

Flaherty & Crumrine Dynamic Preferred & Income Fund Inc  
Form N-Q  
April 27, 2018

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 811-22762

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated  
(Exact name of registrant as specified in charter)

301 E. Colorado Boulevard, Suite 720  
Pasadena, CA 91101  
(Address of principal executive offices) (Zip code)

R. Eric Chadwick

Flaherty & Crumrine Incorporated

301 E. Colorado Boulevard, Suite 720

Pasadena, CA 91101  
(Name and address of agent for service)

Registrant's telephone number, including area code: 626-795-7300

Date of fiscal year end: November 30

Date of reporting period: February 28, 2018

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

## Item 1. Schedule of Investments.

The Schedule(s) of Investments is attached herewith.

### *FLAHERTY & CRUMRINE DYNAMIC PREFERRED AND INCOME FUND*

To the Shareholders of Flaherty & Crumrine Dynamic Preferred and Income Fund (“DFP”):

Despite general weakness in most fixed-income markets (e.g., investment-grade corporate bonds), attributable mostly to higher benchmark interest rates, preferred securities performed reasonably well on a relative basis. Total return<sup>1</sup> on net asset value (“NAV”) for the first fiscal quarter was -0.6%, while total return on market price was -5.4%.

The U.S. economy remains on solid footing, with most economists forecasting faster growth in 2018. Inflation has remained in check thus far, and modest wage growth and strong business investment suggest that faster economic growth can be accommodated without the economy overheating. Faster economic growth combined with optimism around tax reform has caused interest rates to move modestly higher. Tax reform should be supportive of growth and investment, but much of it will be deficit-financed and could result in higher Treasury rates as government borrowing increases.

Investors often associate higher long-term interest rates with lower prices for preferred securities, and to some extent this is true. However, sensitivity of the Fund’s preferred portfolio to benchmark interest rates is much lower today than it was ten years ago. That is primarily attributable to larger holdings of fixed-to-floating rate securities relative to traditional fixed-for-life preferreds. Including these securities in a portfolio (~83% as of 2/28/2018) reduces sensitivity to benchmark interest rates. Moderate interest-rate sensitivity, along with a tightening of preferred credit spreads during the quarter, offset much of the weakness experienced by other fixed-income asset classes.

Most of the portfolio experienced credit-spread tightening as noted above, but one area of mixed performance was the energy sector, notably master limited partnerships (MLPs). The MLP industry appears to be in transition. The traditional MLP structure has struggled to meet investor expectations, leading some to collapse partnership structures into simpler organizations. Lower corporate tax rates from recent tax reform may accelerate that trend. While a simpler structure should benefit preferred investors over time, many MLPs issued preferreds in the last few months, causing yields to increase as concessions were offered to entice demand. Importantly, individual MLPs are in various stages of transition, and we remain comfortable with the level of MLP exposure in the Fund’s portfolio (~8.5% as of 2/28/2018). Many of the MLPs held by the Fund are among the strongest credits in the sector and a step ahead of peers in navigating these rough waters.

The Fund’s dividend rate was reduced during the quarter to reflect changes in interest rates and credit spreads that have cumulated over time. Tightening by the Federal Reserve has raised short-term interest rates and, therefore, leverage cost, while lower preferred yields have gradually reduced portfolio income. The investment objective of the Fund is total return, with an emphasis on high current income, and we believe the Fund will continue to meet that objective – although distributable income may be reduced as we proceed through this economic cycle. Fund shareholders have benefited from years of record-low interest rates and low leverage costs, but rates have moved up as the economy has improved. We believe the Fund’s strategy of investing in preferred securities and using leverage to increase income will continue to produce a competitive distribution rate for shareholders. We encourage shareholders to read the Fund’s 2017 annual report for a more-thorough discussion of this important topic.

<sup>1</sup> Following the methodology required by the Securities and Exchange Commission, total return assumes dividend reinvestment.

<sup>2</sup> December 1, 2017 — February 28, 2018

2

Market volatility is likely to increase from record-low levels as we move into later stages of this economic cycle, but we believe preferreds will continue to offer competitive performance. Their combination of credit quality and yield (much of which is tax-advantaged) will be difficult to replicate in other fixed-income asset classes.

As always, we encourage you to visit the Fund's website, [www.preferredincome.com](http://www.preferredincome.com), for timely and important information.

Sincerely,

The Flaherty & Crumrine Portfolio Management Team

March 31, 2018

Flaherty &amp; Crumrine Dynamic Preferred and Income Fund Incorporated

**PORTFOLIO OVERVIEW****February 28, 2018 (Unaudited)****Fund Statistics**

|                                 |            |
|---------------------------------|------------|
| Net Asset Value                 | \$ 25.67   |
| Market Price                    | \$ 24.56   |
| Discount                        | 4.32%      |
| Yield on Market Price           | 7.23%      |
| Common Stock Shares Outstanding | 19,161,549 |

| <b>Security Ratings**</b> | <b>% of<br/>Net<br/>Assets†</b> |
|---------------------------|---------------------------------|
| A                         | 0.2%                            |
| BBB                       | 49.1%                           |
| BB                        | 36.5%                           |
| Below “BB”                | 2.1%                            |
| Not Rated***              | 10.4%                           |

| <b>Portfolio Rating Guidelines</b>                             | <b>% of<br/>Net<br/>Assets†</b> |
|--|---------------------------------|
| Security Rated Below Investment Grade By All*****              | 36.7%                           |
| Issuer or Senior Debt Rated Below Investment Grade by All***** | 2.7%                            |

\*\*Ratings are from Moody’s Investors Service, Inc. “Not Rated” securities are those with no ratings available from Moody’s.

\*\*\*Excludes common stock and money market fund investments and net other assets and liabilities of 1.7%.

\*\*\*\*Security rating below investment grade by all of Moody’s, Standard & Poor’s, and Fitch Ratings.

\*\*\*\*\*Security rating and issuer’s senior unsecured debt or issuer rating are below investment grade by all of Moody’s, S&P, and Fitch. The Fund’s investment policy currently limits such securities to 20% of Net Assets.

**Industry Categories\* % of Net Assets†**

| <b>Top 10 Holdings by Issuer</b> | <b>% of Net Assets†</b> |
|----------------------------------|-------------------------|
| Citigroup Inc                    | 4.6%                    |
| Morgan Stanley                   | 4.4%                    |
| Bank of America Corporation      | 4.1%                    |
| MetLife Inc                      | 4.1%                    |
| PNC Financial Services Group Inc | 4.0%                    |
| Liberty Mutual Group             | 3.5%                    |
| JPMorgan Chase & Co              | 3.1%                    |
| Lloyds Banking Group PLC         | 3.1%                    |
| Fifth Third Bancorp              | 2.8%                    |
| Enbridge Energy Partners         | 2.7%                    |

**% of Net Assets\*\*\*\*\*†**

Holdings  
Generating  
Qualified  
Dividend 65%  
Income  
(QDI) for  
Individuals  
  
Holdings  
Generating  
Income  
Eligible for  
the 49%  
Corporate  
Dividends  
Received  
Deduction  
(DRD)

\*\*\*\*\*This does not reflect year-end results or actual tax categorization of Fund distributions. These percentages can, and do, change, perhaps significantly, depending on market conditions. Investors should consult their tax advisor regarding their personal situation.

†Net Assets includes assets attributable to the use of leverage.

Flaherty &amp; Crumrine Dynamic Preferred and Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS****February 28, 2018 (Unaudited)****Shares/\$  
Par****Value****Preferred Securities\$ — 95.9%****Banking — 60.7%**

|              |   |  |
|--------------|---|--|
| \$ 1,738,000 | Australia<br>&<br>New<br>Zealand<br>Banking<br>Group<br>Ltd.,<br>to<br>06/15/26<br>then<br>ISDA5<br>+<br>5.168%,<br>144A****<br>Banco Bilbao Vizcaya<br>Argentaria SA:<br>6.125%<br>to<br>11/16/27<br>then 7,140,000<br>SW5<br>+<br>3.87%<br>9.00%<br>to<br>05/09/18<br>then<br>SW5<br>+<br>8.262%,<br>144A**** | 6,751,905,283<br>** <sup>(2)</sup><br>** <sup>(1)(2)</sup><br>** <sup>(2)</sup><br>** <sup>(2)</sup> |
| \$ 1,660,000 | 1,811,807   | ** <sup>(2)</sup>  |



Banco  
Mercantil  
del  
Norte  
SA,  
7.625%  
to  
01/06/28  
then  
T10Y  
+  
5.353%,  
144A\*\*\*\*

Bank of America Corporation:  
6.00%,  
40,000 Series 1,053,600 \*

EE  
6.30%  
to  
03/10/26  
then  
\$ 1,800,000 3ML 1,980,000 \*(1)

+  
4.553%,  
Series  
DD  
6.50%  
to  
10/23/24  
then  
\$ 9,107,000 3ML 9,996,754 \*(1)

+  
4.174%,  
Series  
Z  
3ML  
+  
\$ 3,350,000 3.63%, 3,379,313 \*(1)

5.3969%<sup>(3)</sup>,  
Series  
K  
\$ 14,105,000 8.125%, 14,334,206 \*(1)

to  
05/15/18  
then  
3ML  
+  
3.64%,  
Series

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|               |                       |            |           |
|---------------|-----------------------|------------|-----------|
|               | M                     |            |           |
|               | Barclays              |            |           |
|               | Bank                  |            |           |
|               | PLC,                  |            |           |
|               | 7.875%                |            |           |
|               | to                    |            |           |
| \$ 8,378,000  | 03/15/25              | 56,660     | ** (1)(2) |
|               | then                  |            |           |
|               | SW5                   |            |           |
|               | +                     |            |           |
|               | 6.772%,               |            |           |
|               | 144A****              |            |           |
|               | BNP Paribas:          |            |           |
|               | 7.375%                |            |           |
|               | to                    |            |           |
|               | 08/19/25              |            |           |
| \$ 11,200,000 | then                  | 12,474,000 | ** (1)(2) |
|               | SW5                   |            |           |
|               | +                     |            |           |
|               | 5.15%,                |            |           |
|               | 144A****              |            |           |
|               | 7.625%                |            |           |
|               | to                    |            |           |
|               | 03/30/21              |            |           |
| \$ 2,000,000  | then                  | 2,180,000  | ** (2)    |
|               | SW5                   |            |           |
|               | +                     |            |           |
|               | 6.314%,               |            |           |
|               | 144A****              |            |           |
|               | Capital One Financial |            |           |
|               | Corporation:          |            |           |
|               | 6.00%,                |            |           |
| 3,645         | Series                | 92,765     | *         |
|               | B                     |            |           |
|               | 6.00%,                |            |           |
| 25,700        | Series                | 678,994    | *         |
|               | H                     |            |           |
|               | 6.70%,                |            |           |
| 66,679        | Series                | 1,780,329  | *(1)      |
|               | D                     |            |           |
|               | Citigroup, Inc.:      |            |           |
| 1,191,837     | 6.875%                | 3,597,885  | *(1)      |
|               | to                    |            |           |
|               | 11/15/23              |            |           |
|               | then                  |            |           |
|               | 3ML                   |            |           |
|               | +                     |            |           |
|               | 4.13%,                |            |           |

|              |   |      |
|--------------|---|------|
|              | Series<br>K<br>7.125%<br>to<br>09/30/23<br>then   |      |
| 24,371       | 3ML 699,935   | *    |
|              | +<br>4.04%,<br>Series<br>J<br>Citizens<br>Financial<br>Group,<br>Inc.,<br>5.50%<br>to<br>04/06/24 |      |
| \$ 5,000,000 | 5,000,000   | *(1) |
|              | then<br>3ML<br>+<br>3.96%,<br>Series<br>A<br>CoBank ACB:<br>6.20%<br>to<br>01/01/25<br>then       |      |
| 38,100       | 3ML 4,083,367   | *    |
|              | +<br>3.744%,<br>Series<br>H,<br>144A****<br>6.25%<br>to<br>10/01/22<br>then                       |      |
| 3,450        | 3ML 370,875   | *    |
|              | +<br>4.557%,<br>Series<br>F,<br>144A****<br>6.25%<br>to<br>10/01/26<br>then                       |      |
| \$ 550,000   | 599,978   | *    |

|              |                      |                 |
|--------------|----------------------|-----------------|
|              | 3ML                  |                 |
|              | +                    |                 |
|              | 4.66%,               |                 |
|              | Series               |                 |
|              | I,                   |                 |
|              | 144A****             |                 |
|              | Compeer              |                 |
|              | Financial            |                 |
|              | ACA,                 |                 |
|              | 6.75%                |                 |
|              | to                   |                 |
| 7,000        | 08/15/23             | 260,000 *       |
|              | then                 |                 |
|              | 3ML                  |                 |
|              | +                    |                 |
|              | 4.58%,               |                 |
|              | 144A****             |                 |
|              | Credit               |                 |
|              | Agricole             |                 |
|              | SA,                  |                 |
|              | 7.875%               |                 |
| \$ 915,000   | to                   | 1,023,656 **(2) |
|              | 01/23/24             |                 |
|              | then                 |                 |
|              | SW5                  |                 |
|              | +                    |                 |
|              | 4.898%,              | 144A****        |
|              | Fifth                |                 |
|              | Third                |                 |
|              | Bancorp,             |                 |
|              | 6.625%               |                 |
|              | to                   |                 |
| 724,983      | 12/31/23             | 20,843,261 *(1) |
|              | then                 |                 |
|              | 3ML                  |                 |
|              | +                    |                 |
|              | 3.71%,               |                 |
|              | Series               |                 |
|              | I                    |                 |
|              | First                |                 |
|              | Horizon              |                 |
|              | National             |                 |
| 5,000        | Corporation          | 27,691 *        |
|              | 6.20%,               |                 |
|              | Series               |                 |
|              | A                    |                 |
|              | Goldman Sachs Group: |                 |
| \$ 2,000,000 | 5.00%                | 1,950,240 *(1)  |
|              | to                   |                 |

|              |                    |           |
|--------------|--------------------|-----------|
|              | 11/10/22           |           |
|              | then               |           |
|              | 3ML                |           |
|              | +                  |           |
|              | 2.874%,            |           |
|              | Series             |           |
|              | P                  |           |
|              | 5.50%              |           |
|              | to                 |           |
|              | 05/10/23           |           |
| 10,000       | then               |           |
|              | 3ML 267,611        | *         |
|              | +                  |           |
|              | 3.64%,             |           |
|              | Series             |           |
|              | J                  |           |
| 54,609       | 6.30%,             |           |
|              | Series 461,883     | *         |
|              | N                  |           |
|              | 6.375%             |           |
|              | to                 |           |
|              | 05/10/24           |           |
| 531,522      | then               |           |
|              | 3ML 14,871,986     | *(1)      |
|              | +                  |           |
|              | 3.55%,             |           |
|              | Series             |           |
|              | K                  |           |
|              | HSBC Holdings PLC: |           |
|              | 6.00%              |           |
|              | to                 |           |
|              | 05/22/27           |           |
| \$ 1,000,000 | then 1,024,000     | ** (1)(2) |
|              | ISDA5              |           |
|              | +                  |           |
|              | 3.746%             |           |
|              | 6.875%             |           |
|              | to                 |           |
|              | 06/01/21           |           |
| \$ 3,988,000 | then 4,277,130     | ** (1)(2) |
|              | ISDA5              |           |
|              | +                  |           |
|              | 5.514%             |           |
| \$ 4,458,000 | HSBC 141,181       | (1)(2)    |
|              | Capital            |           |
|              | Funding            |           |
|              | LP,                |           |
|              | 10.176%            |           |
|              | to                 |           |

06/30/30  
then  
3ML  
+  
4.98%,  
144A\*\*\*\*

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

February 28, 2018 (Unaudited)

| Shares/\$<br>Par            | Value                            |
|-----------------------------|----------------------------------|
| <b>Preferred Securities</b> |                                  |
| <b>— (Continued)</b>        |                                  |
|                             | <b>Banking —<br/>(Continued)</b> |
|                             | Huntington Bancshares,<br>Inc.:  |
|                             | 5.700%                           |
|                             | to                               |
|                             | 04/15/23                         |
|                             | then                             |
| \$ 3,200,000                | 3ML13,230,000 *                  |
|                             | +                                |
|                             | 2.88%,                           |
|                             | Series                           |
|                             | E                                |
| 332,000                     | 6.25%,<br>Series, 987,240 *(1)   |
|                             | D                                |
|                             | ING                              |
| 114,400                     | Groep,<br>NV, 2,957,240 **(1)(2) |
|                             | 6.375%                           |
|                             | JPMorgan Chase &<br>Company:     |
|                             | 6.00%                            |
|                             | to                               |
|                             | 08/01/23                         |
|                             | then                             |
| \$ 10,700,000               | 3ML11,213,600 *(1)               |
|                             | +                                |
|                             | 3.30%,                           |
|                             | Series                           |
|                             | R                                |

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|               |                  |           |
|---------------|------------------|-----------|
|               | 6.75%            |           |
|               | to               |           |
|               | 02/01/24         |           |
|               | then             |           |
| \$ 8,000,000  | 3ML8,850,000     | *(1)      |
|               | +                |           |
|               | 3.78%,           |           |
|               | Series           |           |
|               | S                |           |
|               | 7.90%            |           |
|               | to               |           |
|               | 04/30/18         |           |
|               | then             |           |
| \$ 3,331,000  | 3ML3,364,310     | *(1)      |
|               | +                |           |
|               | 3.47%,           |           |
|               | Series           |           |
|               | I                |           |
|               | KeyCorp,         |           |
|               | 6.125%           |           |
|               | to               |           |
|               | 12/15/26         |           |
| 283,700       | then 7,903,939   | *(1)      |
|               | 3ML              |           |
|               | +                |           |
|               | 3.892%,          |           |
|               | Series           |           |
|               | E                |           |
|               | Lloyds           |           |
|               | Banking          |           |
|               | Group            |           |
|               | PLC,             |           |
|               | 6.657%           |           |
| \$ 14,022,000 | to 16,300,575    | ** (1)(2) |
|               | 05/21/37         |           |
|               | then             |           |
|               | 3ML              |           |
|               | +                |           |
|               | 1.27%,           |           |
|               | 144A****         |           |
| \$ 5,200,000  | Lloyds 6,786,629 | (2)       |
|               | TSB              |           |
|               | Bank             |           |
|               | PLC,             |           |
|               | 12.00%           |           |
|               | to               |           |
|               | 12/16/24         |           |
|               | then             |           |
|               | 3ML              |           |
|               | +                |           |



|               |   |  |
|---------------|---|--|
|               | 11.756%,<br>144A****  |  |
|               | M&T<br>Bank<br>Corporation,<br>6.45%<br>to<br>02/15/24                                      |  |
| \$ 15,425,000 | then 17,142,265 *(1)  |  |
|               | 3ML<br>+<br>3.61%,<br>Series<br>E<br>Macquarie<br>Bank<br>Ltd.,<br>6.125%<br>to<br>03/08/24 |  |
| \$ 1,700,000  | 8,234,000 **(2)   |  |
|               | then<br>SW5<br>+<br>3.703%,<br>144A****   |  |
|               | MB<br>Financial,<br>Inc., 3,373,139 *(1)  |  |
| 135,740       | 6.00%,<br>Series<br>C<br>Morgan Stanley:<br>5.85%<br>to<br>04/15/27                         |  |
| 251,971       | then 3MI6,757,862 *(1)  |  |
|               | +<br>3.491%,<br>Series<br>K<br>6.875%, 190,079 *(1)   |  |
| 674,994       | to<br>01/15/24<br>then<br>3ML<br>+<br>3.94%,<br>Series                                      |  |

|              |                        |      |
|--------------|------------------------|------|
|              | F                      |      |
|              | 7.125%                 |      |
|              | to                     |      |
|              | 10/15/23               |      |
|              | then                   |      |
| 241,200      | 3ML16,980,328          | *(1) |
|              | +                      |      |
|              | 4.32%,                 |      |
|              | Series                 |      |
|              | E                      |      |
|              | New                    |      |
|              | York                   |      |
|              | Community              |      |
|              | Bancorp,               |      |
|              | Inc.,                  |      |
|              | 6.375%                 |      |
| 549,300      | to 15,462,795          | *(1) |
|              | 03/17/27               |      |
|              | then                   |      |
|              | 3ML                    |      |
|              | +                      |      |
|              | 3.821%,                |      |
|              | Series                 |      |
|              | A                      |      |
|              | People's               |      |
|              | United                 |      |
|              | Financial,             |      |
|              | 5.625%                 |      |
|              | to                     |      |
| 35,000       | 12/15/26               | *    |
|              | then 930,426           |      |
|              | 3ML                    |      |
|              | +                      |      |
|              | 4.02%,                 |      |
|              | Series                 |      |
|              | A                      |      |
|              | PNC Financial Services |      |
|              | Group, Inc.:           |      |
|              | 6.125%                 |      |
|              | to                     |      |
|              | 05/01/22               |      |
|              | then                   |      |
| 685,080      | 3ML19,137,299          | *(1) |
|              | +                      |      |
|              | 4.067%,                |      |
|              | Series                 |      |
|              | P                      |      |
| \$ 9,928,000 | 6.7510,742,791         | *(1) |
|              | to                     |      |

08/01/21  
then  
3ML  
+  
3.678%,  
Series  
O  
RaboBank  
Nederland,  
11.00%  
to  
\$ 6,125,000 06/30/19 6,714,531 (1)(2)  
then  
3ML  
+  
10.868%,  
144A\*\*\*\*  
Regions  
Financial  
Corporation,  
6.375%  
to  
627,170 09/15/24 17,301,488 \*(1)  
then  
3ML  
+  
3.536%,  
Series  
B  
Royal  
Bank  
of  
Scotland  
Group  
PLC:  
RBS  
Capital  
\$ 4,825,000 Trust, 9,910,625 \*\*(1)(2)  
II,  
6.425%  
to  
01/03/34  
then  
3ML  
+  
1.9425%  
Societe Generale SA:  
\$ 8,200,000 7.378%, 8,856,000 \*\*(1)(2)  
to

09/13/21  
then  
SW5  
+  
6.238%,  
144A\*\*\*\*  
8.00%  
to  
09/29/25  
then 5,775,000   \*\*(1)(2)  
ISDA5  
+  
5.873%,  
144A\*\*\*\*  
Sovereign  
Bancorp:  
Sovereign  
REIT, 4,980,000  
4,000 12.00%,  
Series  
A,  
144A\*\*\*\*  
Standard Chartered PLC:  
7.50%  
to  
04/02/22  
then 6,328,349   \*\*(1)(2)  
\$ 5,835,000 SW5  
+  
6.301%,  
144A\*\*\*\*  
7.75%  
to  
04/02/23  
then 4,355,000   \*\*(1)(2)  
\$ 4,000,000 SW5  
+  
5.723%,  
144A\*\*\*\*  
26,174 State 13,241   \*(1)  
Street  
Corporation,  
5.90%  
to  
03/15/24  
then  
3ML  
+  
3.108%,

|         |                |           |      |
|---------|----------------|-----------|------|
|         | Series         |           |      |
|         | D              |           |      |
|         | Sterling       |           |      |
|         | Bancorp,       |           |      |
| 23,596  | 6.50%          | 1,821,500 | *    |
|         | Series         |           |      |
|         | A              |           |      |
|         | SunTrust       |           |      |
|         | Banks,         |           |      |
|         | Inc.,          |           |      |
| 315,008 | 7.944%         | 1,502,000 | *    |
|         | 5.875%         |           |      |
|         | Series         |           |      |
|         | E              |           |      |
|         | US             |           |      |
|         | Bancorp,       |           |      |
|         | 6.50%          |           |      |
|         | to             |           |      |
|         | 01/15/22       |           |      |
| 43,095  | then 1,212,525 |           | *(1) |
|         | 3ML            |           |      |
|         | +              |           |      |
|         | 4.468%,        |           |      |
|         | Series         |           |      |
|         | F              |           |      |
|         | Valley         |           |      |
|         | National       |           |      |
|         | Bancorp,       |           |      |
|         | 6.25%          |           |      |
|         | to             |           |      |
|         | 06/30/25       |           |      |
| 50,000  | then 1,382,000 |           | *    |
|         | 3ML            |           |      |
|         | +              |           |      |
|         | 3.85%,         |           |      |
|         | Series         |           |      |
|         | A              |           |      |

Flaherty &amp; Crumrine Dynamic Preferred and Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)****February 28, 2018 (Unaudited)**

| <b>Shares/\$<br/>Par</b>    | <b>Value</b>                                |           |
|-----------------------------|---|-----------|
| <b>Preferred Securities</b> |   |           |
| <b>— (Continued)</b>        |   |           |
|                             | <b>Banking —</b>                            |           |
|                             | <b>(Continued)</b>                          |           |
|                             | Wells Fargo & Company:                      |           |
| 27,000                      | 5.625%,<br>Series Y                         | *         |
|                             | \$16,793,374                                |           |
|                             | 5.85%<br>to<br>09/15/23<br>then             |           |
| 180,300                     | 3ML   | *(1)      |
|                             | \$4,817,616                                 |           |
|                             | +<br>3.09%,<br>Series<br>Q                  |           |
| 759                         | 7.50%,<br>Series L                          | *         |
|                             | \$67,725                                    |           |
|                             | 7.98%<br>to<br>06/15/18<br>then             |           |
| \$ 13,025,000               | 3ML   | *(1)      |
|                             | \$13,252,938                                |           |
|                             | +<br>3.77%,<br>Series<br>K                  |           |
| \$ 3,700,000                | Westpac<br>Banking<br>Corporation,<br>5.00% | ** (1)(2) |
|                             | \$1,397                                     |           |

to  
09/21/27  
then  
ISDA5  
+  
2.888%

Zions Bancorporation:  
6.30%

to  
03/15/23  
then  
3ML268,701

10,000

\*

+  
4.24%,  
Series  
G  
7.20%

to  
09/15/23  
then

\$ 10,000,000

3ML11,050,000

\*(1)

+  
4.44%,  
Series  
J

451,837,462

**Financial Services — 0.6%**

AerCap  
Global  
Aviation  
Trust,  
6.50%

to  
06/15/25

\$ 1,440,000

3ML1,369,600

(1)(2)

then  
3ML  
+  
4.30%,  
06/15/45,  
144A\*\*\*\*

\$ 1,500,000

E\*TRADE

\*

Financial  
Corporation,  
5.30%

to  
03/15/23  
then  
3ML  
+

|                          |  |  |      |
|--------------------------|--|--|------|
|                          | 3.16%,<br>Series<br>B<br>General<br>Motors<br>Financial<br>Company,<br>5.75%<br>to<br>\$ 1,420,000 | 09/30/2013,288                                   | *    |
|                          | then<br>3ML<br>+<br>3.598%,<br>Series<br>A<br>4,497,888  |  |      |
| <b>Insurance — 20.5%</b> |  |  |      |
|                          | Allstate<br>Corporation,<br>373,578  | 6.625%, 77,664                                   | *(1) |
|                          | Series<br>E<br>American<br>International<br>Group:<br>8.175%<br>to<br>\$ 350,000                   | 05/15/2013,375                                   |      |
|                          | then<br>3ML<br>+<br>4.195%,<br>05/15/58<br>AIG<br>Life<br>Holdings,<br>\$ 280,000                  | Inc., 350,700<br>7.57%<br>12/01/45,<br>144A****  |      |
|                          | AIG<br>Life<br>Holdings,<br>\$ 497,000   | Inc., 692,073<br>8.125%<br>03/15/46,<br>144A**** |      |
|                          | \$ 680,000   | 878,900  | (1)  |



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|              |   |            |
|--------------|---|------------|
|              | Aon<br>Corporation,<br>8.205%<br>01/01/27   |            |
|              | Arch Capital Group, Ltd.:   |            |
| 38,000       | 5.25%,<br>Series 893,000<br>E   | ** (2)     |
| 33,000       | 5.45%,<br>Series 798,270<br>F   | ** (2)     |
| \$ 6,550,000 | AXA<br>SA,<br>6.379%<br>to<br>12/14/36<br>then 7,630,750<br>3ML<br>+<br>2.256%,<br>144A****                     | ** (1) (2) |
| 306,000      | Delphi<br>Financial<br>Group,<br>3ML 7,038,000<br>+<br>3.19%,<br>5.0288% <sup>(3)</sup><br>05/15/37             | (1)        |
| \$ 754,000   | Everest<br>Reinsurance<br>Holdings,<br>3ML 741,559<br>+<br>2.385%,<br>4.2238% <sup>(3)</sup><br>05/15/37        | (1)        |
| 137,500      | Hartford<br>Financial<br>Services<br>Group,<br>Inc.,<br>7.875%<br>to<br>04/15/22<br>then<br>3ML<br>+<br>5.596%, | (1)        |

|               |                |            |     |
|---------------|----------------|------------|-----|
|               | 04/15/42       |            |     |
|               | Liberty        |            |     |
|               | Mutual         |            |     |
| \$ 20,983,000 | Group          | 26,123,835 | (1) |
|               | 7.80%          |            |     |
|               | 03/15/37,      |            |     |
|               | 144A****       |            |     |
|               | MetLife, Inc.: |            |     |
|               | 9.25%          |            |     |
| \$ 17,200,000 | 04/08/48       | 23,000     | (1) |
|               | 144A****       |            |     |
|               | 10.75%         |            |     |
| \$ 3,759,000  | 08/01/39       | 6,023,798  | (1) |

## Flaherty &amp; Crumrine Dynamic Preferred and Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)****February 28, 2018 (Unaudited)**

| <b>Shares/\$<br/>Par</b>    | <b>Value</b>                |           |
|-----------------------------|-----------------------------|-----------|
| <b>Preferred Securities</b> |                             |           |
| <b>— (Continued)</b>        |                             |           |
|                             | <b>Insurance —</b>          |           |
|                             | <b>(Continued)</b>          |           |
|                             | PartnerRe Ltd.:             |           |
| 77,450                      | 5.875%,<br>Series I         | ** (1)(2) |
|                             | \$1,985,043                 |           |
| 37,556                      | 6.50%,<br>Series G          | ** (1)(2) |
|                             | \$988,098                   |           |
| 236,349                     | 7.25%,<br>Series H          | ** (1)(2) |
|                             | \$6,530,323                 |           |
|                             | Prudential Financial, Inc.: |           |
|                             | 5.625%                      |           |
|                             | to                          |           |
|                             | 06/15/23                    |           |
| \$ 2,727,000                | then 3ML                    | (1)       |
|                             | \$2,880,394                 |           |
|                             | +                           |           |
|                             | 3.92%,                      |           |
|                             | 06/15/43                    |           |
|                             | 5.875%                      |           |
|                             | to                          |           |
|                             | 09/15/22                    |           |
| \$ 5,848,000                | then 3ML                    | (1)       |
|                             | \$6,286,600                 |           |
|                             | +                           |           |
|                             | 4.175%,                     |           |
|                             | 09/15/42                    |           |
| \$ 13,160,000               | QBE Insurance               | (1)(2)    |
|                             | \$14,969,500                |           |

|               |                           |                   |
|---------------|---------------------------|-------------------|
|               | Group                     |                   |
|               | Ltd.,                     |                   |
|               | 7.50%                     |                   |
|               | to                        |                   |
|               | 11/24/23                  |                   |
|               | then                      |                   |
|               | SW10                      |                   |
|               | +                         |                   |
|               | 6.03%,                    |                   |
|               | 11/24/43,                 |                   |
|               | 144A****                  |                   |
|               | Unum                      |                   |
|               | Group:                    |                   |
|               | Provident                 |                   |
| \$ 1,750,000  | Financing                 |                   |
|               | Trust                     | 1,995,000         |
|               | I,                        |                   |
|               | 7.405%                    |                   |
|               | 03/15/38                  |                   |
|               | W.R. Berkley Corporation: |                   |
| 95,479        | 5.625%                    |                   |
|               | 04/30/53                  | 2,454,765 (1)     |
| 211,928       | 5.75%                     |                   |
|               | 06/01/56                  | 5,439,980 (1)     |
| 1,530         | 5.90%                     |                   |
|               | 03/01/56                  | 39,229            |
|               | XL Group Limited:         |                   |
|               | Catlin                    |                   |
|               | Insurance                 |                   |
|               | Company                   |                   |
|               | Ltd.,                     |                   |
| \$ 14,338,000 | 3ML                       | 14,122,930 (1)(2) |
|               | +                         |                   |
|               | 2.975%,                   |                   |
|               | 4.7142% <sup>(3)</sup> ,  |                   |
|               | 144A****                  |                   |
|               | XL                        |                   |
|               | Capital                   |                   |
|               | Ltd.,                     |                   |
|               | 3ML                       |                   |
| \$ 4,850,000  | +                         | 4,637,813 (1)(2)  |
|               | 2.4575%,                  |                   |
|               | 4.1790% <sup>(3)</sup> ,  |                   |
|               | Series                    |                   |
|               | E                         |                   |
|               |                           | 152,076,224       |
|               | Utilities — 4.7%          |                   |
| \$ 2,545,000  |                           | 2,723,150         |

|              |              |        |
|--------------|--------------|--------|
|              | Commonwealth |        |
|              | Edison:      |        |
|              | COMED        |        |
|              | Financing    |        |
|              | III,         |        |
|              | 6.35%        |        |
|              | 03/15/33     |        |
|              | Dominion     |        |
|              | Energy,      |        |
|              | Inc.,        |        |
| 454,000      | 5.25%        | (1)    |
|              | 1,054,945    |        |
|              | 07/30/76,    |        |
|              | Series       |        |
|              | A            |        |
|              | DTE          |        |
|              | Energy       |        |
|              | Company,     |        |
| 47,000       | 5.37%        | (1)    |
|              | 1,158,545    |        |
|              | 06/01/76,    |        |
|              | Series       |        |
|              | B            |        |
|              | Emera,       |        |
|              | Inc.,        |        |
|              | 6.75%        |        |
|              | to           |        |
|              | 06/15/26     |        |
| \$ 6,830,000 | then         | (1)(2) |
|              | 3ML          |        |
|              | 7,615,450    |        |
|              | +            |        |
|              | 5.44%,       |        |
|              | 06/15/76,    |        |
|              | Series       |        |
|              | 2016A        |        |
|              | Georgia      |        |
|              | Power        |        |
|              | Company,     |        |
| 19,016       | 5.00%        |        |
|              | 1,164,276    |        |
|              | 10/01/77,    |        |
|              | Series       |        |
|              | 2017A        |        |
| 121,452      | 2.24%        | (1)    |
|              | 1,248,841    |        |
|              | Energy       |        |
|              | Group,       |        |
|              | Inc.,        |        |
|              | 6.00%        |        |
|              | to           |        |
|              | 08/01/23     |        |
|              | then         |        |
|              | 3ML          |        |

|                      |                        |      |
|----------------------|------------------------|------|
|                      | +                      |      |
|                      | 3.22%,                 |      |
|                      | 08/01/73               |      |
|                      | PPL                    |      |
|                      | Corp:                  |      |
|                      | PPL                    |      |
|                      | Capital                |      |
|                      | Funding,               |      |
|                      | Inc.,                  |      |
| \$ 6,163,000         | 3ML6,147,593           | (1)  |
|                      | +                      |      |
|                      | 2.665%,                |      |
|                      | 4.3584% <sup>(3)</sup> |      |
|                      | 03/30/67,              |      |
|                      | Series                 |      |
|                      | A                      |      |
|                      | Puget                  |      |
|                      | Sound                  |      |
|                      | Energy,                |      |
|                      | Inc.,                  |      |
|                      | 3ML                    |      |
| \$ 2,131,000         | + 2,115,018            | (1)  |
|                      | 2.53%,                 |      |
|                      | 4.5363% <sup>(3)</sup> |      |
|                      | 06/01/67,              |      |
|                      | Series                 |      |
|                      | A                      |      |
|                      | Southern               |      |
|                      | California             |      |
|                      | Edison:                |      |
|                      | SCE                    |      |
|                      | Trust                  |      |
|                      | V,                     |      |
| 15,000               | 5.45%                  |      |
|                      | to 392,346             | *(1) |
|                      | 03/15/26               |      |
|                      | then                   |      |
|                      | 3ML                    |      |
|                      | +                      |      |
|                      | 3.79%,                 |      |
|                      | Series                 |      |
|                      | K                      |      |
|                      | 34,920,164             |      |
| <b>Energy — 7.2%</b> |                        |      |
| \$ 9,780,000         | DCP9,315,450           | (1)  |
|                      | Midstream              |      |
|                      | LLC,                   |      |
|                      | 5.85%                  |      |
|                      | to                     |      |

|               |                        |                  |
|---------------|------------------------|------------------|
|               | 05/21/23               |                  |
|               | then                   |                  |
|               | 3ML                    |                  |
|               | +                      |                  |
|               | 3.85%,                 |                  |
|               | 05/21/43,              |                  |
|               | 144A****               |                  |
|               | DCP                    |                  |
|               | Midstream              |                  |
|               | LP,                    |                  |
|               | 7.375%                 |                  |
|               | to                     |                  |
| \$ 3,500,000  | 12/15/22               | 3,537,188 (1)    |
|               | then                   |                  |
|               | 3ML                    |                  |
|               | +                      |                  |
|               | 5.148%,                |                  |
|               | Series                 |                  |
|               | A                      |                  |
|               | Enbridge,              |                  |
|               | Inc.,                  |                  |
|               | 6.00%                  |                  |
|               | to                     |                  |
| \$ 3,500,000  | 01/15/27               | 3,552,500 (1)(2) |
|               | then                   |                  |
|               | 3ML                    |                  |
|               | +                      |                  |
|               | 3.89%,                 |                  |
|               | 01/15/77               |                  |
|               | Enbridge               |                  |
|               | Energy                 |                  |
|               | Partners               |                  |
|               | LP,                    |                  |
| \$ 19,804,000 | 3ML                    | 19,853,510 (1)   |
|               | +                      |                  |
|               | 3.7975%,               |                  |
|               | 5.4917% <sup>(3)</sup> |                  |
|               | 10/01/37               |                  |

Flaherty &amp; Crumrine Dynamic Preferred and Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)****February 28, 2018 (Unaudited)**

| <b>Shares/\$<br/>Par</b>    | <b>Value</b>            |     |
|-----------------------------|-------------------------|-----|
| <b>Preferred Securities</b> |                         |     |
| <b>— (Continued)</b>        |                         |     |
|                             | <b>Energy —</b>         |     |
|                             | <b>(Continued)</b>      |     |
|                             | Enterprise Products     |     |
|                             | Operating L.P.:         |     |
|                             | 3ML                     |     |
|                             | +                       |     |
|                             | 3.7075%,                |     |
| \$ 3,750,000                | 5.4809725,938           | (1) |
|                             | 08/01/66,               |     |
|                             | Series                  |     |
|                             | A                       |     |
|                             | 3ML                     |     |
|                             | +                       |     |
| \$ 3,675,000                | 2.68%,693,375           |     |
|                             | 7.034% <sup>(3)</sup> , |     |
|                             | 01/15/68                |     |
|                             | 5.25%                   |     |
|                             | to                      |     |
|                             | 08/16/27                |     |
|                             | then                    |     |
| \$ 2,700,000                | 3ML 2,612,250           |     |
|                             | +                       |     |
|                             | 3.033%,                 |     |
|                             | 08/16/77,               |     |
|                             | Series                  |     |
|                             | E                       |     |
| 94,595                      | Kindr168,932            | *   |
|                             | Morgan,                 |     |
|                             | Inc.,                   |     |
|                             | 9.75%                   |     |
|                             | 10/26/18,               |     |
|                             | Series                  |     |



|              |                        |           |
|--------------|------------------------|-----------|
|              | A                      |           |
|              | NuStar                 |           |
|              | Logistics              |           |
|              | LP,                    |           |
| 105,773      | 3ML                    | 2,713,077 |
|              | +                      |           |
|              | 6.734%,                |           |
|              | 8.4555% <sup>(3)</sup> |           |
|              | 01/15/43               |           |
|              | Transcanada            |           |
|              | Pipelines,             |           |
|              | Ltd.,                  |           |
|              | 5.875%                 |           |
|              | to                     |           |
|              | 08/15/26               |           |
| \$ 1,500,000 | then 1,616,250         | (1)(2)    |
|              | 3ML                    |           |
|              | +                      |           |
|              | 4.64%,                 |           |
|              | 08/15/76,              |           |
|              | Series                 |           |
|              | 2016-A                 |           |
|              | 53,798,470             |           |

**Real Estate Investment Trust (REIT) —  
0.1%**

|        |                          |         |
|--------|--------------------------|---------|
|        | Annaly                   |         |
|        | Capital                  |         |
|        | Management,              |         |
|        | Inc.,                    |         |
|        | 6.95%                    |         |
|        | to                       |         |
| 10,685 | 09/30/22                 | 202,133 |
|        | then                     |         |
|        | 3ML                      |         |
|        | +                        |         |
|        | 4.993%,                  |         |
|        | Series                   |         |
|        | F                        |         |
|        | National                 |         |
|        | Retail                   |         |
|        | Properties,              |         |
| 541    | Inc., 13,269             | (1)     |
|        | 5.70%,                   |         |
|        | Series                   |         |
|        | E                        |         |
|        | PS Business Parks, Inc.: |         |
|        | 5.70%,                   |         |
| 9,945  | Series                   | 346,537 |
|        | V                        |         |

|  |   |  |
|--|---|--|
|  | 5.75%,<br>Series 121,124<br>U   |  |
| 4,886                                  | 645,063   |  |
| <b>Miscellaneous Industries — 2.1%</b> |   |  |
|  | BHP<br>Billiton<br>Limited:   |  |
|  | BHP<br>Billiton<br>Finance<br>U.S.A.,<br>Ltd.,  |  |
| \$ 1,400,000                           | 1,592,500 (1)(2)<br>6.75%<br>to<br>10/19/25<br>then<br>SW5<br>+<br>5.093%,<br>10/19/75,<br>144A**** |  |
|  | Land O' Lakes, Inc.:  |  |
|  | 7.25%,<br>Series 810,188 *  |  |
| \$ 725,000                             | B, 144A****   |  |
|  | 8.00%,<br>Series 13,250,250 *(1)  |  |
| \$ 11,700,000                          | A, 144A****   |  |
|  | 15,652,938  |  |
|  | <b>Total</b>  |  |
|  | <b>Preferred</b>  |  |
|  | <b>Securities</b>   |  |
|  | 716,28,209  |  |
|  | (Cost   |  |
|  | \$670,635,603)  |  |

**Corporate Debt Securities\$ — 2.3%**

|                       |  |  |
|-----------------------|--|--|
| <b>Banking — 1.9%</b> |  |  |
|                       | Texas<br>Capital<br>Bancshares<br>Inc.,              |  |
| 451,000               | 11,666,919 (1)<br>6.50%<br>09/21/42,<br>Sub<br>Notes |  |

89,000      Zions  
Bancorporation,  
6.95%  
to  
09/15/23  
then 2,603,241      (1)  
3ML  
+  
3.89%,  
09/15/28,  
Sub  
Notes  
14,270,160

## Flaherty &amp; Crumrine Dynamic Preferred and Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)****February 28, 2018 (Unaudited)**

| Shares/\$<br>Par | Value |
|------------------|-------|
|------------------|-------|

**Corporate Debt****Securities —****(Continued)**

**Communication —**  
**0.4%**

Qwest Corporation:

|        |       |             |          |
|--------|-------|-------------|----------|
| 54,050 | 6.50% | \$1,167,480 | 09/01/56 |
|--------|-------|-------------|----------|

|        |       |           |          |
|--------|-------|-----------|----------|
| 82,550 | 6.75% | 1,867,281 | 06/15/57 |
|--------|-------|-----------|----------|

|       |       |        |          |
|-------|-------|--------|----------|
| 1,298 | 7.00% | 30,752 | 04/01/52 |
|-------|-------|--------|----------|

3,065,513

**Total**  
**Corporate**  
**Debt**  
**Securities**

17,335,673

(Cost  
\$16,691,278)

**Common Stock — 1.2%****Energy — 1.2%**

|         |        |           |   |
|---------|--------|-----------|---|
| 555,315 | Kinder | 8,996,103 | * |
|         | Morgan |           |   |
|         | Inc.   |           |   |

8,996,103

**Total**  
**Common**  
**Stock**

8,996,103

(Cost  
\$9,576,730)

**Money Market Fund — 0.0%**

|        |               |
|--------|---------------|
|        | BlackRock     |
|        | Liquidity     |
| 71,820 | Funds:        |
|        | T-Fund,       |
|        | Institutional |
|        | Class         |
|        | <b>Total</b>  |
|        | <b>Money</b>  |
|        | <b>Market</b> |
|        | <b>Fund</b>   |
|        | (Cost         |
|        | \$71,820)     |

|   |       |    |                |
|---|-------|----|----------------|
| <b>Total Investments</b> (Cost \$696,975,431***)  | 99.4  | %  | 739,831,805    |
| <b>Other Assets And Liabilities</b> (Net)         | 0.6   | %  | 4,315,195      |
| <b>Total Managed Assets</b>                       | 100.0 | %± | \$ 744,147,000 |
| <b>Loan Principal Balance</b>                     |       |    | (252,200,000 ) |
| <b>Total Net Assets Available To Common Stock</b> |       |    | \$ 491,947,000 |

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)**

**February 28, 2018 (Unaudited)**

§Date shown is maturity date unless referencing the end of the fixed-rate period of a fixed-to-floating rate security.

\*Securities eligible for the Dividends Received Deduction and distributing Qualified Dividend Income.

\*\*Securities distributing Qualified Dividend Income only.

\*\*\*Aggregate cost of securities held.

\*\*\*\*Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional buyers. At February 28, 2018, these securities amounted to \$225,801,995 or 30.3% of total managed assets.

<sup>(1)</sup>All or a portion of this security is pledged as collateral for the Fund's loan. The total value of such securities was \$453,839,701 at February 28, 2018.

<sup>(2)</sup>Foreign Issuer.

<sup>(3)</sup>Represents the rate in effect as of the reporting date.

‡The percentage shown for each investment category is the total value of that category as a percentage of total managed assets.

**ABBREVIATIONS:**

**3ML** — 3-Month ICE LIBOR USD A/360

**ISDA5** — 5-year USD ICE Swap Semiannual 30/360

**SW5** — 5-year USD Swap Semiannual 30/360

**SW10** — 10-year USD Swap Semiannual 30/360

**T10Y** — Federal Reserve H.15 10-Yr Constant Maturity Treasury Semiannual yield

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE TO COMMON STOCK<sup>(1)</sup>**

**For the period from December 1, 2017 through February 28, 2018 (Unaudited)**

| Value   |                    |
|---|--------------------|
| <b>OPERATIONS:</b>  |                    |
| Net investment income   | \$7,850,671        |
| Net realized gain/(loss) on investments sold during the period      | \$2,075,182        |
| Change in net unrealized appreciation/(depreciation) of investments | \$11,887           |
| <b>Net decrease in net assets resulting from operations</b>         | <b>(3,079,141)</b> |
| <b>DISTRIBUTIONS:</b>   |                    |
| Dividends paid from net investment income to Common                 | \$5,856,775        |

Stock  
Shareholders<sup>(2)</sup>

**Total  
Distributions**

**to** (8,775,856 )  
**Common**

**Stock  
Shareholders**

**FUND  
SHARE  
TRANSACTIONS:**

Increase  
from  
shares  
issued  
under  
the  
Dividend 44,465  
Reinvestment  
and  
Cash  
Purchase  
Plan

**Net  
increase  
in  
net  
assets  
available  
to** 44,465  
**Common  
Stock  
resulting  
from  
Fund  
share  
transactions**

**NET \$(11,810,532 )**

**DECREASE  
IN  
NET  
ASSETS  
AVAILABLE  
TO  
COMMON  
STOCK  
FOR  
THE**



period

**NET  
ASSETS  
AVAILABLE  
TO  
COMMON  
STOCK:**

Beginning  
of \$ 503,757,532  
period

Net  
decrease  
in  
net (11,810,532 )  
assets  
during  
the  
period

End  
of \$ 491,947,000  
period

(1)These tables summarize the three months ended February 28, 2018 and should be read in conjunction with the Fund's audited financial statements, including notes to financial statements, in its Annual Report dated November 30, 2017.

(2)May include income earned, but not paid out, in prior fiscal year.

12

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

**Financial Highlights<sup>(1)</sup>**

**For the period from December 1, 2017 through February 28, 2018 (Unaudited)**

**For a Common Stock share outstanding throughout the period**

**PER  
SHARE  
OPERATING  
PERFORMANCE:**

Net  
asset  
value  
beginning  
of  
period

**INVESTMENT  
OPERATIONS:**

Net  
investment  
income

Net  
realized  
and  
unrealized  
gain/(loss)  
on  
investments

Total  
from  
investment  
operations

**DISTRIBUTIONS  
TO  
COMMON  
STOCK  
SHAREHOLDERS:**

From  
net  
investment

income  
Total  
distributions  
to  
Common (0.46 )  
Stock  
Shareholders

Net  
asset  
value, \$ 25.67  
end  
of  
period

Market  
value,  
end \$ 24.56  
of  
period

Common  
Stock  
shares  
outstanding 19,161,549  
end  
of  
period

**RATIOS TO  
AVERAGE NET  
ASSETS AVAILABLE  
TO COMMON  
STOCK  
SHAREHOLDERS:**

Net  
investment 6.67 %\*  
income†

Operating  
expenses  
including 2.22 %\*  
interest  
expense

Operating  
expenses  
excluding 1.05 %\*  
interest  
expense

**SUPPLEMENTAL  
DATA:††**

1 %\*\*

Portfolio  
turnover  
rate  
Total  
managed  
assets,  
end  
of \$ 744,147  
period  
(in  
000's)

Ratio  
of  
operating  
expenses  
including  
interest  
expense 1.48 %\*  
to  
average  
total  
managed  
assets

Ratio  
of  
operating  
expenses  
excluding  
interest  
expense 0.70 %\*  
to  
average  
total  
managed  
assets

(1)These tables summarize the three months ended February 28, 2018 and should be read in conjunction with the Fund's audited financial statements, including notes to the financial statements, in its Annual Report dated November 30, 2017.

\*Annualized.

\*\*Not annualized.

†The net investment income ratio reflects income net of operating expenses, including interest expense.

††Information presented under heading Supplemental Data includes loan principal balance.



## Flaherty &amp; Crumrine Dynamic Preferred and Income Fund Incorporated

**Financial Highlights (Continued)****Per Share of Common Stock (Unaudited)**

|                   | <b>Total<br/>Dividends<br/>Paid</b> | <b>Net Asset<br/>Value</b> | <b>NYSE<br/>Closing Price</b> | <b>Dividend<br/>Reinvestment<br/>Price<sup>(1)</sup></b> |
|-------------------|-------------------------------------|----------------------------|-------------------------------|--|
| December 29, 2017 | \$0.1550                            | \$26.27                    | \$26.67                       | \$26.27  |
| January 31, 2018  | 0.1550                              | 26.01                      | 24.31                         | 24.55  |
| February 28, 2018 | 0.1480                              | 25.67                      | 24.56                         | 24.60  |

<sup>(1)</sup>Whenever the net asset value per share of the Fund's Common Stock is less than or equal to the market price per share on the reinvestment date, new shares issued will be valued at the higher of net asset value or 95% of the then current market price. Otherwise, the reinvestment shares of Common Stock will be purchased in the open market.

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

**Notes to Financial Statements (Unaudited)**

**1. Aggregate Information for Federal Income Tax Purposes**

At February 28, 2018, the aggregate cost of securities for federal income tax purposes was \$705,374,687, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$47,196,546 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$12,739,428.

**2. Additional Accounting Standards**

*Fair Value Measurements:* The Fund has analyzed all existing investments to determine the significance and character of all inputs to their fair value determination. The levels of fair value inputs used to measure the Fund's investments are characterized into a fair value hierarchy. Where inputs for an asset or liability fall into more than one level in the fair value hierarchy, the investment is classified in its entirety based on the lowest level input that is significant to that investment's valuation. The three levels of the fair value hierarchy are described below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Transfers in and out of levels are recognized at market value at the end of the period.

## Flaherty &amp; Crumrine Dynamic Preferred and Income Fund Incorporated

**Notes to Financial Statements (Unaudited) (Continued)**

A summary of the inputs used to value the Fund's investments as of February 28, 2018 is as follows:

|                                     | <b>Total<br/>Value at<br/>February 28, 2018</b> | <b>Level 1<br/>Quoted<br/>Price</b> | <b>Level 2<br/>Significant<br/>Observable<br/>Inputs</b> | <b>Level 3<br/>Significant<br/>Unobservable<br/>Inputs</b> |
|-------------------------------------|---|-------------------------------------|--|--|
| Preferred Securities                |   |                                     |  |  |
| Banking                             | \$451,837,462                                   | \$381,139,640                       | \$70,697,822   | \$—  |
| Financial Services                  | 4,497,888                                       | 2,928,288                           | 1,569,600  | —  |
| Insurance                           | 152,076,224                                     | 77,532,977                          | 74,543,247   | —  |
| Utilities                           | 34,920,164                                      | 26,833,155                          | 8,087,009  | —  |
| Energy                              | 53,798,470                                      | 24,629,510                          | 29,168,960   | —  |
| Real Estate Investment Trust (REIT) | 645,063   | 645,063                             | —  | —  |
| Miscellaneous Industries            | 15,652,938                                      | 1,592,500                           | 14,060,438   | —  |
| Corporate Debt Securities           |   |                                     |  |  |
| Banking                             | 14,270,160                                      | 14,270,160                          | —  | —  |
| Communication                       | 3,065,513                                       | 3,065,513                           | —  | —  |
| Common Stock                        |   |                                     |  |  |
| Energy                              | 8,996,103                                       | 8,996,103                           | —  | —  |
| Money Market Fund                   | 71,820  | 71,820                              | —  | —  |
| Total Investments                   | \$ 739,831,805                                  | \$541,704,729                       | \$198,127,076  | \$—  |

During the reporting period, securities with an aggregate market value of \$17,142,265 were transferred into Level 2 from Level 1. The securities were transferred due to a decrease in the quantity and quality of information related to trading activity or broker quotes for these securities. During the period, there were no transfers into Level 1 from Level 2. During the reporting period, there were no transfers into or out of Level 3.

The fair values of the Fund's investments are generally based on market information and quotes received from brokers or independent pricing services that are approved by the Board of Directors and are unaffiliated with the Adviser. To assess the continuing appropriateness of security valuations, management, in consultation with the Adviser, regularly compares current prices to prior prices, prices across comparable securities, actual sale prices for securities in the Fund's portfolio, and market information obtained by the Adviser as a function of being an active market participant.

Securities with quotes that are based on actual trades or actionable bids and offers with a sufficient level of activity on or near the measurement date are classified as Level 1. Securities that are priced using quotes derived from implied values, indicative bids and offers, or a limited number of actual trades—or the same information for securities that are



similar in many respects to those being valued—are classified as Level 2. If market information is not available for securities being valued, or materially-comparable securities, then those securities are classified as Level 3. In considering market information, management evaluates changes in liquidity, willingness of a broker to execute at the quoted price, the depth and consistency of prices from pricing services, and the existence of observable trades in the market.

**Directors**

R. Eric Chadwick, CFA  
Chairman of the Board

Morgan Gust

David Gale

Karen H. Hogan

**Officers**

R. Eric Chadwick, CFA  
Chief Executive Officer and  
President

Chad C. Conwell  
Chief Compliance Officer,  
Vice President and Secretary

Bradford S. Stone  
Chief Financial Officer,  
Vice President and Treasurer

Roger W. Ko  
Assistant Treasurer

Laurie C. Lodolo  
Assistant Compliance Officer,  
Assistant Treasurer and  
Assistant Secretary

Linda M. Puchalski  
Assistant Treasurer

**Investment Adviser**

Flaherty & Crumrine Incorporated  
e-mail: flaherty@pfdincome.com

**Servicing Agent**

Destra Capital Investments LLC  
1-877-855-3434

**Questions concerning your shares of Flaherty & Crumrine Dynamic Preferred and Income Fund?**

- If your shares are held in a Brokerage Account, contact your Broker.
- If you have physical possession of your shares in certificate form, contact the Fund's Transfer Agent —

BNY Mellon c/o Computershare  
P.O. Box 30170  
College Station, TX 77842-3170  
1-866-351-7446

**This report is sent to shareholders of Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated for their information. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.**

Quarterly  
Report

February 28, 2018

[www.preferredincome.com](http://www.preferredincome.com)

**Item 2. Controls and Procedures.**

(a)

The registrant's principal executive and principal financial officers, or persons performing similar functions, 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") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the 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 (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b)

There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits.**

Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

## 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) Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

By (Signature and Title)\* /s/ R. Eric Chadwick  
R. Eric Chadwick, Chief Executive Officer and President  
(Principal Executive Officer)

Date April 18, 2018

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/ R. Eric Chadwick  
R. Eric Chadwick, Chief Executive Officer and President  
(Principal Executive Officer)

Date April 18, 2018

By (Signature and Title)\* /s/ Bradford S. Stone  
Bradford S. Stone, Chief Financial Officer, Treasurer and Vice President  
(Principal Financial Officer)

Date April 18, 2018

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