

CHARTWELL DIVIDEND & INCOME FUND INC
Form N-Q
October 27, 2006

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, 2006

DATE OF REPORTING PERIOD: AUGUST 31, 2006

ITEM 1. SCHEDULE OF INVESTMENTS

CHARTWELL DIVIDEND AND INCOME FUND, INC.

AUGUST 31, 2006

SCHEDULE OF INVESTMENTS (Unaudited)

NUMBER OF
SHARES

COMMON STOCK--74.8%
BANKS--13.9%

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AmSouth Bancorporation.....	46,760	\$
Bank of America Corporation.....	262,000	1
National City Corporation.....	100,000	
New York Community Bancorp, Inc.....	119,000	
Old National Bancorp, Inc.....	50,000	---
		2
BASIC INDUSTRY--1.6%		
Alcoa, Inc.....	25,000	
Packaging Corporation of America.....	20,000	
Weyerhaeuser Company.....	20,000	---
CONSUMER CYCLICAL--3.5%		
Coinmach Corporation- IDS.....	204,850	
Coinmach Corporation, Class A.....	175,850	---
CONSUMER STAPLES--12.9%		
Altria Group, Inc.....	132,950	1
B&G Foods, Inc.....	41,000	
Loews Corporation - Carolina Group.....	60,000	
Reddy Ice Holdings, Inc.....	100,000	
Regal Entertainment Group, Class A.....	100,000	---
		1
ENERGY--5.8%		
Calumet Specialty Products Partners LP (c).....	5,000	
Chevron Corporation.....	30,000	
Enterprise Products Partners LP (c).....	50,000	
Halliburton Company.....	20,000	
Linn Energy LLC (c).....	7,000	
Marathon Oil Corporation.....	20,000	
Precision Drilling.....	30,000	
Sunoco Logistics Partners LP (c).....	40,000	---
FINANCIAL--12.5%		
AllianceBernstein Holding LP (c).....	80,000	
American Capital Strategies Limited.....	100,000	
Apollo Investment Corporation.....	49,800	
Chubb Corporation.....	7,002	
Goldman Sachs Group, Inc.....	20,000	
Hartford Financial Services Group, Inc.....	39,200	
People's Choice Europe Limited+.....	34,000	
Washington Mutual, Inc.....	50,000	---
		1
HEALTHCARE--0.4%		
Bristol-Myers Squibb Company.....	25,000	---
REAL ESTATE INVESTMENT TRUST--9.9%		
CapitalSource, Inc.....	100,000	
Deerfield Triarc Capital Corporation.....	50,000	

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1

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

AUGUST 31, 200

SCHEDULE OF INVESTMENTS (Unaudited)

	NUMBER OF SHARES/ PRINCIPAL AMOUNT	
COMMON STOCK (CONTINUED)		
REAL ESTATE INVESTMENT TRUST (CONTINUED)		
HomeBanc Corporation.....	300,000	\$
iStar Financial, Inc.....	50,000	
Longview Fibre Company.....	126,014	
LTC Properties, Inc.....	50,000	
Mack-Cali Realty Corporation.....	82	
New Century Financial Corporation.....	35,000	
Reckson Associates Realty Corporation.....	63,000	
TECHNOLOGY--1.0%		
Technology Investment Capital Corporation.....	100,595	
TELECOMMUNICATIONS--7.1%		
Alaska Communications Systems Group, Inc.....	175,000	
Citizens Communications Company.....	200,000	
Consolidated Communications Holdings, Inc.....	40,000	
Fairpoint Communications, Inc.....	100,000	
Windstream Corporation.....	250,000	
TRANSPORTATION--2.4%		
Aries Maritime Transport Limited.....	50,000	
Arlington Tankers Limited.....	42,100	
K-Sea Transportation Partners LP(c).....	10,000	
Seaspan Corporation.....	33,400	
Teekay LNG Partners LP(c).....	35,000	
UTILITIES--3.8%		
AmeriGas Partners LP(c).....	15,200	
Kinder Morgan Energy Partners LP(c).....	45,000	
Oneok Partners LP(c).....	26,600	
TEPPCO Partners LP(c).....	34,800	
Transmontaigne Partners LP(c).....	15,000	

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TOTAL COMMON STOCK (COST \$103,312,261)		11
CORPORATE NOTES/BONDS--42.6%		
BASIC INDUSTRY--5.9%		
Buhrmann US, Inc.		
8.250%, 07/01/14.....	\$ 620,000	
Commercial Vehicle Group		
8.000%, 07/01/13.....	855,000	
Goodman Global Holdings		
7.875%, 12/15/12.....	1,130,000	
K. Hovnanian Enterprises		
8.875%, 04/01/12.....	1,000,000	
Koppers Industries		
9.875%, 10/15/13.....	1,063,000	
Ply Gem Industries, Inc.		
9.000%, 02/15/12.....	1,120,000	
Quebecor Media		
7.750%, 03/15/16.....	1,060,000	
TRW Automotive, Inc.		
9.375%, 02/15/13.....	1,185,000	

2

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CHARTWELL DIVIDEND AND INCOME FUND, INC. AUGUST 31, 200

SCHEDULE OF INVESTMENTS (Unaudited)

	PRINCIPAL AMOUNT	
	-----	---
CORPORATE NOTES/BONDS (CONTINUED)		
Williams Scotsman, Inc.		
8.500%, 10/01/15.....	\$1,070,000	\$
CAPITAL GOODS--2.8%		
Clarke American Corporation		
11.750%, 12/15/13.....	450,000	
Levi Strauss & Company		
9.750%, 01/15/15.....	1,230,000	
Norcross Safety Products LLC, Series B		
9.875%, 08/15/11.....	850,000	
PH Glatfelter+		
7.125%, 05/01/16.....	680,000	
Verso Paper Holdings LLC+		
11.375%, 08/01/16.....	1,000,000	

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CONSUMER CYCLICAL--3.0%	
Allied Security Escrow	
11.375%, 07/15/11.....	515,000
H&E Equipment Services+	
8.375%, 07/15/16.....	875,000
Rent-A-Center, Inc.	
7.500%, 05/01/10.....	1,220,000
Sonic Automotive, Inc., Series B	
8.625%, 08/15/13.....	990,000
TDS Investor Corporation+	
9.875%, 09/01/14.....	1,000,000

CONSUMER STAPLES--5.2%	
AMC Entertainment, Inc.	
9.875%, 02/01/12.....	1,000,000
Brown Shoe Company, Inc.	
8.750%, 05/01/12.....	800,000
Chiquita Brands International, Inc.	
7.500%, 11/01/14.....	950,000
Crown Americas LLC+	
7.750%, 11/15/15.....	1,020,000
MGM Mirage, Inc.	
8.500%, 09/15/10.....	1,125,000
MTR Gaming Group, Inc.+	
9.000%, 06/01/12.....	700,000
MTR Gaming Group, Inc., Series B	
9.750%, 04/01/10.....	520,000
Stater Brothers Holdings	
8.125%, 06/15/12.....	895,000
Steinway Musical Instruments+	
7.000%, 03/01/14.....	830,000

ENERGY--2.7%	
Bluewater Finance Limited	
10.250%, 02/15/12.....	1,000,000
Copano Energy LLC	
8.125%, 03/01/16.....	935,000
Encore Acquisition Company	
7.250%, 12/01/17.....	825,000
Hanover Compress Company	
8.625%, 12/15/10.....	1,260,000

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SCHEDULE OF INVESTMENTS (Unaudited)

	PRINCIPAL AMOUNT	

CORPORATE NOTES/BONDS (CONTINUED)		
FINANCIALS--4.4%		
E*Trade Financial Corporation		
8.000%, 06/15/11.....	\$ 870,000	\$
Ford Motor Credit Company		
7.000%, 10/01/13.....	1,950,000	
General Motors Acceptance Corporation		
8.000%, 11/01/31.....	1,590,000	
Labranche & Company, Inc.		
11.000%, 05/15/12.....	1,260,000	
Nielsen Finance, LLC+		
10.000%, 08/01/14.....	1,000,000	

HEALTHCARE--3.3%		
Bio-Rad Laboratories, Inc.		
7.500%, 08/15/13.....	500,000	
Hanger Orthopedic Group		
10.250%, 06/01/14.....	1,000,000	
HCA, Inc.		
7.875%, 02/01/11.....	910,000	
Iasis Healthcare Corporation		
8.750%, 06/15/14.....	1,000,000	
Town Sports International		
9.625%, 04/15/11.....	654,000	
Universal Hospital Services		
10.125%, 11/01/11.....	995,000	

INDUSTRIALS--7.2%		
Allied Waste North America		
7.250%, 03/15/15.....	1,165,000	
Douglas Dynamics, LLC+		
7.750%, 01/15/12.....	535,000	
Freeport-McMoRan Copper & Gold, Inc.		
10.125%, 02/01/10.....	1,010,000	
General Cable Corporation		
9.500%, 11/15/10.....	680,000	
Gibraltar Industries, Inc.+		
8.000%, 12/01/15.....	1,340,000	
Ineos Group Holdings+		
8.500%, 02/15/16.....	1,080,000	
INVISTA+		
9.250%, 05/01/12.....	1,315,000	
Nalco Company		
7.750%, 11/15/11.....	1,050,000	
Quebecor World Cap Corporation+		
8.750%, 03/15/16.....	975,000	
Superior Essex Communications, LLC		
9.000%, 04/15/12.....	900,000	
Tronox Worldwide Finance Corporation		
9.500%, 12/01/12.....	835,000	

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REAL ESTATE--1.5%	
Boyd Gaming Corporation	
7.750%, 12/15/12.....	1,090,000
Geo Group, Inc.	
8.250%, 07/15/13.....	1,120,000

4

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. AUGUST 31, 200

SCHEDULE OF INVESTMENTS (Unaudited)

	NUMBER OF SHARES/ PRINCIPAL AMOUNT	
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
TELECOMMUNICATIONS--5.6%		
Albritton Communications Company		
7.750%, 12/15/12.....	\$ 990,000	\$
Charter Communications Operating, LLC+		
8.000%, 04/30/12.....	900,000	
Cincinnati Bell, Inc.		
8.375%, 01/15/14.....	1,390,000	
CSC Holdings, Inc.		
7.875%, 02/15/18.....	785,000	
Hughes Network Systems, LLC+		
9.500%, 04/15/14.....	1,080,000	
Intelsat Holdings Company		
8.625%, 01/15/15.....	855,000	
Qwest Corporation		
8.875%, 03/15/12.....	1,390,000	
WII Compents, Inc.		
10.000%, 02/15/12.....	1,000,000	
TRANSPORTATION--0.6%		
Ship Finance International Limited		
8.500%, 12/15/13.....	1,000,000	
UTILITIES--0.4%		
NRG Energy, Inc.		
7.375%, 02/01/16.....	625,000	

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TOTAL CORPORATE NOTES/BONDS (COST \$65,508,734)		6
CONVERTIBLE PREFERRED STOCK--2.0%		
FINANCIAL--2.0%		
ACE Limited, 7.800%.....	26,025	
Merrill Lynch & Company, RIG CAP APP Notes Transocean, 11.000%, 10/31/06(a) ..	16,653	
Metlife, Inc., 6.375%.....	25,000	
XL Capital Limited, 6.500%.....	10,000	
XL Capital Limited, 7.000%.....	13,859	
TOTAL CONVERTIBLE PREFERRED STOCKS (COST \$2,259,784)		
PREFERRED STOCK--1.6%		
FINANCIAL--1.6%		
Felcor Lodging Trust, Inc.....	40,000	
Public Storage.....	40,000	
TransCanada Corporation.....	14,905	
TOTAL PREFERRED STOCK (COST \$3,006,501)		
PREFERRED TERM SECURITIES(a)--11.5%		
Alesco Preferred Funding IX+.....	1,000	
Alesco Preferred Funding X+.....	1,000	
Alesco Preferred Funding XI+.....	5000	
Alesco Trust Funding+.....	15,000	
I-Preferred Term Securities IV.....	100,000	
Preferred Term Securities IV.....	200,000	
Preferred Term Securities XIII.....	1000,000	
Preferred Term Securities XIV.....	2000,000	
Preferred Term Securities XV.....	200,000	
Preferred Term Securities XVI.....	100,000	

5

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. AUGUST 31, 200

SCHEDULE OF INVESTMENTS (Unaudited)

	NUMBER OF SHARES/ WRITTEN CONTRACTS	
PREFERRED TERM SECURITIES (CONTINUED)		
Preferred Term Securities XVII.....	60,000	\$
Preferred Term Securities XVIII.....	100,000	
Preferred Term Services XIX+.....	100,000	

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Preferred Term Securities XX.....	100,000	
Preferred Term Securities XXI.....	100,000	
Preferred Term Services XXII+.....	1,000	
Taberna Preferred Funding I+.....	250	
Taberna Preferred Funding II+.....	500	
Taberna Preferred Funding Limited+.....	50,000	
TOTAL PREFERRED TERM SECURITIES (COST \$17,372,978)		1
CASH EQUIVALENT(b)--2.5%		
SEI Daily Income Trust, Prime Obligations Fund, Class A Shares, 5.310%.....	877,645	
SEI Daily Income Trust, Treasury Fund, Class A Shares, 5.220%.....	2,931,650	
TOTAL CASH EQUIVALENT (COST \$3,809,295)		
TOTAL INVESTMENTS--135.0%		
(COST \$195,269,553)*		20
COVERED CALL OPTIONS WRITTEN--(0.2)%		
Alcoa, Inc. Oct. 30.....	(250)	
Bank Of America Corporation Oct. 52.50.....	(200)	
Bristol-Myers Squibb Company Sept. 22.50.....	(250)	
Chevron Corporation Sept. 65.....	(300)	
Chubb Corporation Sept. 50.....	(70)	
Goldman Sachs Group, Inc. Sept. 155.....	(200)	
Halliburton Company Oct. 37.50.....	(200)	
Hartford Financial Services Group, Inc. Sept. 85.....	(392)	
Marathon Oil Corporation Sept. 90.....	(200)	
National City Corporation Oct. 37.5.....	(1,000)	
New Century Financial Corporation Sept. 40.....	(350)	
Washington Mutual, Inc. Sept. 45.....	(500)	
Weyerhaeuser Company Sept. 60.....	(200)	
TOTAL COVERED CALL OPTIONS WRITTEN (PREMIUMS RECEIVED \$308,278)		
OTHER LIABILITIES IN EXCESS OF OTHER ASSETS -- (34.8)%		(5)
NET ASSETS -- 100.0%		\$15

* At August 31, 2006, the tax basis cost of the Fund's investments was \$19 and the unrealized appreciation and depreciation were \$14,386,500 and \$ (4,164,746), respectively.

+ Security exempt from registration under Rule 144A of the Securities Act. These securities may be resold in transactions exempt from registration to qualified institutions. At August 31, 2006, these securities amounted \$21,508,036 or 14.1% of net assets.

++ As of August 31, 2006, \$55,000,000 of commercial paper was outstanding with an amortized cost of \$54,629,901. The average discount rate of commercial paper outstanding at August 31, 2006, was 5.47%. The average daily balance of commercial paper outstanding for the quarter ended August 31, 2006, was \$54,640,121 with a weighted average discount rate of 5.47%. The maximum face amount of commercial paper outstanding at any time during the quarter ended August 31, 2006, 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 unutilized portion of the line of credit.

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balance. There were no borrowings under this arrangement during the quarter ended August 31, 2006.

- (a) Securities considered illiquid. The total value of such securities as of August 31, 2006 was \$18,658,684 and 12.3% of net assets.
- (b) Rate shown is the 7-day effective yield as of August 31, 2006
- (c) Securities are considered Master Limited Partnerships. At August 31, 2006, such securities amounted to \$15,909,294 or 10.5% of net assets.

6

CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

AUGUST 31, 2006

SCHEDULE OF INVESTMENTS (Unaudited)

IDS Income Deposit Security
LLC Limited Liability Company
LP Limited Partnership

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

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ITEM 2. CONTROLS AND PROCEDURES

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

(b) There were no significant changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that

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occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

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

SIGNATURES

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

(Registrant) Chartwell Dividend and Income Fund, Inc.

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

Winthrop S. Jessup, President
(Principal Executive Officer)

Date October 25, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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

Winthrop S. Jessup, President
(Principal Executive Officer)

Date October 25, 2006

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

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

Date October 25, 2006

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