

CHARTWELL DIVIDEND & INCOME FUND INC
Form N-Q
October 22, 2004

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

INVESTMENT COMPANY ACT FILE NUMBER 811-8747

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

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

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

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

DATE OF FISCAL YEAR END: NOVEMBER 30, 2004

DATE OF REPORTING PERIOD: AUGUST 31, 2004

ITEM 1. SCHEDULE OF INVESTMENTS

Chartwell Dividend and Income Fund, Inc.

August

SCHEDULE OF INVESTMENTS (UNAUDITED)

NUMBER OF
SHARES

M
V

COMMON STOCK--72.6%

BANKS--16.1%

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

AmSouth Bancorporation	50,760	\$	1,
Bank of America Corporation	212,000		9,
Bank of New York Company, Inc.	40,000		1,
Citigroup, Inc.	100,000		4,
JPMorgan Chase & Company	150,000		5,
			22,

BASIC INDUSTRY--4.8%			
Alcoa, Inc.	70,000		2,
Freeport-McMoRan Copper & Gold, Inc., Class B	30,000		1,
K-Sea Transportation Partners LP(a)	10,000		
Weyerhaeuser Company	50,000		3,
			6,

CONSUMER STAPLES--6.4%			
Altria Group, Inc.	139,450		6,
Loews Corporation - Carolina Group	88,725		2,
			9,

ENERGY--3.6%			
Halliburton Company	90,000		2,
Kerr-McGee Corporation	30,000		1,
Marathon Oil Corporation	25,000		
			5,

FINANCIAL--17.9%			
ACE Limited	30,000		1,
Alliance Capital Management Holdings LP	100,000		3,
Fannie Mae	75,300		5,
Hartford Financial Services Group, Inc.	70,000		4,
Lincoln National Corporation	69,372		3,
Morgan Stanley	55,940		2,
Washington Mutual, Inc.	50,000		1,
XL Capital Limited, Class A	40,000		2,
			25,

INDUSTRIAL--2.6%			
Cooper Industries Limited, Class A	30,000		1,
Lyondell Chemical Company	100,000		1,
			3,

REAL ESTATE--8.5%			
Boston Properties, Inc.	30,000		1,
BRE Properties, Class A	19,500		
CarrAmerica Realty Corporation	32,600		1,
Duke Realty Corporation	80,320		2,
Equity Office Properties Trust	40,800		1,
iStar Financial, Inc.	25,000		1,
Mack-Cali Realty Corporation	27,682		1,
Reckson Associates Realty Corporation	80,000		2,
			11,

TECHNOLOGY--2.8%			
Flextronics International Limited(a)	90,000		1,
LSI Logic Corporation(a)	130,000		

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

Nokia OYJ - ADR	140,000	1,
Solectron Corporation(a)	100,000	

TELECOMMUNICATIONS--5.0%		3,
Citizens Communications Company(a)	350,000	4,

1

CHARTWELL

Chartwell Dividend and Income Fund, Inc.		August
--	--	--------

SCHEDULE OF INVESTMENTS (UNAUDITED)

	NUMBER OF SHARES/ PRINCIPAL AMOUNT	M V
--	---	--------

COMMON STOCK (CONTINUED)

TELECOMMUNICATIONS (CONTINUED)		
SBC Communications, Inc.	100,000	\$ 2,

UTILITIES--4.9%		
AmeriGas Partners LP	15,200	
Cinergy Corporation	34,800	1,
Duquesne Light Holdings, Inc.	30,000	
Kinder Morgan Energy Partners LP	45,000	2,
Northern Border Partners LP	26,600	1,
TEPPCO Partners LP	34,800	1,

TOTAL COMMON STOCK (COST \$94,649,489)		102,
--	--	------

CORPORATE NOTES/BONDS--56.8%

BASIC INDUSTRY--12.2%		
Aearo Company I		
8.250%, 04/15/12	\$ 555,000	
Autocam Corporation+		
10.875%, 06/15/14	600,000	
Buhrmann US, Inc.+		
8.250%, 07/01/14	640,000	
California Steel Industries, Inc.		
6.125%, 03/15/14	980,000	
Crown Euro Holdings SA		
9.500%, 03/01/11	1,110,000	1,
Danka Business Systems		
11.000%, 06/15/10	525,000	
Euramax International, Inc.		
8.500%, 08/15/11	900,000	

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

Imco Recycling, Inc. 10.375%, 10/15/10	855,000	
K. Hovnanian Enterprises 6.500%, 01/15/14	830,000	
Koppers Industries+ 9.875%, 10/15/13	1,230,000	1,
KRATON Polymers LLC+ 8.125%, 01/15/14	440,000	
Nalco Company+ 8.875%, 11/15/13	1,090,000	1,
Oregon Steel Mills, Inc. 10.000%, 07/15/09	1,020,000	1,
Owens-Brockway Glass Container, Inc. 8.750%, 11/15/12	755,000	
Ply Gem Industries, Inc.+ 9.000%, 02/15/12	635,000	
Sensus Metering Systems, Inc.+ 8.625%, 12/15/13	700,000	
Solo Cup Company 8.500%, 02/15/14	935,000	
Tenneco Automotive, Inc., Series B 10.250%, 07/15/13	1,035,000	1,
THL Buildco Inc.+ 8.500%, 09/01/14	920,000	
Wolverine Tube, Inc. 10.500%, 04/01/09	535,000	
-----		17,

2

CHARTWELL

Chartwell Dividend and Income Fund, Inc. August

SCHEDULE OF INVESTMENTS (UNAUDITED)

	PRINCIPAL AMOUNT	M V
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
CAPITAL GOODS--4.9%		
Allied Waste North America, Series B 8.500%, 12/01/08	\$ 630,000	\$
GenCorp, Inc. 9.500%, 08/15/13	695,000	
H&E Equipment Finance 11.125%, 06/15/12	625,000	
Integrated Electrical Services, Inc., Series B 9.375%, 02/01/09	91,000	
Integrated Electrical Services, Inc., Series C 9.375%, 02/01/09	885,000	
Jacuzzi Brands, Inc. 9.625%, 07/01/10	1,135,000	1,
Norcross Safety Products LLC, Series B		

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

9.875%, 08/15/11	960,000	1,
Sequa Corporation		
9.000%, 08/01/09	780,000	
Trinity Industries, Inc.+		
6.500%, 03/15/14	825,000	

		6,

CONSUMER CYCLICAL--8.3%		
Allied Security Escrow+		
11.375%, 07/15/11	600,000	
Cenveo, Inc.		
9.625%, 03/15/12	1,115,000	1,
Coinmach Corporation		
9.000%, 02/01/10	1,540,000	1,
Friendly Ice Cream Corporation		
8.375%, 06/15/12	715,000	
LCE Acquisition Corporation+		
9.000%, 08/01/14	760,000	
Mandalay Resort Group		
7.625%, 07/15/13	555,000	
Mothers Work, Inc.		
11.250%, 08/01/10	835,000	
Norcraft Companies+		
9.000%, 11/01/11	570,000	
Phillips - Van Heusen		
7.250%, 02/15/11	440,000	
Service Corporation International+		
6.750%, 04/01/16	885,000	
Sonic Automotive, Inc., Series B		
8.625%, 08/15/13	635,000	
Vertis, Inc., Series B		
10.875%, 06/15/09	1,210,000	1,
Von Hoffman Corporation		
10.250%, 03/15/09	1,310,000	1,

		11,

CONSUMER STAPLES--6.6%		
American Achievement Corporation+		
8.250%, 04/01/12	625,000	
American Seafood Group LLC		
10.125%, 04/15/10	705,000	
Amscan Holdings, Inc.+		
8.750%, 05/01/14	595,000	
Chattem, Inc.		
7.000%, 03/01/14	640,000	
FTD, Inc.		
7.750%, 02/15/14	400,000	
General Nutrition Center+		
8.500%, 12/01/10	800,000	

3

CHARTWELL

Chartwell Dividend and Income Fund, Inc.

August

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

SCHEDULE OF INVESTMENTS (UNAUDITED)

	PRINCIPAL AMOUNT	
CORPORATE NOTES/BONDS (CONTINUED)		
CONSUMER STAPLES (CONTINUED)		
Hercules, Inc.+ 6.750%, 10/15/29	\$ 525,000	\$
Jean Coutu Group (PJC), Inc.+ 8.500%, 08/01/14	1,005,000	1,
Merisant Company+ 9.500%, 07/15/13	1,060,000	1,
Nova Chemicals Corporation 6.500%, 01/15/12	715,000	
Stater Brothers Holdings+ 8.125%, 06/15/12	715,000	
United Agri Products+ 8.250%, 12/15/11	720,000	
WH Holdings Limited 9.500%, 04/01/11	490,000	

		9,
ENERGY--3.9%		
AmeriGas Partners LP, Series B 8.875%, 05/20/11	970,000	1,
Belden & Blake Corporation+ 8.750%, 07/15/12	1,130,000	1,
Bluewater Finance Limited 10.250%, 02/15/12	1,000,000	1,
Chesapeake Energy Corporation 7.500%, 06/15/14	625,000	
NRG Energy, Inc.+ 8.000%, 12/15/13	680,000	
Pride International, Inc.+ 7.375%, 07/15/14	770,000	

		5,
FINANCIAL--3.8%		
Bcp Caylux Holdings Luxembourg+ 9.625%, 06/15/14	1,065,000	1,
E*TRADE Financial Corporation+ 8.000%, 06/15/11	870,000	
Ship Finance International Limited 8.500%, 12/15/13	950,000	
United Rentals North America, Inc. 7.750%, 11/15/13	1,200,000	1,
Western Financial 9.625%, 05/15/12	1,120,000	1,

		5,
HEALTHCARE--2.8%		
Bio-Rad Laboratories, Inc. 7.500%, 08/15/13	755,000	
Iasis Healthcare Corporation+ 8.750%, 06/15/14	690,000	
Res-Care, Inc.		

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

10.625%, 11/15/08	645,000	
Town Sports International		
9.625%, 04/15/11	710,000	
VWR International, Inc.+		
8.000%, 04/15/14	1,010,000	1,

INDUSTRIAL--2.9%		
General Cable Corporation+		
9.500%, 11/15/10	420,000	
MediaCom Broadband, LLC		
11.000%, 07/15/13	1,030,000	1,

4

CHARTWELL

Chartwell Dividend and Income Fund, Inc. August

SCHEDULE OF INVESTMENTS (UNAUDITED)

	PRINCIPAL AMOUNT	M V
CORPORATE NOTES/BONDS (CONTINUED)		
INDUSTRIAL (CONTINUED)		
Nationsrent, Inc.+		
9.500%, 10/15/10	\$ 1,050,000	\$ 1,
Rayovac Corporation		
8.500%, 10/01/13	395,000	
Superior Essex Communications LLC+		
9.000%, 04/15/12	900,000	

REAL ESTATE--3.9%		
Aztar Corporation+		
7.875%, 06/15/14	1,095,000	1,
Courtyard By Marriott II LP, Series B		
10.750%, 02/01/08	900,000	
Geo Group, Inc.		
8.250%, 07/15/13	785,000	
Intrawest Corporation		
7.500%, 10/15/13	890,000	
LNR Property Corporation, Series A		
7.250%, 10/15/13	325,000	
Premier Entertainment Biloxi LLC+		
10.750%, 02/01/12	760,000	
Tech Olympic USA, Inc.		
9.000%, 07/01/10	575,000	

TECHNOLOGY--1.6%
Knowles Electronics, Inc.

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

13.125%, 10/15/09	1,000,000	1,
Solectron Corporation		
9.625%, 02/15/09	1,110,000	1,

		2,

TELECOMMUNICATIONS--3.5%		
Cablevision Systems Corporation+		
8.000%, 04/15/12	945,000	
Centennial Cellular Operating Company		
10.125%, 06/15/13	640,000	
Charter Communications Holdings, LLC		
10.750%, 10/01/09	400,000	
Charter Communications Operating, LLC+		
8.000%, 04/30/12	425,000	
Nextel Communications		
7.375%, 08/01/15	1,265,000	1,
Time Warner, Inc.		
9.750%, 07/15/08	1,270,000	1,

		4,

TRANSPORTATION--0.2%		
HLI Operating Company, Inc.		
10.500%, 06/15/10	230,000	

UTILITIES--2.2%		
AES Corporation		
9.500%, 06/01/09	1,270,000	1,
CE Generation, LLC		
7.416%, 12/15/18	699,449	
PSEG Energy Holdings		
8.625%, 02/15/08	825,000	

		3,

TOTAL CORPORATE NOTES/BONDS (COST \$77,641,094)		79,

5

CHARTWELL

Chartwell Dividend and Income Fund, Inc. August

SCHEDULE OF INVESTMENTS (UNAUDITED)

	NUMBER OF SHARES/ WRITTEN CONTRACTS	M V

CONVERTIBLE PREFERRED STOCK--2.5%		

FINANCIAL--1.0%		
ACE Limited	26,025	\$
Chubb Corporation	10,000	

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

Hartford Financial Services Group, Inc.	5,000	
XL Capital Limited	10,000	

		1,

REAL ESTATE--1.5%		
LTC Properties, Inc.	25,000	
Ramco-Gershenson Properties	40,000	1,

		2,

TOTAL CONVERTIBLE PREFERRED STOCK (COST \$3,171,097)		3,

PREFERRED STOCK--0.5%		

FINANCIAL--0.3%		
TransCanada Corporation	14,905	

HEALTHCARE--0.2%		
Rhone-Poulenc, Series A	10,620	

TOTAL PREFERRED STOCK (COST \$657,218)		

PREFERRED TERM SECURITIES--3.9%		
I-Preferred Term Securities IV	1,000,000	1,
Preferred Term Securities IV	2,000,000	1,
Preferred Term Securities XIII	1,000,000	
Preferred Term Securities XIV	2,000,000	2,

		5,

TOTAL PREFERRED TERM SECURITIES (COST \$5,603,150)		5,

CASH EQUIVALENT--1.9%		

INVESTMENT COMPANY--1.9%		
SEI Daily Income Trust, Prime Obligations Fund, Class A	2,675,695	2,

TOTAL CASH EQUIVALENT (COST \$2,675,695)		2,

TOTAL INVESTMENTS--138.2%		
(COST \$184,397,743)*		194,

COVERED CALL OPTIONS WRITTEN--(0.4)%		
ACE Limited Sept. 40 Call	(300)	
Cooper Industries Limited Oct. 60 Call	(130)	
Fannie Mae Sept. 75 Call	(750)	
Flextronics International Limited Sept. 12.5 Call	(600)	
Flextronics International Limited Sept. 17.5 Call	(300)	
Freeport-McMoRan Copper & Gold, Inc. Nov. 35 Call	(300)	(
JPMorgan Chase Sept. 40 Call	(500)	
Lincoln National Corporation Sept. 45 Call	(538)	
LSI Logic Corporation Oct. 10 Call	(700)	
LSI Logic Corporation Sept. 7.5 Call	(600)	
Lyondell Chemical Sept. 17.5 Call	(800)	(
Lyondell Chemical Sept. 20 Call	(200)	
Nokia Corporation Oct. 12.5 Call	(1,400)	

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

SBC Communications, Inc. Sept. 25 Call	(247)
Solotron Corporation Sept. 7.50 Call	(500)
Washington Mutual Inc. Sept. 40 Call	(500)
Weyerhaeuser Company Sept. 65 Call	(500)

6

CHARTWELL

 Chartwell Dividend and Income Fund, Inc. August

SCHEDULE OF INVESTMENTS (UNAUDITED)

	WRITTEN CONTRACTS	M V
	-----	-----
COVERED CALL OPTIONS WRITTEN (CONTINUED)		
XL Capital Limited Sept. 70 Call	(400) \$	
TOTAL CALL OPTIONS WRITTEN (PREMIUM RECEIVED \$582,445)		(56)
OTHER LIABILITIES IN EXCESS OF OTHER ASSETS, NET--(37.8)%		(53,
NET ASSETS--100.0%		\$ 140

* At August 31, 2004, the tax basis cost of the Fund's investments was \$183,912,902, and the unrealized appreciation and depreciation were \$15,128,970 and \$(4,956,242), respectively.

+ 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 August 31, 2004, these securities amounted to \$28,734,820 or 20.4% of net assets.

++ As of August 31, 2004, \$55,000,000 of commercial paper was outstanding with an amortized cost of \$54,963,229. The average discount rate of commercial paper outstanding at August 31, 2004 was 1.62%. The average daily balance of commercial paper outstanding for the quarter ended August 31, 2004 was \$54,928,791 at a weighted average discount rate of 1.382%. The maximum face amount of commercial paper outstanding at any time during the quarter ended August 31, 2004 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 quarter ended August 31, 2004.

(a) Non-income producing security

ADR American Depositary Receipt

LLC Limited Liability Company

LP Limited Partnership

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

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

For information regarding the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent semi-annual or annual financial statements.

7

CHARTWELL

ITEM 2. CONTROLS AND PROCEDURES

(a) The certifying officers, whose certifications are included herewith, have evaluated the registrant's disclosure controls and procedures within 90 days of the filing date of this report. In their opinion, based on their evaluation, the registrant's disclosure controls and procedures are adequately designed, and are operating effectively to ensure, that information required to be disclosed by the registrant in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

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

ITEM 3. EXHIBITS.

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

SIGNATURES

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

(Registrant)

Chartwell Dividend and Income Fund, Inc.

By (Signature and Title)*

/s/Winthrop S. Jessup

Winthrop S. Jessup, President
(Principal Executive Officer)

Date 10/20/04

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

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 10/20/04

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

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

Date 10/20/04

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