from operating activities	\$ 7,351,996
	=====

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

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

26

CHARTWELL

 CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

STATEMENT OF CHANGES IN NET ASSETS

	FOR THE SIX MONTHS ENDED MAY 31, 2005 (UNAUDITED)	FOR THE YEAR ENDED NOVEMBER 30, 2004
	-----	-----
OPERATIONS:		
Net investment income	\$ 5,438,096	\$ 9,059,958
Net realized gain on investments	719,219	9,062,528
Net realized gain on call options written	1,222,887	1,106,146
Change in net unrealized appreciation (depreciation) on investments and options ..	(4,742,783)	4,341,653
	-----	-----
Net increase in net assets resulting from operations	2,637,419	23,570,285
	-----	-----
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(8,278,064)	(8,750,759)
Distribution in excess	--	(7,662,737)
	-----	-----
Net decrease in net assets resulting from dividends and distributions	(8,278,064)	(16,413,496)
	-----	-----
CAPITAL STOCK TRANSACTIONS:		
Reinvestment of dividends resulting in the issuance of Common Stock transactions	829,440	1,849,813
	-----	-----
Net increase in net assets resulting from Common Stock transactions	829,440	1,849,813
	-----	-----
Total increase (decrease) in net assets	(4,811,205)	9,006,602
	-----	-----
NET ASSETS:		
Beginning of period	148,143,772	139,137,170
	-----	-----
End of period (including (distributions in excess of) net investment income of \$(2,749,232) and \$90,736, respectively)	\$143,332,567	\$148,143,772

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

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

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

27

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

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, 2005 (UNAUDITED)	FOR THE YEAR ENDED NOVEMBER 30, 2004
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 8.96	\$ 8.52
INCOME/GAIN (LOSS) FROM INVESTMENT OPERATIONS: (1)		
Net investment income	0.33	0.55
Net realized and unrealized gain (loss) on investment transactions and options	(0.16)	0.89
Total from investment operations	0.17	1.44
LESS DIVIDENDS AND DISTRIBUTIONS:		
Dividends from net investment income	(0.50)	(0.54)
Distributions in excess	--	(0.46)
Total dividends and distributions	(0.50)	(1.00)
NET ASSET VALUE, END OF PERIOD	\$ 8.63	\$ 8.96
MARKET VALUE, END OF PERIOD	\$ 10.16	\$ 10.03
TOTAL RETURN BASED ON: (2)		
Net asset value	1.90%	18.01%
Market value	6.40%	14.02%
RATIOS AND SUPPLEMENTAL DATA: (3)		
Net assets, end of period (000 omitted)	\$143,333	\$148,144
Total expenses including waiver of fees	2.66%	2.26%
Total expenses excluding waiver of fees	2.80%	2.40%
Total operating expenses including waiver of fees (4)	1.58%	1.57%
Total operating expenses excluding waiver of fees (4)	1.72%	1.71%

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

Commercial paper fees and interest expense	1.08%	0.69%
Net investment income including waiver of fees .	7.44%	6.34%
Portfolio turnover	44%	99%

LEVERAGE ANALYSIS:

Aggregate amount outstanding at end of period (000 omitted)	\$ 55,000	\$ 55,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted) ...	\$ 54,836	\$ 54,052
Asset coverage per \$1,000 at end of period	\$ 3,586	\$ 3,680

-
- (1) Based on average shares outstanding.
 - (2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each year reported. Total investment return does not reflect brokerage commissions. Dividends and distributions, if any, are assumed for the purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns based on market value, which can be significantly greater or less than the net asset value, may result in substantially different returns. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the Redemption 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.
- Amounts designated as "--" are \$0 or have been rounded to \$0.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

28

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

FINANCIAL HIGHLIGHTS (CONTINUED)

	FOR THE YEARS ENDED NOVEMBER 30,	
	2003	2002
NET ASSET VALUE, BEGINNING OF YEAR	\$ 7.47	\$ 9.76
INCOME/GAIN (LOSS) FROM INVESTMENT OPERATIONS: (1)		
Net investment income	0.60	0.66
Net realized and unrealized gain (loss) on investment transactions and options	1.45	(1.83)
Total from investment operations	2.05	(1.17)
LESS DIVIDENDS AND DISTRIBUTIONS:		
Dividends from net investment income	(0.61)	(0.66)
Tax return of capital	(0.39)	(0.46)

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

Total dividends and distributions	(1.00)	(1.12)
	-----	-----
NET ASSET VALUE, END OF YEAR	\$ 8.52	\$ 7.47
	=====	=====
MARKET VALUE, END OF YEAR	\$ 9.80	\$ 7.27
	=====	=====
TOTAL RETURN BASED ON: (2)		
Net asset value	28.96%	(13.50)%
	=====	=====
Market value	51.57%	(22.12)%
	=====	=====
RATIOS AND SUPPLEMENTAL DATA: (3)		
Net assets, end of year (000 omitted)	\$139,137	\$120,086
	=====	=====
Total expenses including waiver of fees	2.40%	2.81%
Total expenses excluding waiver of fees	2.54%	2.86%
Total operating expenses including waiver of fees (4)	1.57%	1.81%
Total operating expenses excluding waiver of fees (4)	1.86%	1.86%
Commercial paper fees and interest expense	0.68%	1.00%
Net investment income including waiver of fees .	7.58%	7.64%
Portfolio turnover	99%	102%

LEVERAGE ANALYSIS:

Aggregate amount outstanding at end of year (000 omitted)	\$ 50,000	\$ 50,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted) ...	\$ 49,925	\$ 56,250
Asset coverage per \$1,000 at end of year	\$ 3,838	\$ 3,445

-
- (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 Redemption 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.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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

FINANCIAL HIGHLIGHTS (CONCLUDED)

	FOR THE YEARS ENDED NOVEMBER 30,	
	2001	2000
NET ASSET VALUE, BEGINNING OF YEAR	\$ 10.33	\$ 12.54
INCOME/GAIN (LOSS) FROM INVESTMENT OPERATIONS: (1)		
Net investment income	0.65	0.80
Net realized and unrealized gain (loss) on investment transactions and options	0.02	(1.77)
Total from investment operations	0.67	(0.97)
LESS DIVIDENDS AND DISTRIBUTIONS:		
Dividends from net investment income	(0.65)	(0.80)
Tax return of capital	(0.59)	(0.44)
Total dividends and distributions	(1.24)	(1.24)
NET ASSET VALUE, END OF YEAR	\$ 9.76	\$ 10.33
MARKET VALUE, END OF YEAR	\$ 10.55	\$ 9.56
TOTAL RETURN BASED ON: (2)		
Net asset value	6.15%	(7.72)%
Market value	23.95%	2.02%
RATIOS AND SUPPLEMENTAL DATA: (3)		
Net assets, end of year (000 omitted)	\$154,139	\$160,469
Total expenses including waiver of fees	2.62%	3.76%
Total operating expenses including waiver of fees (4)	1.36%	1.66%
Commercial paper fees and interest expense	1.26%	2.10%
Net investment income including waiver of fees .	4.51%	6.51%
Portfolio turnover	132%	161%
LEVERAGE ANALYSIS:		
Aggregate amount outstanding at end of year (000 omitted)	\$ 60,000	\$ 60,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted) ...	\$ 59,690	\$ 59,579
Asset coverage per \$1,000 at end of year	\$ 3,703	\$ 3,743

(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 Redemption of Fund shares.

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

- (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.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

30

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

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. The Fund had no operations until June 17, 1998 when it sold 6,667 shares of Common Stock for \$100,005 to Chartwell Investment Partners, L.P. (the "Manager"). 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 accounting principles generally accepted in the United States of America.

USE OF ESTIMATES: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses 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.

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

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. Short-term investments having a maturity of less than sixty days are valued at amortized

31

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

cost, which approximates market value. All securities and assets for which quotations are not readily available, of which there were none as of May 31, 2005, are valued in accordance with Fair Value Procedures established by the Board of Directors (the "Board"). The Fund's Fair Value Procedures are implemented through a Fair Value Committee (the "Committee") designated by the Fund's Board. Some of the more common reasons that may necessitate that a security be valued using Fair Value Procedures include, among other things: the security's trading has been halted or suspended; the security has been de-listed from a national exchange; the security's primary trading market is temporarily closed at a time when under normal conditions it would be open; or the security's primary pricing source is not able or willing to provide a price. When a security is valued in accordance with the Fair Value Procedures, the Committee will determine the value after taking into consideration relevant information reasonably available to the Committee.

CASH AND CASH EQUIVALENTS: Idle cash is swept into a money market fund at Wachovia Bank, N.A., (the "Custodian"), and is classified as cash on the Statement of Assets and Liabilities. Amounts so invested are generally available on the same business day.

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

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

DIVIDENDS AND DISTRIBUTIONS: The Fund will declare and pay dividends to shareholders on a monthly basis. Net long-term capital gains, if any, in excess of capital loss carryforwards are distributed to shareholders annually. Dividends from net investment income and capital gain distributions, if any, are

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

determined in accordance with U.S. Federal income tax regulations, which may differ from generally accepted accounting principles. Dividends and distributions, if any, to shareholders are recorded on the ex-dividend date.

32

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

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

SECURITIES PURCHASED ON A WHEN-ISSUED BASIS: Delivery and payment for securities that have been purchased by the Fund on a forward commitment or when-issued basis can take place up to a month or more after the transaction date. The purchase of securities on a when-issued or forward commitment basis may increase the volatility of the Fund's net asset value if the Fund makes such investments while remaining substantially fully invested.

BORROWINGS: The Fund issues short-term commercial paper at a discount from par. The discount is amortized to interest expense over the life of the commercial paper using the straight-line method.

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

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

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

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

The Fund has entered into an investment management agreement with the Manager. The Manager manages the Fund's portfolio and makes investment decisions. For these services, the Fund pays the Manager a monthly fee at an annual rate of 0.95% of the Fund's Managed Assets. "Managed Assets" are the average weekly value of the Fund's total assets minus the sum of the Fund's liabilities, excluding debt related to leveraging, short-term debt and the aggregate

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

liquidation preference of any outstanding preferred stock. The

33

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

Manager has agreed to limit the investment management fee paid to it by the Fund to 0.85% of the Fund's Managed Assets. This waiver is voluntary and may be changed at any time.

The Fund has entered into an administration agreement with SEI Investments Global Funds Services (the "Administrator"). Under such agreement, the Administrator performs or arranges for the performance of certain administrative services necessary for the operation of the Fund. For these services, the Fund pays a fee to the Administrator based on the Fund's Managed Assets according to the following rates: 0.10% on the first \$250 million of such Managed Assets and 0.09% on such Managed Assets in excess of \$250 million, subject to a minimum annual fee of \$180,000, which includes fees under this agreement and fees received by the Administrator from the Chartwell U.S. Equity and Chartwell Small Cap Value Funds. The allocation of the minimum will be assessed based upon Managed Assets of the Fund and net assets of the Chartwell U.S. Equity and Chartwell Small Cap Value Funds.

Certain officers and/or directors of the Fund are officers and/or directors of the Manager. The Fund pays each director, who is not an "affiliated person" as defined in the Act, a fee of \$6,000 per year, plus \$1,000 per year for audit committee members and an additional fee of \$250 per year for the chairman of the audit committee.

For the six months ended May 31, 2005, the Fund incurred a legal expense of \$62,069 for services provided by Drinker Biddle & Reath LLP, counsel for the Fund. A partner of the firm is an officer of the Fund.

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

NOTE 3. PURCHASE AND SALES OF INVESTMENTS

For the six months ended May 31, 2005, purchases and sales of investments, excluding short-term investments, totaled \$88,097,577 and \$92,973,372, respectively.

The following table summarizes the Fund's call options written for the six months ended May 31, 2005.

	NUMBER OF CONTRACTS	PREMIUMS
	-----	-----
Options outstanding, November 30, 2004	9,094	\$ 675,382
Options written	43,660	3,804,592
Options expired	(23,318)	(1,659,133)
Options exercised	(6,031)	(325,987)

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

Options closed	(16,715)	(1,782,564)
	-----	-----
Options outstanding, May 31, 2005	6,690	\$ 712,290
	=====	=====

34

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

NOTE 4. COMMERCIAL PAPER

As of May 31, 2005, \$55,000,000 of commercial paper was outstanding with an amortized cost of \$54,859,796. The average discount rate of commercial paper outstanding at May 31, 2005, was 3.10%. The average daily balance of commercial paper outstanding for the six months ended May 31, 2005, was \$54,835,884 at a weighted average discount rate of 1.73%. The maximum face amount of commercial paper outstanding at any time during the six months ended May 31, 2005, was \$55,000,000. In conjunction with the issuance of the commercial paper, the Fund has entered into a line of credit arrangement with a bank for \$30,000,000. Interest on borrowing is based on market rates in effect at the time of borrowing. The commitment fee is computed at the rate of 0.30% per annum on the unused balance. There were no borrowings under this arrangement during the six months ended May 31, 2005.

NOTE 5. CAPITAL STOCK

There are 100,000,000 shares of \$0.01 par value common stock authorized. Of the 16,613,668 shares of common stock outstanding at May 31, 2005, the Manager owned 14,267 shares.

For the six months ended May 31, 2005, and the year ended November 30, 2004, the Fund issued 87,331 and 200,822 shares, respectively, in connection with the Fund's dividend reinvestment plan.

NOTE 6. MARKET AND CREDIT RISKS

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

NOTE 7. FEDERAL TAX INFORMATION

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

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

35

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. MAY 31, 2005

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

	ORDINARY INCOME	RETURN OF CAPITAL	TOTALS
	-----	-----	-----
2004	\$16,413,496	\$ --	\$16,413,496
2003	9,929,830	6,254,835	16,184,665

As of November 30, 2004, the components of Accumulated Losses were as follows:

Capital loss carryforwards	\$ (65,180,426)
Net unrealized appreciation	15,053,830
Other temporary differences	(252,161)

Total accumulated losses	\$ (50,378,757)
	=====

The following summarizes the capital loss carryforwards as of November 30, 2004. These capital loss carryforwards are available to offset future net capital gains.

EXPIRING IN FISCAL YEAR	AMOUNT
-----	-----
2008	\$ 7,962,268
2009	25,913,206
2010	30,533,344
2011	771,608

Total capital loss carryforwards	\$65,180,426
	=====

The Federal tax cost as well as the aggregate gross unrealized appreciation and depreciation on investments held by the Fund at May 31, 2005, were as follows:

Federal Tax Cost	\$184,694,614

Aggregate Gross Unrealized Appreciation	17,078,804
Aggregate Gross Unrealized Depreciation	(5,409,549)

Net Unrealized Appreciation	\$ 11,669,255
	=====

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

NOTE 8. SUBSEQUENT EVENTS

The Board of the Fund declared the following dividends:

DECLARATION DATE	EX-DATE	RECORD DATE	PAYABLE DATE	DIVIDEND RATE
June 1, 2005	June 21, 2005	June 23, 2005	June 30, 2005	\$0.0833

36

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

AUTOMATIC DIVIDEND REINVESTMENT PLAN (UNAUDITED)

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

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

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

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

Plan Agent will invest the dividend amount in shares acquired on behalf of the participant in open-market purchases.

In the event of a market discount on the dividend payment date, the Plan Agent will have until the last business day before the next date on which the shares trade on the "ex-dividend" basis or in no event more than 30 days after the dividend payment date to invest the dividend amount in shares acquired in open-market purchases. If, before the Plan Agent has completed its open-market

37

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

purchases, the market price of a share of common stock exceeds the net asset value per share, the average per share purchase price paid by the Plan Agent may exceed the net asset value of the Fund's shares, resulting in the acquisition of fewer shares than if the dividend had been paid in newly issued shares on the dividend payment date. The Plan provides that if the Plan Agent is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to market premium during the purchase period, the Plan Agent will cease making open-market purchases and will invest the uninvested portion of the dividend amount in newly issued shares at the close of business on the last purchase date.

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

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

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

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

Shareholders participating in the Plan may receive benefits not available to shareholders not participating in the Plan. If the market price plus commissions of the Fund's shares is above the net asset value, participants in the Plan will receive shares of the Fund at less than they could otherwise purchase them and

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

will have shares with a cash value greater than the value of any cash distribution they would have received on their shares. If the market price plus commissions is below the net asset value, participants will receive distributions in shares with a net asset value greater than the value of any cash distribution

38

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

they would have received on their shares. However, there may be insufficient shares available in the market to make distributions in shares at prices below the net asset value. Also, since the Fund does not redeem its shares, the price on resale may be more or less than the net asset value.

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

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

FEDERAL TAX INFORMATION (UNAUDITED)

Information for Federal income tax purposes is presented as an aid to shareholders in reporting the dividend distributions for the six months ended May 31, 2004.

ADDITIONAL INFORMATION (UNAUDITED)

During the period, there have been no material changes in the Fund's investment objective or fundamental policies that have not been approved by the shareholders. There have been no changes in the Fund's charter or By-Laws that would delay or prevent a change in control of the Fund which have not been approved by the shareholders. There have been no changes in the principal risk factors associated with investment in the Fund.

EFFECTS OF LEVERAGE (UNAUDITED)

Leverage of \$60 million in commercial paper was initially sold by the Fund on July 28, 1999. Through May 31, 2005, interest paid on the commercial paper ranged from 2.50% to 3.25%. As of May 31, 2005, the Fund had \$30 million outstanding at 2.97% per annum maturing on June 2, 2005, and \$25 million at 3.25% per annum maturing on August 3, 2005. All interest rates include fees due to the broker-dealer. The Fund must experience an annual return of 0.83% to cover interest payments on the commercial paper.

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

Assumed return on portfolio

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

(net of expenses)	-10.00%	-5.00%	0.00%	5.00%	10.00%
Corresponding return to common stockholder	-14.93%	-8.03%	-1.14%	5.76%	12.76%

39

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

Assumes \$145 million assets attributable to common shareholders; \$55 million aggregate leverage with an average interest rate of 3.00%. All figures appearing above are hypothetical returns generated to assist investors in understanding the effects of leverage. Actual returns may be greater or less than those appearing in the table.

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

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

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

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

NEW YORK STOCK EXCHANGE CERTIFICATION

The Fund's President has certified to the New York Stock Exchange that, as of May 19, 2004 he was not aware of any violation by the Fund of the applicable NYSE Corporate Governance listing standards. In addition, the Fund has filed certifications of its principal executive officer and principal financial officer as exhibits to its reports on Form N-CSR filed with the Securities and Exchange Commission relating to the quality of the disclosures contained in such reports.

40

CHARTWELL

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

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

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

The Board of Directors (the "Board") of the Fund determined on April 20, 2005 whether to renew the Advisory Agreement with Chartwell Investment Partners, LP ("Chartwell Partners") (the "Agreement"). Prior to making its determination, the Board received detailed information from Chartwell Partners, including, among other things, information provided by Lipper, Inc. ("Lipper") comparing the performance of the Fund for the one, two, three, four and five year periods ended February 28, 2005 to the performance of an income and preferred stock universe selected by Lipper and a leveraged high yield universe selected by Lipper at the request of Chartwell Partners; advisory fee and other expense information for the Fund as compared to these peer groups; and information provided by Chartwell Partners responsive to requests by the Fund's independent counsel for certain information to assist the Board in its considerations. In addition, the Board reviewed a memorandum from its independent counsel detailing the Board's duties and responsibilities in considering renewal of the Agreement.

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

During the course of its deliberations, the Board, including a majority of Independent Directors, reached the following conclusions, among others, regarding Chartwell Partners and the Agreement: the Fund's actual advisory fee is above average in comparison to that of the more comparable Lipper peer group provided to the Board and reflective of the bifurcated investment style of the Fund; Chartwell Partners' fees for managing the Fund are reasonable as compared to fees it charges for managing assets for other clients and reflective of the bifurcated investment style of the Fund; the Fund's expense ratio is generally competitive with that of the more comparable Lipper expense group provided to

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

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

the Board; the Fund's performance is generally competitive with that of the more comparable Lipper performance universe provided to the Board; the nature, extent and quality of services provided by Chartwell Partners in advising the Fund was satisfactory; the profits earned by Chartwell Partners seemed reasonable; and the benefits derived by Chartwell Partners from managing the Fund, including its use of soft dollars and the way it selects brokers, seemed reasonable. The Independent Directors discussed economies-of-scale, but noted that asset growth to achieve such economies was unlikely for a closed-end fund such as the Fund.

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

42

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

SHAREHOLDER VOTING RESULTS (UNAUDITED)

The Annual Meeting of shareholders of the Chartwell Dividend and Income Fund, Inc. was held on April 20, 2005 at the offices of PFPC, Inc., 103 Bellevue Parkway, Wilmington, Delaware. The description of the proposal and number of shares voted at the meeting are as follows:

	VOTES FOR	VOTES AGAINST	VOTES WITHHELD
To elect the following directors to serve as Class III directors for three-year terms expiring in 2008:			
George W. Grosz	13,069,412	--	129,438
Winthrop S. Jessup	13,068,625	--	130,224

Directors whose term of office continues beyond this meeting are Kenneth F. Herlihy, C. Warren Ormerod and Bernard P. Schaffer.

43

CHARTWELL

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

CHARTWELL DIVIDEND AND INCOME FUND, INC.

MAY 31, 2005

DIRECTORS

Winthrop S. Jessup, Chairman
George W. Grosz
Kenneth F. Herlihy
C. Warren Ormerod
Bernard P. Schaffer

OFFICERS

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

INVESTMENT MANAGER

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

ADMINISTRATOR

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

CUSTODIAN

Wachovia Bank, N.A.
125 South Broad Street
Philadelphia, PA 19109

TRANSFER AGENT

PFPC Inc.
P.O. Box 43027
Providence, RI 02940-3027

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
Two Commerce Square, Suite 1700
2001 Market Street
Philadelphia, PA 19103-7042

LEGAL COUNSEL

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

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

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

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

common stock in the open market.

ITEM 2. CODE OF ETHICS.

Not applicable for semi-annual report.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable for semi-annual report.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable for semi-annual report.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable for semi-annual report.

ITEM 6. SCHEDULE OF INVESTMENTS.

Not applicable.

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

Not applicable for semi-annual report.

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

Not applicable. Effective for closed-end management investment companies for fiscal years ending on or after December 31, 2005

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

Not applicable.

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

There have been no material changes to the procedures by which shareholders may recommend nominees to the Registrant's Board of Directors since the Registrant last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A in its proxy statement filed with the Commission on March 22, 2004.

ITEM 11. CONTROLS AND PROCEDURES.

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

(b) There were no changes in the Registrant's internal control over financial

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

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

ITEMS 12. EXHIBITS.

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

(a) (2) A separate certification for the principal executive officer and the principal financial officer of the Registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940, as amended (17 CFR 270.30a-2(a)), are attached hereto as EX-99Cert.

(a) (3) Not applicable.

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

SIGNATURES

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

(Registrant) Chartwell Dividend and Income Fund, Inc.

By (Signature and Title)*

/s/ Winthrop S. Jessup

Winthrop S. Jessup, President
(Principal Executive Officer)

Date July 28, 2005

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 July 28, 2005

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

By (Signature and Title)*

/s/ G. Gregory Hagar

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

Date July 28, 2005

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