Dynamic Convertible and Income Fund (CCD) 1Q19 Commentary

CALAMOS INVESTMENTS

FUND

The fund can invest in convertibles and other fixed income securities with the aim of generating total return through a combination of capital appreciation and income. To help generate income and attempt to achieve a more favorable reward/risk profile, the investment team also has the flexibility to sell options.

Current Annualized Distribution Rate[1]	9.85%

ASSET ALLOCATION	%
Convertibles	78.9
Corporate Bonds	13.6
Common Stock	3.0
Cash and Receivables/Payables	2.0
Bank Loans	1.6
Synthetic Convertibles	0.5
Preferred Stock	0.2
Other	0.1
Options	0.1

The portfolio is actively managed. Holdings and weightings are subject to change at any time without notice. Asset Allocation Weightings are calculated as a percentage of Managed Assets. The tables exclude cash or cash equivalents, any government/sovereign bonds or broad based index hedging securities the portfolio may hold.

[1] Current Annualized Distribution Rate is the Fund's most recent distribution, expressed as an annualized percentage of the Fund's current market price per share. **The Fund's most recent distribution was $0.1670 per share. Based on our current estimates, we anticipate that approximately $0.0352 is paid from ordinary income or capital gains and $0.1318 of the distribution represents a return of capital.** Estimates are calculated on a tax basis rather than on a enerally accepted accounting principles (GAAP) basis, but should not be used for tax reporting purposes. Distributions are subject to re-characterization for tax purposes after the end of the fiscal year. This information is not legal or tax advice. Consult a professional regarding your specific legal or tax matters. Under the Fund's managed distribution policy, distributions paid to common shareholders may include net investment income, net realized short-term capital gains, net realized long-term capital gains and return of capital. When the net investment income and net realized capital gains are not sufficient, a portion of the level rate distribution will be a return of capital. In addition, a limited number of distributions per calendar year may include net realized long-term capital gains. Distribution rate may vary.

There is no assurance that the Fund will achieve or maintain its investment objective.

Overview

The convertible and equity markets posted strong returns in the year's first quarter as the turmoil witnessed at the end of 2018 subsided. The convertible market, as measured by the ICE BofAML All U.S. Convertibles Index (VXA0), gained 10.25% during the quarter, while equities rose 13.65% as reflected by the S&P 500 index.

In the quarter, U.S. convertibles and equities benefited from increasingly dovish Federal Reserve policy, intermittent progress on U.S.-Chinese trade negotiations, and economic data pointing to a sustained expansion. The Federal Reserve changed its policy expectation to zero rate increases in 2019, and announced it would reduce the amount of balance sheet normalization, thus emboldening risk appetite across markets. Corporate earnings also fueled gains with most companies surpassing estimates, although these results were tempered by downward earnings revisions for the next quarter and relatively conservative guidance for the full year.

With interest rates at the intermediate and longer ends of the curve declining, the yield curve flattened. Two-year Treasury yields closed at 2.27%, down from 2.48%, and ten-year yields fell from 2.69% to 2.41%. High yield credit spreads narrowed during the quarter, with JPMorgan reporting a 115 basis points decrease to 452 basis points over U.S. Treasuries.

In this environment, consumer staples was the only economic sector within the convertible index to register a negative quarterly result (-4.13%). The technology (+13.60%), energy (+13.56%) and industrials (+13.34%) sectors led the convertible market higher, while financials (+6.05%) and consumer discretionary (+6.98%) sectors were positive but joined consumer staples in lagging the index result. In terms of credit quality, speculatively rated convertibles (+10.16%) strongly outperformed investment-grade issues (+6.91%). Convertibles with the most equity sensitivity (+15.94%) delivered stronger relative results than those with balanced risk/reward attributes (+11.61%) and those exhibiting the most credit sensitivity (+6.29%).

ANNUALIZED TOTAL RETURN AS OF 3/31/19

	QTD	1-YEAR	3-YEAR	SHARE INCEPTION (03/27/15)
On Market Value	26.06%	14.26%	17.04%	4.80%
On NAV	13.35	6.86	12.05	5.50

Source: State Street Corporation

Returns of less than 12 months are cumulative returns. Returns for periods greater than 12 months are annualized returns. Total return measures net investment income and capital gain or loss from portfolio investments as an annualized average. In calculating net investment income, all applicable fees and expenses are deducted from the returns.

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. Portfolios are managed according to their respective strategies which may differ significantly in terms of security holdings, industry weightings, and asset allocation from those of the benchmark(s). Portfolio performance, characteristics and volatility may differ from the benchmark(s) shown.

You can purchase or sell common shares daily. Like any other stock, market price will fluctuate with the market. Upon sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your original investment. Shares of closed-end funds frequently trade at a market price that is below their net asset value.

Please refer to back page for important notes.

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The first quarter of 2019 saw $10.5 billion in domestic new convertible issuance, and $21.7 billion globally. While these numbers were slightly behind last year's pace, they marked a solid beginning to 2019, especially considering the market volatility that had occurred over the previous two quarters. At the same time, the market remained well distributed: convertibles with a balanced risk/reward return profile represented 40% of the overall market versus 35% credit sensitive and 26% equity alternatives.

Distributions Remained Competitive

The fund maintained a monthly distribution of $0.1670 throughout the quarter. The fund's current annualized distribution rate was 9.85% of market price as of March 31, 2019. We believe that the fund's monthly distributions are highly competitive, given that very low interest rates and yields remain the norm throughout much of the global marketplace. For example, the 10-year U.S. Treasury bond yield was 2.41% and the ICE BofAML All U.S. Convertibles Index yield was 2.55% as of March 31, 2019.

Performance Review

For the quarter ending March 31, 2019, the fund returned 26.06% on market price and 13.35% on NAV. The fund's market price and NAV outperformed relative to the ICE BofAML All U.S. Convertibles Index, which returned 10.25% for the period.

Contributing Factors. This past quarter, the fund benefited from its avoidance of the consumer staples sector relative to the index, specifically in the personal products industry. In addition, selection in the communication services sector, notably selections in the interactive media & services industry, were additive.

Detracting Factors. Our selections in the consumer discretionary sector, namely selections in automobile manufacturers, underperformed relative to the index. In addition, selections in health care proved detrimental to return, specifically regarding the selections and overweight in pharmaceutical companies.

Positioning

We continue to hold our highest allocations (approximately 27%) in the BB/B credit tier with respect to rated bonds, as we believe this exposure will offer investors a better risk/reward dynamic over time while continuing to provide regular income. We also hold a large percentage of unrated securities (approximately 55%), which offer good valuations and provide access to a large portion of the convertible bond universe in which we may optimize returns through our proprietary research capabilities. We have taken a very selective approach to CCC credits, which represent less than 2% of our holdings. We are cognizant of the fact that rising interest rates and volatility can affect longer-term fixed income securities. From an economic sector perspective, our heaviest exposures were allocated to information technology, health care and financials sectors, which collectively make up approximately 61% of our holdings. Our lightest weights were in the materials, consumer staples and real estate sectors. Approximately 90% of our holdings are in the U.S, which is consistent with our bullish outlook for the domestic economy.

Leverage

We believe this environment is conducive to the prudent use of leverage as a means of enhancing total return and supporting the fund's distribution rate. As of March 31, 2019, our amount of leveraged assets was approximately 33%.

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Conclusion

We continue to favor convertibles as a way to gain equity market exposure while managing downside risk. While the Fed's continued dovish pivot supports risk assets, continued macro and geopolitical uncertainties may result in heightened volatility. We are constructive longer term, given an expectation that geopolitical tensions will calm down, Fed policy will be flexible, global growth will stabilize and the near-term volatility could create favorable longer-term investment opportunities. In our view, the convertible market remains healthy, offering compelling opportunities in sectors that we favor, including technology, health care and consumer. Increased convertible issuance has expanded the opportunity set, while the secondary convertible market continues to offer an attractive array of balanced convertible structures, which the strategy emphasizes over the pure-equity or busted segments of the market.

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Important Fund Information

You can purchase or sell common shares daily. Like any other stock, the market price will fluctuate with the market. Upon sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your original investment. Shares of closed-end funds frequently trade at a market price that is below their net asset values.

Investments by the Fund in lower-rated securities involve substantial risk of loss and present greater risks than investments in higher-rated securities, including less liquidity and increased price sensitivity to changing interest rates and to a deteriorating economic environment. Fixed income securities are subject to interest-rate risk; as interest rates go up, the value of debt securities in the Fund's portfolio generally will decline. There are certain risks associated with an investment in a convertible bond such as default risk—that the company issuing a convertible security may be unable to repay principal and interest, and interest rate risk—that the convertible may decrease in value if interest rates increase.

The Fund's ability to close out its position as a purchaser or seller of an over-the-counter or exchange-listed put or call option is dependent, in part, upon the liquidity of the options market. There are significant differences between the securities and options markets that could result in an imperfect correlation among these markets, causing a given transaction not to achieve its objectives. The Fund's ability to utilize options successfully will depend on the ability of the Fund's investment adviser to predict pertinent market movements, which cannot be assured.

Investment Adviser Purchase Risk. As contemplated in the Fund's prospectus, Calamos Advisors LLC (the "Adviser") has entered into a 10b5-1 Plan under which a registered broker-dealer (not a member of the underwriting syndicate involved in the offering of the Fund), as agent for the Adviser, will purchase in the open market up to $20 million of our common shares in the aggregate, on such terms and at times, and subject to a variety of market and discount conditions and a daily purchase limit, to be described in a subsequent press release. See "Management of the Fund — Related-Party Transactions" in the Fund's prospectus. Whether purchases will be made under the 10b5-1 Plan and how much will be purchased at any time is uncertain, dependent on prevailing market prices and trading volumes, all of which we cannot predict. Although intended to provide liquidity, these activities may have the effect of maintaining the market price of our common shares or suppressing a decline in the market price of the common shares, and, as a result, the price of our common shares may be higher than the price that otherwise might exist in the open market. Conversely, any eventual sale of purchased common shares by the Adviser and its affiliates may act as a catalyst for a decline in the Fund's market price, and therefore the market price of our common shares may be lower than the price that might otherwise exist in the open market.

Limited Term Risk. Unless the Termination Date is amended by shareholders in accordance with the Declaration of Trust, the Fund will be terminated on the 15th anniversary of its effective date, currently expected to be March 26, 2030. If the Fund's Board of Trustees believes that under then current market conditions it is in the best interests of the Fund to do so, the Fund may extend the Termination Date for one year, which is anticipated to be March 26, 2031, without a shareholder vote, upon the affirmative vote of three-quarters of the Trustees then in office. Beginning one year before the Termination Date (the "wind-down period"), the Fund may begin liquidating all or a portion of the Fund's portfolio. During the wind down period the Fund may deviate from its investment strategy. As a result, during the wind-down period the Fund's distributions may decrease, and such distributions may include a return of capital.

The **Bloomberg Barclays U.S. High Yield 2% Issuer Capped Index** measures the performance of high yield corporate bonds with a maximum allocation of 2% to any one issuer. The **CBOE Volatility Index** or **VIX** (based on its CBOE ticker symbol) shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. The **ICE BofAML All U.S. Convertibles Index (VXA0)** comprises approximately 700 issues of only convertible bonds and preferreds of all qualities. The **ICE BofAML U.S. High Yield Master II Index** consists of below investment grade U.S. dollar denominated corporate bonds that are publicly issued in the U.S. domestic and yankee bonds. Issues included in the index have maturities of one year or more and have a credit rating lower than BBB-/Baa3, but are not in default. The index includes domestic high-yield bonds, including deferred interest bonds and payment-in-kind securities. Source ICE Data Indices, LLC, used with permission. ICE permits use of the ICE BofAML indices and related data on an 'as is' basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML Indices or data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing and does not sponsor, endorse or recommend Calamos Advisors LLC or any of its products or services. The **S&P 500 Index** is generally considered representative of the U.S. stock market. The **S&P/LSTA U.S. Leveraged Loan Index** is designed to reflect the performance of the leveraged loan market.

Unmanaged index returns assume reinvestment of any and all distributions and, unlike fund returns, do not reflect fees, expenses or sales charges. Investors cannot invest directly in an index.

The information contained herein is based on internal research derived from various sources and does not purport to be statements of all material facts relating to the sectors, securities and markets mentioned. The information contained herein, while not guaranteed as to the accuracy or completeness, has been obtained from sources we believe to be reliable. Opinions expressed herein are as of the date of publication and are subject to change without notice due to various factors and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

Terms

A **Managed Distribution Policy** is an investment company's commitment to common shareholders to provide a predictable, but not assured, level of cash flow. **Market Price** refers to the price at which shares of the fund trade in the market. **NAV or Net Asset Value** refers to the net value of all the assets held in the fund. **IPO Price** refers to the initial public offering price for shares of the fund.

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