Dynamic Convertible and Income Fund (CCD) 2Q19 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]	9.95%

ASSET ALLOCATION	%
Convertibles	80.3
Corporate Bonds	12.1
Common Stock	2.1
Bank Loans	1.8
Cash and Receivables/Payables	1.7
Synthetic Convertibles	1.7
Preferred Stock	0.1
Other	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 $0.0502 is paid from ordinary income or capital gains and $0.1168 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 delivered strong returns during a period of increased volatility stemming from geopolitical tensions and a heightened focus on central bank policy. Convertible and equity quarterly results benefited from a dovish Fed and expectations for a U.S.-China trade dispute ceasefire. Convertibles, as measured by the ICE BofAML All U.S. Convertible Index (VXA0), returned 3.85% during the quarter, while equities rose 4.30%, as reflected in the S&P 500 Index. Overall, convertibles performed well during bouts of volatility, participating in nearly 90% of the market's upside.

In this environment, the technology media (+5.87%), financials (+5.51%), technology (+4.97%) and healthcare (+3.85%) sectors served as the primary drivers leading the convertible market higher. Conversely, the energy (-9.87%), consumer staples (-7.86%) and transportation (-1.71%) areas lagged. On a credit quality and equity sensitivity basis, investment-grade convertibles (+4.20%) outperformed speculative issues (+3.04%), while convertibles with the most equity sensitivity (+5.05%) edged out those offering balanced risk/reward attributes (+4.71%) and the most credit-sensitive segment (+2.26%).

Convertible issuance numbers are slightly behind last year's pace, but point to a solid follow-through, particularly when considering the market volatility of the past few quarters. In the second quarter, $11.8 billion in domestic new issuance, and $18 billion globally came to market, bringing the year-to-date totals in the U.S. and globally to $22.4 and $40 billion, respectively. Positively, the market remained well distributed, as convertibles offering balanced risk/reward profiles represented 35% of the overall market, compared to 34% in the credit sensitive segment, and 31% in equity-sensitive issues.

ANNUALIZED TOTAL RETURN AS OF 6/30/19

	QTD	1-YEAR	3-YEAR	SHARE INCEPTION (03/27/15)
On Market Value	1.53%	3.36%	14.48%	4.89%
On NAV	4.38	7.06	12.52	6.24

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.

Dynamic Convertible and Income Fund (CCD) Commentary

The U.S. high yield bond market, as represented by the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index returned 2.50% in the first quarter, bringing the year-to-date total return to 9.94%.

The constituents of the S&P 500 delivered positive revenue and earnings results again in the first quarter of 2019, with over 75% besting analyst expectations for earnings, which the long-term average. However, only 57% reported revenue above analyst expectations, which is slightly below the long-term average and continues a downward trend from the previous quarter. While earnings growth from a year prior was only 1.6%, it was the first time that the prior year's quarter was also affected by the Tax Cuts and Jobs Act. We expect this will significantly moderate earnings growth in 2019 from what had been a much stronger pace through 2018. Increased international tensions exacerbated by the trade war between the U.S. and China have interrupted supply chains and led to indications of manufacturing activity slowing around the globe. However, risk assets valuations seem to have continued market support, as domestic stock markets are near all-time highs and credit spreads have been well behaved.

After tightening by more than 100 basis points in the first quarter on an option-adjusted basis, high yield spreads traded in a 100 basis point range during the second quarter to close at 377 basis points, slightly tighter than the previous quarter. BB rated credits led the way higher for the quarter, returning 3.1, followed closely by B rated credits returning 2.7%, and CCCs trailing at 0.3%.

The Federal Reserve met twice during the quarter, maintaining its benchmark overnight rate at 2.25% to 2.50% at meetings in May and June. The statement following the June meeting took on an increasingly dovish tone. The Fed indicated that the U.S. economy was facing re-emergent crosscurrents related to international trade negotiations and a global growth slowdown. Fed expectations shifted from a median estimate of zero hikes to a median estimate of one rate cut before the end of 2019. The futures market on the federal funds rate, however, is pricing in a 100% certainty that the Fed will cut rates by the end of the year, while the odds of multiple rate cuts have increased to over 50%. It is important to note that the European Central Bank has stated that additional stimulus will be needed "in the absence of any improvement" in growth and inflation measures, and several other developed and emerging market central banks have cut rates to support economic growth in their countries.

The best-performing sectors in the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index were banks (+4.6%), finance companies (+4.1%) and transportation (+3.8%), while energy (-0.9%), basic industry (+1.7%) and technology (+2.0%) represented the largest laggards. According to JPMorgan, the U.S. high yield default rate ended June at 1.46%, a decline of greater than 50 basis points year-over-year, and well below the 3% long-term average.

Distributions Remained Competitive

The fund maintained a monthly distribution of $0.1670 throughout the quarter. The fund's current annualized distribution rate was 9.95% of market price as of June 30, 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 2.00% and the ICE BofAML All U.S. Convertibles Index yield was 2.54% as of June 30, 2019.

Performance Review

For the quarter ending June 30, 2019, the fund returned 1.53% on market price and 4.38% on NAV. The fund's market price

Dynamic Convertible and Income Fund (CCD) Commentary

and NAV underperformed relative to the ICE BofAML All U.S. Convertibles Index, which returned 3.85% for the period.

Contributing Factors. This past quarter, the fund benefited from its selection in the health care sector relative to the index, specifically in the pharmaceuticals industry. In addition, selection in the energy sector, notably in the oil & gas equipment services industry, was additive.

Detracting Factors. Our selection in consumer discretionary, namely selection and an overweight in automobile manufacturers, underperformed relative to the index. In addition, selection in information technology proved detrimental to return, specifically in semiconductors.

Positioning

We continue to hold our highest allocations (approximately 28%) 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 57%) 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 91% 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 June 30, 2019, our amount of leveraged assets was approximately 33%.

Conclusion

We favor convertibles as a means of gaining exposure to equity market upside while providing downside protection. We strive to accomplish this through an actively managed, well-diversified portfolio offering an optimal risk-reward profile. We believe the U.S. economy is in good standing, highlighted by a strong U.S. consumer enjoying record employment, gains in personal income and modest growth in personal consumption. In other words, we do not foresee the U.S. economy heading towards an imminent recession, but do acknowledge that global growth is slowing meaningfully. In this environment, we expect continued volatility in financial markets, driven by geopolitical headlines, central bank policies, global growth forecasts and the approaching 2020 U.S. election. Through it all, we continue to identify opportunities within segments of technology, health care and consumer products/services. We believe these areas will benefit from thematic tailwinds and solid corporate fundamentals, thereby setting the stage for outperformance despite overall market volatility. We remain selective in cyclical areas that are more policy dependent as well as in the traditional defensive areas such as utilities and REITs, where declining interest rates have contributed to elevated valuations. We continue to identify opportunities amid market volatility, using these periods of tumult to actively manage the portfolio and rebalance the risk/reward profile—with the objective of optimizing upside participation and principle protection.

While we expect the rate of domestic economic growth to slow, we expect the default environment to continue to trend below the long-term historical average of 3% until domestic economic activity softens. Although corporate credit fundamentals

Dynamic Convertible and Income Fund (CCD) Commentary

are beginning to show early signs of weakening, the market continues to offer ample liquidity for the majority of high yield issuers. As long as the liquidity environment persists, we expect credit spreads to remain well behaved. Given the strength of returns for the high yield market in the first-half of 2019, we believe the asset class can produce low double-digit returns for calendar year 2019, delivering a coupon-like return over the balance of the year. We continue to follow a strict discipline regarding our rigorous, fundamentally driven investment process, as we believe it is critical to pick spots wisely and appropriately balance risk/reward.

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.

CALAMOS® INVESTMENTS

Calamos Financial Services LLC, Distributor
2020 Calamos Court | Naperville, IL 60563-2787
800.582.6959 | www.calamos.com | caminfo@www.calamos.com

CCDCOM 9760 0619Q R