

Flaherty & Crumrine Dynamic Preferred & Income Fund Inc
Form N-Q
October 26, 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

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Date of reporting period: August 31, 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”):

Preferreds performed well in the third fiscal quarter¹, bringing total return for the year just back into positive territory. While these returns have not kept pace with returns in recent years, preferreds continue to outperform certain areas of the fixed income market. Total return² on net asset value (“NAV”) was 2.6% for the quarter, and 0.0% for the first nine months of fiscal 2018. Total return on market price over the same periods was 8.4% and -2.4%, respectively.

By most accounts, it has been a challenging year for corporate bond investments. As the current economic cycle has matured, interest rates rose modestly and credit spreads gradually widened. The yield curve flattened as the Federal Reserve methodically raised its benchmark rate while the long end of the Treasury yield curve moved up only modestly given a limited increase in broad-based inflation and subdued expectations for long-term economic growth. Over the first nine months of the Fund’s fiscal year, the Bloomberg Barclays U.S. Aggregate Index returned -0.5%, while the Bloomberg Barclays Long U.S. Credit Index returned -2.7%.

Preferreds outperformed these fixed-income benchmarks for a few key reasons. First, duration is moderate for many preferreds – and for the Fund’s portfolio specifically. We won’t repeat the merits of fixed-to-float preferreds here, but as previously discussed they offer attractive yields with intermediate duration. Owning both fixed-rate and fixed-to-float preferreds allows for management of portfolio duration despite the long-term nature of the Fund’s investments.

Second, an issuer’s preferreds generally yield more than its corporate bonds. The Fund’s strategy is to identify investment-grade issuers and invest down the capital structure (into preferreds) to earn extra yield for what is, in most cases, similar default risk. For issuers with solid credit quality, preferreds have consistently outperformed corporate bonds over a credit cycle. Over time, higher yields can make up for a lot of principal change and dampen effects of higher interest rates.

Outperformance of preferreds over other fixed income securities has been even better when considered after-tax. If shareholders missed our discussion on taxes in the semi-annual report dated May 31, 2018, we encourage a read. Most preferreds offer tax-advantaged income, which further enhances the extra yield earned for subordination (i.e. being lower in the capital structure than senior debt).

We believe the case for preferreds as an income investment remains largely intact, with a combination of higher relative yields, tax advantages, and benign credit conditions. Returns may be bumpy as markets navigate a late-cycle economy (albeit one that’s currently showing few signs of weakness) and an active Federal Reserve. For fixed-income investors, however, preferreds’ combination of credit quality, intermediate duration and yield should remain attractive.

Sincerely,

The Flaherty & Crumrine Portfolio Management Team

September 30, 2018

¹ June 1, 2018 – August 31, 2018

² Following the methodology required by the Securities and Exchange Commission, total return assumes dividend reinvestment.

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OVERVIEW

August 31, 2018 (Unaudited)

Fund Statistics

Net Asset Value	\$ 24.87	
Market Price	\$ 24.41	
Discount	1.85	%
Yield on Market Price	7.28	%
Common Stock Shares Outstanding	19,161,549	

Security Ratings** % of Net Assets†

A	0.2	%
BBB	48.9	%
BB	36.7	%
Below "BB"	2.1	%
Not Rated***	9.9	%

Portfolio Rating Guidelines % of Net Assets†

Security Rated Below Investment Grade By All*****	39.1	%
Issuer or Senior Debt Rated Below Investment Grade by All*****	2.8	%

**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 2.2%.

****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†

Top 10 Holdings by Issuer	% of Net Assets†
Citigroup Inc	4.8 %

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Morgan Stanley	4.5	%
PNC Financial Services Group Inc	4.1	%
MetLife Inc	4.0	%
Liberty Mutual Group	3.4	%
JPMorgan Chase & Co	3.2	%
LLoyds Banking Group PLC	2.9	%
HSBC PLC	2.8	%
Fifth Third Bancorp	2.8	%
Enbridge Energy Partners	2.7	%

**% of Net
Assets*****†**

Holdings Generating Qualified Dividend Income (QDI) for Individuals	64	%
Holdings Generating Income Eligible for the Corporate Dividends Received Deduction (DRD)	46	%

*****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.

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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS**August 31, 2018 (Unaudited)**

Shares/\$ Par	Value		
Preferred Securities[§] —			
95.5%			
Banking — 59.6%			
\$ 1,738,000	Australia & New Zealand Banking Group Ltd., 6.75% to 06/15/26 then ISDA5 + 5.168%, 144A*****	\$ 1,807,520	** (2)
\$ 7,000,000	Banco Bilbao Vizcaya Argentaria SA, 6.125% to 11/16/27 then SW5 + 3.87%	6,191,990	** (1)(2)
\$ 1,660,000	Banco Mercantil del Norte SA, 7.625% to 01/06/28 then T10Y + 5.353%, 144A*****	1,692,370	** (2)
Bank of America Corporation:			
40,000	6.00%, Series EE	1,043,600	*
\$ 4,760,000	5.875% to 03/15/28 then 3ML + 2.931%, Series FF	4,765,950	* (1)
\$ 1,800,000	6.30% to 03/10/26 then 3ML + 4.553%, Series DD	1,930,500	* (1)
\$ 9,107,000	6.50% to 10/23/24 then 3ML + 4.174%, Series Z	9,835,560	* (1)
Barclays Bank PLC:			
\$ 3,120,000	7.75%, to 09/15/23 then SW5 + 4.842%	3,155,256	** (2)
\$ 8,378,000	7.875% to 03/15/22 then SW5 + 6.772%, 144A*****	8,717,552	** (1)(2)
BNP Paribas:			
\$ 1,300,000	7.00%, to 08/16/28 then SW5 + 3.98%, 144A*****	1,303,250	** (2)
\$ 11,200,000	7.375% to 08/19/25 then SW5 + 5.15%, 144A*****	11,807,600	** (1)(2)
\$ 2,000,000	7.625% to 03/30/21 then SW5 + 6.314%, 144A*****	2,130,000	** (2)
Capital One Financial Corporation:			
3,645	6.00%, Series B	93,512	*
25,700	6.00%, Series H	676,553	*
66,679	6.70%, Series D	1,759,325	* (1)
Citigroup, Inc.:			
\$ 1,400,000	5.95% to 05/15/25 then 3ML + 3.905%, Series P	1,427,580	*
1,191,837	6.875% to 11/15/23 then 3ML + 4.13%, Series K	33,198,620	* (1)
24,371	7.125% to 09/30/23 then 3ML + 4.04%, Series J	693,477	*
\$ 5,000,000	Citizens Financial Group, Inc., 5.50% to 04/06/20 then 3ML + 3.96%, Series A	5,117,500	* (1)
CoBank ACB:			

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38,100	6.20% to 01/01/25 then 3ML + 3.744%, Series H, 144A****	4,076,700	*
3,450	6.25% to 10/01/22 then 3ML + 4.557%, Series F, 144A****	360,525	*
\$ 550,000	6.25% to 10/01/26 then 3ML + 4.66%, Series I, 144A****	585,750	*
7,000	Compeer Financial ACA, 6.75% to 08/15/23 then 3ML + 4.58%, 144A****	7,525,000	*
\$ 915,000	Credit Agricole SA, 7.875% to 01/23/24 then SW5 + 4.898%, 144A****	973,281	** (2)
724,983	Fifth Third Bancorp, 6.625% to 12/31/23 then 3ML + 3.71%, Series I	20,259,650	*(1)
5,000	First Horizon National Corporation, 6.20%, Series A	127,783	*
	Goldman Sachs Group:		
54,609	6.30%, Series N	1,460,791	*
\$ 2,000,000	5.00% to 11/10/22 then 3ML + 2.874%, Series P	1,896,984	*(1)
10,000	5.50% to 05/10/23 then 3ML + 3.64%, Series J	262,550	*
531,522	6.375% to 05/10/24 then 3ML + 3.55%, Series K	14,473,344	*(1)
	HSBC Holdings PLC:		
\$ 1,000,000	6.00% to 05/22/27 then ISDA5 + 3.746%	971,300	** (1)(2)
\$ 9,025,000	6.50% to 03/23/28 then ISDA5 + 3.606%	8,844,500	** (1)(2)
\$ 3,988,000	6.875% to 06/01/21 then ISDA5 + 5.514%	4,162,475	** (1)(2)
\$ 4,458,000	HSBC Capital Funding LP, 10.176% to 06/30/30 then 3ML + 4.98%, 144A****	6,653,565	(1)(2)

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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)**August 31, 2018 (Unaudited)****Shares/\$ Par Value****Preferred Securities —
(Continued)****Banking — (Continued)**

	Huntington Bancshares, Inc.:		
332,000	6.25%, Series D	\$ 8,824,560	*(1)
\$ 3,200,000	5.70% to 04/15/23 then 3ML + 2.88%, Series E	3,198,000	*(1)
114,400	ING Groep NV, 6.375%	2,937,792	** (1)(2)
	JPMorgan Chase & Company:		
\$ 3,331,000	3ML + 3.47%, 5.8089% ⁽³⁾ , Series I	3,358,481	*(1)
\$ 10,700,000	6.00% to 08/01/23 then 3ML + 3.30%, Series R	11,179,039	*(1)
\$ 8,000,000	6.75% to 02/01/24 then 3ML + 3.78%, Series S	8,815,600	*(1)
283,700	KeyCorp, 6.125% to 12/15/26 then 3ML + 3.892%, Series E	7,953,530	*(1)
\$ 14,022,000	Lloyds Banking Group PLC, 6.657% to 05/21/37 then 3ML + 1.27%, 144A****	14,460,188	** (1)(2)
\$ 5,200,000	Lloyds TSB Bank PLC, 12.00% to 12/16/24 then 3ML + 11.756%, 144A****	6,328,691	(2)
\$ 15,425,000	M&T Bank Corporation, 6.45% to 02/15/24 then 3ML + 3.61%, Series E	16,543,312	*(1)
\$ 1,700,000	Macquarie Bank Ltd., 6.125% to 03/08/27 then SW5 + 3.703%, 144A****	1,561,875	** (2)
135,740	MB Financial, Inc., 6.00%, Series C	3,542,814	*(1)
	Morgan Stanley:		
251,971	5.85% to 04/15/27 then 3ML + 3.491%, Series K	6,595,341	*(1)
674,994	6.875% to 01/15/24 then 3ML + 3.94%, Series F	19,004,456	*(1)
241,200	7.125% to 10/15/23 then 3ML + 4.32%, Series E	6,950,178	*(1)
549,300	New York Community Bancorp, Inc., 6.375% to 03/17/27 then 3ML + 3.821%, Series A	15,319,977	*(1)
35,000	People's United Financial, 5.625% to 12/15/26 then 3ML + 4.02%, Series A	914,375	*
	PNC Financial Services Group, Inc.:		
675,080	6.125% to 05/01/22 then 3ML + 4.067%, Series P	18,797,603	*(1)
\$ 9,928,000	6.75% to 08/01/21 then 3ML + 3.678%, Series O	10,806,628	*(1)
\$ 6,125,000	RaboBank Nederland, 11.00% to 06/30/19 then 3ML + 10.868%, 144A****	6,507,812	(1)(2)
627,170		17,149,901	*(1)

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	Regions Financial Corporation, 6.375% to 09/15/24 then 3ML + 3.536%, Series B		
\$ 4,825,000	Royal Bank of Scotland Group PLC: RBS Capital Trust II, 6.425% to 01/03/34 then 3ML + 1.9425%	5,705,562	** (1)(2)
\$ 300,000	Societe Generale SA: 6.75% to 04/06/28 then SW5 + 3.929%, 144A****	284,250	** (2)
\$ 8,200,000	7.375% to 09/13/21 then SW5 + 6.238%, 144A****	8,589,500	** (1)(2)
\$ 5,000,000	8.00% to 09/29/25 then ISDA5 + 5.873%, 144A****	5,343,750	** (1)(2)
4,000	Sovereign Bancorp: Sovereign REIT, 12.00%, Series A, 144A****	4,710,000	
\$ 6,615,000	Standard Chartered PLC: 7.50% to 04/02/22 then SW5 + 6.301%, 144A****	6,846,525	** (1)(2)
\$ 4,000,000	7.75% to 04/02/23 then SW5 + 5.723%, 144A****	4,155,000	** (1)(2)
26,174	State Street Corporation, 5.90% to 03/15/24 then 3ML + 3.108%, Series D	710,493	* (1)
23,596	Sterling Bancorp, 6.50%, Series A	628,489	*
40,895	US Bancorp, 6.50% to 01/15/22 then 3ML + 4.468%, Series F	1,154,261	* (1)
50,000	Valley National Bancorp, 6.25% to 06/30/25 then 3ML + 3.85%, Series A	1,335,000	*

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)**August 31, 2018 (Unaudited)**

Shares/\$ Par	Value		
Preferred Securities —			
(Continued)			
Banking — (Continued)			
	Wells Fargo & Company:		
27,000	5.625%, Series Y	\$ 687,822	*
759	7.50%, Series L	985,171	*
180,300	5.85% to 09/15/23 then 3ML + 3.09%, Series Q	4,668,868	*(1)
\$ 13,025,000	3ML + 3.77%, 6.1106% ⁽³⁾ , Series K	13,209,304	*(1)
\$ 3,700,000	Westpac Banking Corporation, 5.00% to 09/21/27 then ISDA5 + 2.888%	3,323,750	** ⁽¹⁾⁽²⁾
	Zions Bancorporation:		
10,000	6.30% to 03/15/23 then 3ML + 4.24%, Series G	271,960	*
\$ 10,000,000	7.20% to 09/15/23 then 3ML + 4.44%, Series J	10,725,000	*(1)
		434,066,771	
Financial Services — 1.0%			
\$ 1,440,000	AerCap Global Aviation Trust, 6.50% to 06/15/25 then 3ML + 4.30%, 06/15/45, 144A****	1,490,400	(1)(2)
\$ 2,600,000	Credit Suisse Group AG, 7.50% to 07/17/23 then SW5 + 4.60%, 144A****	2,694,900	** ⁽²⁾
\$ 1,500,000	E*TRADE Financial Corporation, 5.30% to 03/15/23 then 3ML + 3.16%, Series B	1,495,500	*
\$ 1,420,000	General Motors Financial Company, 5.75% to 09/30/27 then 3ML + 3.598%, Series A	1,385,387	*
		7,066,187	
Insurance — 21.5%			
373,578	Allstate Corporation, 6.625%, Series E	9,717,922	*(1)
	American International Group:		
\$ 280,000	AIG Life Holdings, Inc., 7.57% 12/01/45, 144A****	345,100	
\$ 497,000	AIG Life Holdings, Inc., 8.125% 03/15/46, 144A****	647,342	
\$ 350,000	8.175% to 05/15/38 then 3ML + 4.195%, 05/15/58	441,875	
\$ 680,000	Aon Corporation, 8.205% 01/01/27	834,700	(1)
	Arch Capital Group, Ltd.:		

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38,000	5.25%, Series E	921,394	** (2)
33,000	5.45%, Series F	818,070	** (2)
\$ 6,550,000	AXA SA, 6.379% to 12/14/36 then 3ML + 2.256%, 144A *****	7,008,500	** (1)(2)
307,263	Delphi Financial Group, 3ML + 3.19%, 5.5038% ⁽³⁾ 05/15/37	6,951,825	(1)
141,000	Enstar Group Ltd., 7.00% to 08/31/28 then 3ML + 4.015%, Series D	3,706,185	** (1)(2)
\$ 754,000	Everest Reinsurance Holdings, 3ML + 2.385%, 4.6988% ⁽³⁾ 05/15/37	746,460	(1)
137,500	Hartford Financial Services Group, Inc., 7.875% to 04/15/22 then 3ML + 5.596%, 04/15/42	3,931,812	(1)
\$ 20,983,000	Liberty Mutual Group, 7.80% 03/15/37, 144A***** MetLife, Inc.:	24,812,397	(1)
\$ 17,200,000	9.25% 04/08/38, 144A*****	23,478,000	(1)
\$ 3,759,000	10.75% 08/01/39	5,798,258	(1)

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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)**August 31, 2018 (Unaudited)****Shares/\$ Par Value****Preferred Securities —
(Continued)****Insurance — (Continued)**

	PartnerRe Ltd.:		
77,450	5.875%, Series I	\$ 1,947,868	** (1)(2)
37,556	6.50%, Series G	986,221	** (1)(2)
236,349	7.25%, Series H	6,618,954	** (1)(2)
	Prudential Financial, Inc.:		
\$ 2,727,000	5.625% to 06/15/23 then 3ML + 3.92%, 06/15/43	2,855,114	(1)
\$ 5,848,000	5.875% to 09/15/22 then 3ML + 4.175%, 09/15/42	6,235,430	(1)
\$ 13,160,000	QBE Insurance Group Ltd., 7.50% to 11/24/23 then SW10 + 6.03%, 11/24/43, 144A****	14,393,750	(1)(2)
56,900	RenaissanceRe Holdings Ltd., 5.75%, Series F	1,444,976	** (2)
\$ 6,750,000	Unum Group: Provident Financing Trust I, 7.405% 03/15/38	7,428,375	
	W.R. Berkley Corporation:		
95,479	5.625% 04/30/53	2,372,376	(1)
211,928	5.75% 06/01/56	5,275,948	(1)
1,530	5.90% 03/01/56	38,342	
	XL Group Limited:		
\$ 14,338,000	Catlin Insurance Company Ltd., 3ML + 2.975%, 5.3169% ⁽³⁾ , 144A****	14,194,620	(1)(2)
\$ 3,020,000	XL Capital Ltd., 3ML + 2.4575%, 4.7967% ⁽³⁾ , Series E	2,975,002	(1)(2)
		156,926,816	
	Utilities — 3.7%		
\$ 2,100,000	CenterPoint Energy, Inc., 6.125% to 09/01/23 then 3ML + 3.27%, Series A	2,142,000	*
\$ 2,545,000	Commonwealth Edison: COMED Financing III, 6.35% 03/15/33	2,700,016	
404,000	Dominion Energy, Inc., 5.25% 07/30/76, Series A	9,960,620	(1)
15,782	DTE Energy Company, 5.375% 06/01/76, Series B	390,399	(1)
\$ 6,830,000	Emera, Inc., 6.75% to 06/15/26 then 3ML + 5.44%, 06/15/76, Series 2016A	7,274,774	(1)(2)

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121,452	Integrys Energy Group, Inc., 6.00% to 08/01/23 then 3ML + 3.22%, 08/01/73	3,148,643	(1)
\$ 1,000,000	NiSource, Inc., 5.65% to 06/15/23 then T5Y + 2.843%, 144A****	1,013,750	*
15,000	Southern California Edison: SCE Trust V, 5.45% to 03/15/26 then 3ML + 3.79%, Series K	390,825	*(1)
		27,021,027	
Energy — 7.6%			
\$ 9,780,000	DCP Midstream LLC, 5.85% to 05/21/23 then 3ML + 3.85%, 05/21/43, 144A****	9,046,500	(1)
	DCP Midstream LP:		
\$ 3,500,000	7.375% to 12/15/22 then 3ML + 5.148%, Series A	3,506,563	(1)
11,900	7.875% to 06/15/23 then 3ML + 4.919%, Series B	308,032	
\$ 3,500,000	Enbridge, Inc., 6.00% to 01/15/27 then 3ML + 3.89%, 01/15/77	3,421,250	(1)(2)
\$ 19,804,000	Enbridge Energy Partners LP, 3ML + 3.7975%, 6.1349% ⁽³⁾ 10/01/37	19,913,547	(1)

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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)**August 31, 2018 (Unaudited)**

Shares/\$ Par	Value		
Preferred Securities —			
(Continued)			
Energy — (Continued)			
	Energy Transfer Partners LP:		
351,126	7.375% to 05/15/23 then 3ML + 4.53%, Series C	\$ 9,010,911	(1)
4,800	7.625% to 08/15/23 then 3ML + 4.738%, Series D	126,000	
\$ 2,700,000	Enterprise Products Operating L.P., 5.25% to 08/16/27 then 3ML + 3.033%, 08/16/77, Series E	2,558,250	
94,595	Kinder Morgan, Inc., 9.75% 10/26/18, Series A	3,142,976	*
105,773	NuStar Logistics LP, 3ML + 6.734%, 9.0732% ⁽³⁾ 01/15/43	2,744,280	
\$ 1,500,000	Transcanada Pipelines, Ltd., 5.875% to 08/15/26 then 3ML + 4.64%, 08/15/76, Series 2016-A	1,533,750	(1)(2)
		55,312,059	
Real Estate Investment Trust (REIT) — 0.0%			
10,685	Annaly Capital Management, Inc., 6.95% to 09/30/22 then 3ML + 4.993%, Series F	274,070	
		274,070	
Miscellaneous Industries — 2.1%			
	BHP Billiton Limited:		
\$ 1,400,000	BHP Billiton Finance U.S.A., Ltd., 6.75% to 10/19/25 then SW5 + 5.093%, 10/19/75, 144A****	1,540,000	(1)(2)
	Land O' Lakes, Inc.:		
\$ 725,000	7.25%, Series B, 144A****	784,813	*
\$ 11,700,000	8.00%, Series A, 144A****	12,870,000	*(1)
		15,194,813	
	Total Preferred Securities	695,861,743	
	(Cost \$668,824,504)		
Corporate Debt Securities^s — 2.4%			
Banking — 1.9%			

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451,000	Texas Capital Bancshares Inc., 6.50% 09/21/42, Sub Notes	11,615,505	(1)
89,000	Zions Bancorporation, 6.95% to 09/15/23 then 3ML + 3.89%, 09/15/28, Sub Notes	2,633,065	(1)
		14,248,570	
Communication — 0.5%			
	Qwest Corporation:		
54,050	6.50% 09/01/56	1,273,688	
82,550	6.75% 06/15/57	2,018,760	
1,298	7.00% 04/01/52	32,976	
		3,325,424	
	Total Corporate Debt Securities	17,573,994	
	(Cost \$16,691,278)		

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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)**August 31, 2018 (Unaudited)****Shares/\$ Par Value****Money Market Fund —****1.1%**

7,858,416	BlackRock Liquidity Funds: T-Fund, Institutional Class	\$ 7,858,416	
	Total Money Market Fund (Cost \$7,858,416)	7,858,416	
Total Investments (Cost \$693,374,198***)	99.0 %	721,294,153	
Other Assets And Liabilities (Net)	1.0 %	7,366,424	
Total Managed Assets	100.0 %‡	\$ 728,660,577	
Loan Principal Balance		(252,200,000)	
Total Net Assets Available To Common Stock		\$ 476,460,577	

§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 August 31, 2018, these securities amounted to \$220,740,776 or 29.6% of total managed assets.

(1)All or a portion of this security is pledged as collateral for the Fund's loan. The total value of such securities was \$444,248,905 at August 31, 2018.

(2)Foreign Issuer.

(3)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

T5Y — Federal Reserve H.15 5-Yr Constant Maturity Treasury Semiannual yield

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⁽¹⁾

For the period from December 1, 2017 through August 31, 2018 (Unaudited)

Value

OPERATIONS:

Net
investment
income \$18,610,814

Net
realized
gain/(loss)
on
investments

887,184
sold
during
the
period

Change
in
net
unrealized
appreciation/(depreciation)
of
investments
(26,048,306)

**Net
decrease
in
net
assets (1,550,108)
resulting
from
operations**

DISTRIBUTIONS:

Dividends
paid
from
net
investment
income
to (2,791,312)

Common
Stock
Shareholders⁽²⁾

**Total
Distributions**

to (25,791,312)
**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 \$(27,296,955)
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
assets (27,296,955)
during
the
period

End
of \$ 476,460,577
period

(1)These tables summarize the nine months ended August 31, 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.

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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

Financial Highlights⁽¹⁾

For the period December 1, 2017 through August 31, 2018 (Unaudited)

For a Common Stock share outstanding throughout the period

**PER
SHARE
OPERATING
PERFORMANCE:**

Net
asset
value, \$ 26.29
beginning
of
period

**INVESTMENT
OPERATIONS:**

Net
investment .24
income

Net
realized
and
unrealized(1.31)
gain/(loss)
on
investments

Total
from
investment(0.07)
operations

**DISTRIBUTIONS
TO
COMMON
STOCK
SHAREHOLDERS:**

From (1.35)
net
investment

income
 Total
 distributions
 to
 Common (1.35)
 Stock
 Shareholders

Net
 asset
 value, \$ 24.87
 end

of
 period

Market
 value,
 end \$ 24.41

of
 period

Common
 Stock
 shares

outstanding 1,549

end
 of
 period

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

Net
 investment 6.47 %*
 income †

Operating
 expenses
 including 2.41 %*
 interest
 expense

Operating
 expenses
 excluding 1.05 %*
 interest
 expense

**SUPPLEMENTAL
 DATA: ††**

8 %**

Portfolio turnover rate		
Total managed assets, end of period (in 000's)	\$ 728,661	
Ratio of operating expenses including interest expense to average total managed assets	1.59	%*
Ratio of operating expenses excluding interest expense to average total managed assets	0.69	%*

(1)These tables summarize the nine months ended August 31, 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 & Crumrine Dynamic Preferred and Income Fund Incorporated

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

	Total Dividends Paid	Net Asset Value	NYSE Closing Price	Dividend Reinvestment Price⁽¹⁾
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
March 29, 2018	0.1480	25.33	24.17	24.09
April 30, 2018	0.1480	24.97	23.75	23.73
May 31, 2018	0.1480	24.69	22.93	22.99
June 29, 2018	0.1480	24.60	23.46	23.58
July 31, 2018	0.1480	24.75	24.05	