Dynamic Convertible and Income Fund (CCD) Quarterly Commentary

CALAMOS INVESTMENTS

Fund Overview

The fund invests in convertibles and high-yield fixed-income securities with the aim of generating total return through a combination of capital appreciation and income. To help generate income and achieve a favorable risk/reward profile, the investment team can also sell options.

Current Annualized Distribution Rate
10.73%*

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.

Market Overview

During the first quarter, markets reflected upbeat sentiment thanks to a resilient US economy and a more supportive Federal Reserve, even as expectations for interest rate cuts were pushed out. Corporate earnings announcements came in strong. Against this backdrop, the S&P 500 Index reached new highs.

Although a small group of tech-oriented names still drove much of the market's gains, we were encouraged to see a broadening in the markets, with greater attention given to company-specific growth fundamentals. In a market led by mega caps, we were not surprised that broad convertible benchmarks gained but at a more modest pace. Within fixed-income markets, high-yield debt outpaced investment-grade bonds. The convertible market participated with the equity market advance as the ICE

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DATA AS OF 3/31/24

CALAMOS DYNAMIC CONVERTIBLE AND INCOME FUND AVERAGE ANNUAL RETURNS (%)

	QTD	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION (3/27/15)
Calamos Dynamic Convertible and Income Fund					
Market Price	12.30	15.09	-2.57	11.91	8.69
NAV	3.05	11.71	-4.31	10.08	8.02

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 discount which is a market price that is below their net asset value.

***The Fund's most recent distribution payable 4/19/24 was $0.1950 per share. Based on our current estimates, we anticipate that approximately $0.0000 is paid from ordinary income or capital gains and $0.1950 of the distribution represents a return of capital.** Estimates are calculated on a tax basis rather than on a generally 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. Please refer to back page for important notes. All returns are in USD terms unless otherwise indicated.

BofA All US Convertible Index returned 2.34%. The high-yield market also performed well, as measured by the 1.47% return of the Bloomberg Barclays US Corporate High Yield 2% Issuer Capped Index.

Convertibles with the most equity sensitivity (+3.8%) outperformed convertibles with balanced risk/reward attributes (+1.1%) and those with the most credit sensitivity (+2.5%). At the end of the quarter, convertibles with the most bond sensitivity represented 48% of the market, exceeding the portions of convertibles with balanced risk-reward (36%) and equity-sensitive (15%) attributes.

From an economic sector perspective, convertibles within the consumer staples (+9.8%), energy (+9.3%), and industrials (+5.5%) sectors performed best within the index. Convertibles in the materials (-7.6%), consumer discretionary (-3.1%), and real estate (-2.8%) sectors most lagged the index result. Speculative-grade-rated convertibles (+5.1%) outperformed investment-grade-rated issues (+2.4%), although it should be noted that roughly 78% of the US convertible market was unrated on average at the end of the first quarter, according to ICE BofA.

In the first quarter, $25.2 billion in new convertibles were brought globally to market. The United States led convertible issuance higher with $20.8 billion, Japan raised $2.9 billion, Europe launched $1.1 billion, and Asia ex-Japan introduced $400 million. These new convertible issues offer attractive terms, including higher coupons and lower conversion premiums.

High-yield spreads closed the quarter tighter, helping drive positive returns in the face of Treasury rates that moved higher by 25–40 basis points dependent on maturity. The index closed the year at +299 basis points on an option-adjusted basis, down from 323 in the prior quarter. Investment-grade spreads were also tighter, closing the period at +90 basis points, following the previous quarter close of +99. Returns across credit qualities were directional, with lower rated credits leading the way. CCC issuers returned 2.1%, B-rated credits delivered 1.4%, and BBs trailed slightly at 1.1%. Trailing 12-month defaults decreased from 2.8% in December to 2.6% and remain below the long-term average of 3.4%.

The best-performing sectors in the Bloomberg US High Yield 2% Issuer Capped Index were brokers and asset managers (+11.8%), banks (+9.4%), and natural gas utilities (+8.8%), while transportation (+4.3%), energy (+5.2%), and other industrial (+6.5%) represented the significant laggards.

Distributions Remained Competitive

The fund's current annualized distribution rate was 10.73% of market price as of March 31, 2024. We believe the fund's monthly distributions are highly competitive. For example, the ICE BofA Convertibles Index had a yield of 1.95%, the 10-year US Treasury bond yield was 4.21%, and the ICE BofA US High Yield Index yield was 6.62% as of March 31, 2024.

Performance Review

For the quarter ending March 31, 2043, the fund returned 3.05% on price and 12.30% on NAV. The price return and NAV return outperformed the blended comparator index (80% ICE BofA All US Convertibles Index, 20% Bloomberg US HY 2% Issuer Capped Index), which returned 2.18% for the same period.

Contributing Factors. This past quarter, the fund benefited from favorable selection in the industrials and health care sectors relative to the blended comparator index, specifically in the passenger ground transportation and health care equipment industries.

Detracting Factors. Our selection in the information technology sector, specifically in the application software industry, underperformed relative to the index.

Positioning and Portfolio Changes

We hold our largest allocation in convertible bonds, which account for approximately 85% of our portfolio. About 76% of our fixed-income investments land within the unrated securities tier. By harnessing our proprietary research, we can extract value from this sector and believe this exposure provides investors with a better risk/reward dynamic over time while offering regular income. We hold a sizeable percentage in BB/B credits (approximately 10%), which offer good valuations and provide access to a large portion of the corporate bond universe, where we can again optimize returns through our proprietary research. Approximately 1% of our holdings are CCC-and-below securities. We are aware that rising interest rates and volatility can affect longer-term fixed-income securities. Considering such, the weighted average duration of our bond holdings is 1.9 years at quarter end.

From an economic sector perspective, our heaviest exposures reside in the information technology, health care, and consumer discretionary sectors, representing approximately 59% of our holdings. We believe that these areas are best positioned for growth. We favor companies that are executing well despite macro uncertainties, with improving margins and free cash flow, accelerating returns on invested capital and attractive equity valuations. We also focus on identifying innovative companies positioned to benefit from cyclical and secular themes that can serve as a tailwind to individual corporate performance. These include companies advantageously positioned as businesses seek solutions to higher labor, manufacturing, and interest costs in the current economic environment, as well as those capitalizing on trends such as artificial intelligence, productivity enhancements and cybersecurity. Our lightest weights include consumer staples, real estate, and utilities. Approximately 92% of our holdings are in the US, where we see greater growth opportunities in the context of the fund's investment parameters.

Leverage

We believe the current economic environment is favorable for the prudent use of leverage to enhance total return and support the fund's distribution rate. Our use of leverage is expected to continue benefiting our shareholders in the long term. At the end of the quarter, we leveraged approximately 36% of our assets, which is at the higher end of our historical range.

Outlook

Given the trend of stronger equity markets driven by better-than-expected economic US growth and a lack of a resurgence of inflationary pressures, one of the more frequent debates recently has been around when the Fed will cut interest rates. In our view, we are less focused on the exact timing and more focused on the important distinction that the Fed is relatively well positioned to adjust policy as needed.

We are cautiously optimistic that the normalization of economic growth, inflation and monetary policy will continue their current trajectory which can provide a further tailwind for risk assets and potentially a broadening of equity market leadership. However, we will closely monitor developments as volatility could increase as any Fed actions will be closely scrutinized, and this year's US presidential election is expected to be quite contentious with fiscal policy implications for years to come.

The convertible new-issue market continued to be strong into the first quarter, with US issuance up approximately 50% relative to the same period in 2023. The continuation from 2023 of more investment-grade-rated securities, higher coupons and lower conversion premiums bodes well for convertible investors. A significant amount of this year's issuance has been brought to market to refinance existing debt, which we believe demonstrates the appeal that convertibles hold for issuers.

We remain optimistic about issuance prospects going forward as companies increasingly recognize the lower-borrowing-cost benefits of convertibles in lieu of traditional bonds in an environment of higher interest rates. We believe that the combination of a sizable amount of debt maturing in 2025 across bond markets, the possibility of a higher-for-longer interest rate scenario, and the fact that convertibles have served as growth capital for leading small and mid-cap companies throughout the full business cycles should serve as accelerants for continued solid issuance.

We believe that the Calamos Dynamic Convertible and Income Fund is well-equipped to perform in an environment that favors individual security selection, discipline, and the insights to identify the themes that are transforming the world.

For additional information or to download a fact sheet, please visit the fund's profile page:

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Important Fund Information

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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.

Term Definitions

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. **EBITDA** stands for earnings before interest, taxes, depreciation, and amortization. It is a measure of a company's profitability that excludes the effects of its capital structure, tax strategy, and depreciation methods.

Index Definitions

The **Bloomberg US Corporate 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 **Russell 2500® Index** measures the performance of the small to midcap growth segment of the US equity universe. The index is published and maintained by FTSE Russell. The **ICE BofA All US Convertibles Index (VXA0)** comprises approximately 700 issues of only convertible bonds and preferreds of all qualities. **The ICE BofA US High Yield Master II Index** consists of below investment grade US dollar denominated corporate bonds that are publicly issued in the US 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 BofA 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 BofA 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 US stock market. The **S&P/LSTA US Leveraged Loan Index** is designed to reflect the performance of the leveraged loan market. The **S&P 500 Equal Weighted Index** is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 Equal Weighted Index is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

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.

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