Flaherty & Crumrine Dynamic Preferred & Income Fund Inc
Form N-CSR
January 29, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

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: November 30, 2018

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR 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 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. Reports to Stockholders.

The Report to Shareholders is attached herewith.

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.

Annual
Report

November 30, 2018

Beginning January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, the Fund intends to no longer mail paper copies of the Fund's shareholder reports like this one, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary (such as a broker-dealer or bank). Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically ("edelivery"), you will not be affected by this change and you need not take any action. If you have not already elected edelivery, you may elect to receive shareholder reports and other communications from the Fund electronically at any time by contacting the Fund at the telephone number or mailing address listed on the left side of this page, if you invest directly with the Fund, or by contacting your financial intermediary.

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. That election will apply to all funds held in your account at that financial intermediary. Likewise, your election to receive reports in paper will apply to all funds held with the fund complex if you invest directly with the Fund. If you are a direct shareholder with the Fund, you can call or write to the Fund at the telephone number or address listed on the left side of this page to let the Fund know you wish to continue receiving paper copies of your shareholder reports.

www.preferredincome.com

FLAHERTY & CRUMRINE dynamic PREFERRED and INCOME FUND

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

Fiscal 2018 came to an end on November 30, 2018 and total returns for the year were dragged lower by a very weak fourth quarter. Total return[1] on net asset value ("NAV") was -5.6% for the fourth fiscal quarter[2] and -5.6% for the full fiscal year. Total return on market price of Fund shares over the same periods was -10.8% and -12.9%, respectively.

The table below shows Fund NAV returns over various measurement periods. The table includes performance of two indices, Bloomberg Barclays U.S. Aggregate and S&P 500, as proxies for bond and stock markets, respectively. While neither is a benchmark for Fund performance, they provide context for returns on broad asset categories.

TOTAL RETURN ON NET ASSET VALUE
FOR PERIODS ENDED NOVEMBER 30, 2018
(Unaudited)

	Actual Returns			**Average Annualized Returns**		
	Three Months	**Six Months**	**One Year**	**Three Years**	**Five Years**	**Life of Fund(1)**
Flaherty & Crumrine Dynamic Preferred and Income Fund	-5.6%	-3.1%	-5.6%	5.9%	8.6%	7.6%
Bloomberg Barclays U.S. Aggregate Index(2)	-0.8%	-0.3%	-1.3%	1.3%	2.0%	1.7%
S&P 500 Index(3)	-4.4%	3.0%	6.3%	12.2%	11.1%	12.1%

(1)Since inception on May 29, 2013.

(2)The Bloomberg Barclays U.S. Aggregate Index is an unmanaged index considered representative of the U.S. investment grade,
fixed-rate bond market.

(3)The S&P 500 is a capitalization-weighted index of 500 common stocks. The index is designed to measure performance of the broad
domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. In addition, NAV performance will vary from market price performance, and you may have a taxable gain or loss when you sell your shares.

Preferred securities held up reasonably well for the first three fiscal quarters. Investors continued to find attractive levels of income in preferreds and seemed to remain hopeful a strong U.S. economy would carry the day – which, by most measures, proved resilient. Returns in the early part of fiscal 2018 were slightly negative due to concerns about higher interest rates. On a relative basis, preferreds performed well during this period, outperforming most corporate-credit benchmarks due to modest spread tightening for preferreds.

While higher interest rates were a headwind to returns in the first two fiscal quarters, preferreds rebounded in the third quarter as interest rates moved sideways or lower, and preferred yields continued to look attractive – especially on an after-tax basis. By the fourth quarter, however, worries about future global and domestic economic growth were added to a growing list of market concerns, and almost all markets moved materially lower, including preferreds.

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

[2] September 1, 2018 – November 30, 2018

U.S. bank preferreds were the most stable sector for the year, consistent with limited supply and continued good credit quality. Tax reform was a positive for bank earnings, and a healthy economy combined with modestly higher interest rates further supported the outlook. Foreign banks were more mixed, with weakness targeted at those with country-specific issues, including Brexit in the U.K., weak balance sheets for many German banks and ongoing political and economic concerns in Italy. While the economy, interest rates and consumer health will impact profitability, U.S. banks are expected to report record earnings heading into 2019. As of November 30, U.S. bank holdings were 44.2% of the Fund's total net assets and foreign bank holdings were 17.2%.

The energy sector faced the strongest headwinds during the year, especially late-2018 as commodity prices moved sharply lower. Recall that rating agencies allow preferreds some equity credit when calculating financial ratios, so many non-financial issuers have an incentive to include preferreds in their capital structures. With energy common stock prices depressed, issuers avoided issuing common stock whenever possible. Instead, many companies issued preferred securities to fund capital expenditures, pushing down prices on outstanding securities. On a positive note, many energy issuers moved to simplify their corporate structures in 2018 – consolidating subsidiaries and eliminating rather high incentive distribution rights that were so common in older Master Limited Partnership (MLP) structures. Simplification is almost always good for preferred investors, and these changes also improve earnings outlooks moving forward. As of November 30, energy holdings were 7.7% of the Fund's total net assets.

The fourth fiscal quarter stood out during the year as nearly all markets (equity, credit, commodities) were lower in price. Intermediate- and longer-term interest rates moved lower, well off their highs for the year, in a flight-to-quality trade versus other markets. Even though interest rates moved lower, prices of credit instruments traded down and spreads widened significantly. Fund flows (mutual funds, ETFs, etc.) were modestly negative for much of the year, but outflows accelerated in the last months of 2018.

This selloff seems to reflect an accumulation of factors that have been bubbling under the surface for much of the year. Top concerns include a global economic slowdown, widening tariffs and potential for escalating trade wars, the Federal Reserve tightening credit conditions, and most recently a federal government shutdown to end the year. Many of these concerns involve politics, which often are not aligned with investor goals and tend to heighten volatility. Investors are climbing a wall of worry and, more recently, choosing to wait it out by holding more cash.

While a full discussion is beyond the scope of this letter, it is worth mentioning that changes in market structure are also likely responsible for the magnitude of the selloff. Statistics abound showing the rising influence of robo-trading and index-based passive investment products that buy and sell based solely on flows – regardless of value. Liquidity is scarce in market selloffs, and we all pay a price as momentum trading requires lower and lower prices for trade execution. This trend is not new, but it is probably fair to say it has not been fully tested by a bear market or under tightening financial conditions.

Market corrections can be a difficult experience, but we remain optimistic about prospects for preferred securities. As you know, we take a long-term view of investing and our process is rooted in fundamental credit research – and there is much to like about preferred issuers' credit quality. Preferreds offer very competitive yields (higher by 1-2% in most cases compared to December 2017), and are even better when tax benefits are taken into account. Volatility likely will persist into 2019, but we believe long-term investors will be rewarded with attractive tax-advantaged income and, from current levels, potential for price appreciation.

We encourage you to read the discussion topics that follow, as we dig deeper into subjects of interest to shareholders. In addition, visit the Fund's website, www.preferredincome.com, for timely and important information.

Sincerely,

The Flaherty & Crumrine Portfolio Management Team

December 31, 2018

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DISCUSSION TOPICS

(Unaudited)

The Fund's Portfolio Results and Components of Total Return on NAV

The table below presents a breakdown of the components that comprise the Fund's total return on NAV over both the recent six months and the Fund's fiscal year. These components include: (a) the total return on the Fund's portfolio of securities; (b) the impact of utilizing leverage to enhance returns to shareholders; and (c) the Fund's operating expenses. When all of these components are added together, they comprise the total return on NAV.

Components of DFP's Total Return on NAV
for Periods Ended November 30, 2018

	Six Months[1]	**One Year**
Total Return on Unleveraged Securities Portfolio (including principal change)	-1.2 %	-2.3 %
Impact of Leverage (including leverage expense)	-1.4 %	-2.2 %
Expenses (excluding leverage expense)	(0.5)%	(1.1)%
Total Return on NAV	**-3.1 %**	**-5.6 %**

[1] Actual, not annualized

For the six months and one year periods ended November 30, 2018, the ICE BofAML 8% Constrained Core West Preferred & Jr Subordinated Securities Index[SM] (P8JC)[1] returned -2.1% and -3.0%, respectively. This index reflects the various segments of the preferred securities market constituting the Fund's primary focus. Since this index return excludes all expenses and the impact of leverage, it compares most directly to the top line in the Fund's performance table above (Total Return on Unleveraged Securities Portfolio).

Total Return on Market Price of Fund Shares

While our focus is primarily on managing the Fund's investment portfolio, a shareholder's actual return is comprised of the Fund's monthly dividend payments *plus* changes in the *market price* of Fund shares. During the twelve-month period ended November 30, 2018, total return on market price of Fund shares was -12.9%.

Historically, the preferred securities market has experienced price volatility consistent with those of other fixed-income securities. However, since mid-2007 it has become clear that preferred-security valuations can move dramatically when there is volatility in financial markets. This volatility can lead to swings in both the NAV and market price of Fund shares. The chart below contrasts the relative stability of the Fund's earlier period with the more recent volatility in both its NAV and market price. Many fixed-income asset classes experienced increased volatility over this period.

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[1]The ICE BofAML 8% Constrained Core West Preferred & Jr Subordinated Securities Index (P8JC) includes U.S. dollar-denominated investment-grade or below investment-grade, fixed rate, floating rate or fixed-to-floating rate, retail or institutionally structured preferred securities of U.S. and foreign issuers with issuer concentration capped at 8%. All index returns include interest and dividend income, and, unlike the Fund's returns, are unmanaged and do not reflect any expenses.

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In a more perfect world, the market price of Fund shares and its NAV, as shown in the above chart, would track more closely. If so, any premium or discount (calculated as the difference between these two inputs and expressed as a percentage) would remain relatively close to zero. However, as can be seen in the chart below, this often has not been the case.

Although divergence between NAV and market price of a closed-end fund is generally driven by supply/demand imbalances affecting its market price, we can only speculate about why the relationship between the Fund’s market price and NAV hasn’t been closer.

Based on a closing price of $20.37 on December 31st and assuming January 2019 monthly distribution of $0.143 does not change, the annualized yield on market price of Fund shares is 8.4%. Of course, there can be no guarantee that the Fund's dividend will not change based on market conditions.

U.S. Economic and Credit Outlook

The U.S. economy in 2018 likely turned in its best annual performance since 2015, matching that year's inflation adjusted gross domestic product (real GDP) growth rate of 2.9%. That would be about 0.5% better than economists expected at the beginning of the year. On a Q4 over Q4 basis, real GDP should be up about 3.1% in 2018, which would be the fastest pace since 2005. Economists expect continued expansion of 2.7% in 2019 and 1.9% in 2020. We remain broadly in agreement with the 2019 forecast, but we think 2020 will be a little better.

Real GDP was paced by personal consumption expenditures (+2.6% average growth over the first three quarters of 2018), which benefitted from a strong labor market and lower personal income tax rates. Job growth averaged 220,000 jobs per month in 2018, average hourly earnings were up 3.2% and the unemployment rate touched 3.7%, its lowest level since 1969. Rising consumer demand and corporate tax reform drove a sizable jump in business investment (+7.5% three-quarter average), especially in the first half of the year. Federal government spending (+3.3%) also accelerated in 2018, though state and local government spending (+1.6%) was subdued. Residential investment (-2.8%) fell despite strong employment growth, however, as rising home prices, higher mortgage rates and new limits on deductibility of state and local taxes (including property taxes) combined to dampen demand for housing.

A growing economy and tighter labor market pushed inflation up modestly during the Fund's fiscal year. Excluding volatile food and energy prices, the consumer price index (CPI) was up 2.2% over 12 months ending in November 2018. The Federal Reserve's preferred inflation measure, the personal consumption expenditures deflator excluding food and energy was up 1.9% over the same period. Those are 0.3–0.5% higher than a year ago and are near the Fed's 2% target. Looking ahead, higher wages should put upward pressure on inflation, but lower commodity prices and somewhat slower economic growth push against that; we expect inflation will rise only modestly in 2019.

In response to strong growth and faster inflation, the Federal Open Market Committee (FOMC) raised the federal funds rate by 100 bp during the Fund's fiscal year and by an additional 25 bp in December 2018. Benchmark short-term rates rose even faster, with three-month LIBOR rising from 1.5% to 2.7% at the end of November 2017 and 2018, respectively; it finished the calendar year at 2.8%. Ten-year Treasury rates also moved up during most of the fiscal year, rising from 2.45% on November 30, 2017 to a high of 3.24% on November 8, 2018. Higher rates were a headwind to credit market performance for much of that period.

The Fed also trimmed reinvestment of maturing Treasury and mortgage-backed securities in its System Open Market Account (SOMA) to a maximum of $50 billion runoff per month beginning in October. SOMA is currently around $4.0 trillion, down about $500 billion since portfolio runoff began in October 2017. While the SOMA reduction is small relative to the size of the Treasury and agency mortgage markets – and more importantly has had no discernable impact on bank lending volume – it coincides with rising Treasury issuance needed to finance a wider budget deficit. Investors have to make room for more low-risk assets, dampening demand for riskier assets. This shift came as signs of slower global economic growth began to proliferate, trade tensions widened, and political uncertainty increased. A selloff in equities that began in October spread to credit markets and pushed the ten-year Treasury yield down to 2.69% as of December 31, 2018. Volatility and risk aversion returned with a vengeance, and lower Treasury rates did little to buoy demand for preferreds or other credit instruments.

So how do we assess the economy and its implications for the preferred market today? We will start by noting that 2018 probably represents a high point for U.S. economic growth over the next several years. That's not a bad thing. With underlying labor force growth around 0.7%, 3% real GDP growth is not sustainable without productivity growth about 1% higher than the economy has been able to muster so far. We still hope business investment will boost productivity and sustainable growth, but a somewhat slower pace of growth in the meantime reduces inflation risk. In turn, that reduces risk that the Federal Reserve might tighten monetary policy too aggressively and bring forward a recession.

Although we still expect another Fed tightening or two in 2019, risk of an even more rapid pace of tightening than in 2018 – which was very much on investors' minds just a couple of months ago – is in the dustbin. And while U.S. growth is likely to slow, it still should be better than most years of this recovery. That should support household and corporate income and balance sheets while limiting prospects for sharply higher long-term interest rates.

Leverage at financial companies has continued to decline, and most of those companies have historically strong balance sheets and rising earnings. U.S. bank loan delinquencies and charge-offs are stable or falling from already-low levels, and loan-loss reserves are strong. We do not anticipate a recession over the next two years, but major U.S. banks appear to be well prepared if one arrives. Of course, individual companies will face challenges – especially among nonfinancial companies, where leverage has increased since the financial crisis – but we think credit fundamentals among preferred issuers remains solid. Although volatility is likely to remain elevated for a time, we think the macroeconomic and credit environments are favorable for preferred securities.

Monthly Distributions to Fund Shareholders

During the Fund's fiscal year, the Federal Reserve raised the federal funds rate by 1.0%, and by an additional 0.25% in December 2018 – delivering exactly what they forecast the year prior. Federal Open Market Committee (FOMC) members still project two more 25 bp rate increases in 2019, but this is fewer than they were projecting just months before – and importantly, the market is currently pricing in less than one full rate increase for the year.

In response, short-term interest rates have risen to reflect actual and expected increases in the Fed's target. The Fund's cost of leverage is linked to 1-month LIBOR. The average cost of leverage was 2.693% for fiscal 2018, and the most recent reset of its leverage rate on January 22, 2019 (actual resets occur monthly) was 3.303%.

One positive effect of market weakness in late-2018 is that yields on preferreds are much higher than they were a year prior – and that is supportive of the Fund's dividend moving forward by providing better reinvestment yields on redeemed securities. Changes in leverage cost and top-line portfolio income are incorporated into the Fund's dividend-setting process and are also a normal part of the way credit markets function. Interest rates are not static, and neither are credit spreads. Leverage is utilized in the Fund to increase income and returns to shareholders, and leverage continues to enhance distributable income, even though its cost has increased.

The Fund's monthly dividend was adjusted lower starting with the January 2019 distribution, reflecting the cumulative effect of these changes in top-line income and leverage cost. Future changes will continue to be data-dependent, but we are optimistic the current rate-rising cycle could be nearing a top – and portfolio income has certainly improved recently along with higher preferred yields. We believe the Fund's strategy of investing in preferred securities and using leverage in an efficient manner will continue to produce a competitive distribution rate for shareholders.

Federal Tax Advantages of 2018 Calendar Year Distributions

In calendar year 2018, approximately 87.4% of distributions made by the Fund was eligible for treatment as qualified dividend income, or QDI. Depending on an individual's level of income, QDI can be taxed at a rate of 0%, 15% or 20%.

For an individual in the 32% marginal tax bracket, this means that the Fund's total distributions will only be taxed at a blended 17.1% rate versus the 32% rate which would apply to distributions by a fund investing in traditional corporate bonds. This tax advantage means that, all other things being equal, such an individual who held 100 shares of Common Stock of the Fund for the calendar year would have had to receive approximately $205 in distributions from a fully-taxable bond fund to net the same after-tax amount as the $178 in distributions paid by the Fund.

For detailed information about tax treatment of particular distributions received from the Fund, please see the Form 1099 you receive from either the Fund or your broker.

Corporate shareholders also receive a federal tax benefit from the 42.0% of distributions that were eligible for the inter-corporate dividends received deduction, or DRD.

It is important to remember that composition of the portfolio and income distributions can change from one year to the next, and that the QDI or DRD portions of 2019's distributions may not be the same (or even similar) to 2018.

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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OVERVIEW

November 30, 2018 (Unaudited)

Fund Statistics		
Net Asset Value	$ 23.02	
Market Price	$ 21.35	
Discount	7.25	%
Yield on Market Price†	8.32	%
Common Stock Shares Outstanding	19,161,549	

†November 2018 dividend of $0.148 per share, annualized, divided by Market Price.

Security Ratings* **	**% of Net Assets††**
A	0.2 %
BBB	49.0 %
BB	37.0 %
Below "BB"	2.1 %
Not Rated****	10.3 %

Portfolio Rating Guidelines	**% of Net Assets††**
Security Rated Below Investment Grade By All*****	35.3 %
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 1.4%.

*****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 %
Morgan Stanley	4.4 %
MetLife Inc	4.0 %
PNC Financial Services Group Inc	4.0 %
Liberty Mutual Group	3.4 %
JPMorgan Chase & Co	3.1 %
Lloyds Banking Group PLC	2.9 %
Enbridge Energy Partners	2.9 %
HSBC PLC	2.8 %
Fifth Third Bancorp	2.8 %

% of Net Assets*****††**	
Holdings Generating Qualified Dividend Income (QDI) for Individuals	65 %
Holdings Generating Income Eligible for the Corporate Dividends Received Deduction (DRD)	47 %

*******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. See accompanying notes to financial statements for tax characterization of 2018 distributions.

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

The accompanying notes are an integral part of the financial statements.

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS

November 30, 2018

Shares/$ Par		**Value**	
Preferred Securities§ — 96.2%			
Banking — 59.4%			
$ 1,738,000	Australia & New Zealand Banking Group Ltd., 6.75% to 06/15/26 then ISDA5 + 5.168%, 144A****	$ 1,738,000	**(1)(3)
$ 7,000,000	Banco Bilbao Vizcaya Argentaria SA, 6.125% to 11/16/27 then SW5 + 3.87%	5,897,500	**(1)(2)(3)
$ 1,660,000	Banco Mercantil del Norte SA,	1,564,550	**(1)(3)

	7.625% to 01/06/28 then T10Y + 5.353%, 144A****		
	Bank of America Corporation:		
40,000	6.00%, Series EE	1,000,000	*
$ 4,760,000	5.875% to 03/15/28 then 3ML + 2.931%, Series FF	4,551,750	*(2)
$ 1,800,000	6.30% to 03/10/26 then 3ML + 4.553%, Series DD	1,881,000	*(2)
$ 9,107,000	6.50% to 10/23/24 then 3ML + 4.174%, Series Z	9,528,199	*(2)
	Barclays Bank PLC:		
$ 3,120,000	7.75% to 09/15/23 then SW5 + 4.842%	2,912,146	**(1)(3)
$ 8,378,000		8,362,291	**(1)(2)(3)

	7.875% to 03/15/22 then SW5 + 6.772%, 144A****		
	BNP Paribas:		
$ 1,300,000	7.00% to 08/16/28 then SW5 + 3.98%, 144A****	1,256,073	**(1)(3)
$ 11,200,000	7.375% to 08/19/25 then SW5 + 5.15%, 144A****	11,200,000	**(1)(2)(3)
$ 2,000,000	7.625% to 03/30/21 then SW5 + 6.314%, 144A****	2,055,000	**(1)(2)(3)
	Capital One Financial Corporation:		
3,645	6.00%, Series B	90,596	*
25,700	6.00%, Series H	641,857	*
66,679	6.70%, Series D	1,695,647	*(2)
	Citigroup, Inc.:		
$ 1,400,000	5.95% to 05/15/25	1,345,750	*(2)

	then 3ML + 3.905%, Series P		
1,191,837	6.875% to 11/15/23 then 3ML + 4.13%, Series K	31,037,223	*(2)
24,371	7.125% to 09/30/23 then 3ML + 4.04%, Series J	653,557	*
	Citizens Financial Group, Inc.,		
$ 5,000,000	5.50% to 04/06/20 then 3ML + 3.96%, Series A	4,981,250	*(2)
	CoBank ACB:		
38,100	6.20% to 01/01/25 then 3ML + 3.744%, Series H, 144A****	4,000,500	*
3,450		356,212	*

	6.25% to 10/01/22 then 3ML + 4.557%, Series F, 144A****		
$ 550,000	6.25% to 10/01/26 then 3ML + 4.66%, Series I, 144A****	572,000	*
7,000	Compeer Financial ACA, 6.75% to 08/15/23 then 3ML + 4.58%, 144A****	7,455,000	*
$ 915,000	Credit Agricole SA, 7.875% to 01/23/24 then SW5 + 4.898%, 144A****	932,840	**(1)(3)
724,983	Fifth Third Bancorp, 6.625% to 12/31/23 then 3ML	19,226,694	*(2)

	+ 3.71%, Series I		
5,000	First Horizon National Corporation, 6.20%, Series A	125,325	*
	Goldman Sachs Group:		
54,609	6.30%, Series N	1,383,246	*
$ 2,000,000	5.00% to 11/10/22 then 3ML + 2.874%, Series P	1,765,000	*(2)
531,522	6.375% to 05/10/24 then 3ML + 3.55%, Series K	13,447,507	*(2)
10,000	5.50% to 05/10/23 then 3ML + 3.64%, Series J	242,101	*

The accompanying notes are an integral part of the financial statements.
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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

November 30, 2018

Shares/$ Par		**Value**	
Preferred Securities — (Continued)			
Banking — (Continued)			
	HSBC Holdings PLC:		
$ 1,000,000	6.00% to 05/22/27 then ISDA5 + 3.746%	$ 912,500	**(1)(2)(3)
$ 9,025,000	6.50% to 03/23/28 then ISDA5 + 3.606%	8,297,404	**(1)(2)(3)
$ 3,988,000	6.875% to 06/01/21 then ISDA5 + 5.514%	4,092,685	**(1)(2)(3)
$ 4,458,000	HSBC Capital Funding LP, 10.176% to 06/30/30 then 3ML +	6,447,382	(1)(2)

	4.98%, 144A****		
	Huntington Bancshares, Inc.:		
332,000	6.25%, Series D	8,379,647	*(2)
$ 3,200,000	5.70% to 04/15/23 then 3ML + 2.88%, Series E	3,054,000	*(2)
106,400	ING Groep NV, 6.375%	2,667,448	**(1)(2)
	JPMorgan Chase & Company:		
$ 2,390,000	3ML + 3.47%, 5.9904%(4), Series I	2,401,950	*(2)
$ 10,700,000	6.00% to 08/01/23 then 3ML + 3.30%, Series R	10,780,250	*(2)
$ 8,000,000	6.75% to 02/01/24 then 3ML + 3.78%, Series S	8,472,000	*(2)
283,700	KeyCorp, 6.125%	7,184,334	*(2)

	to 12/15/26 then 3ML + 3.892%, Series E		
	Lloyds TSB Bank PLC:		
$ 5,200,000	12.00% to 12/16/24 then 3ML + 11.756%, 144A****	6,140,571	(1)
$ 14,022,000	Lloyds Banking Group PLC, 6.657% to 05/21/37 then 3ML + 1.27%, 144A****	13,960,584	**(1)(2)
$ 15,425,000	M&T Bank Corporation, 6.45% to 02/15/24 then 3ML + 3.61%, Series E	16,196,250	*(2)
$ 1,700,000	Macquarie Bank Ltd., 6.125% to	1,481,125	**(1)(3)

	03/08/27 then SW5 + 3.703%, 144A****		
135,740	MB Financial, Inc., 6.00%, Series C	3,283,551	*(2)
	Morgan Stanley:		
251,971	5.85% to 04/15/27 then 3ML + 3.491%, Series K	6,209,069	*(2)
674,994	6.875% to 01/15/24 then 3ML + 3.94%, Series F	17,617,343	*(2)
241,200	7.125% to 10/15/23 then 3ML + 4.32%, Series E	6,454,512	*(2)
549,300	New York Community Bancorp, Inc., 6.375% to 03/17/27 then	13,364,469	*(2)

	3ML + 3.821%, Series A		
35,000	People's United Financial, 5.625% to 12/15/26 then 3ML + 4.02%, Series A	856,625	*
	PNC Financial Services Group, Inc.:		
675,080	6.125% to 05/01/22 then 3ML + 4.067%, Series P	17,553,768	*(2)
$ 9,928,000	6.75% to 08/01/21 then 3ML + 3.678%, Series O	10,411,990	*(2)
$ 6,125,000	RaboBank Nederland, 11.00% to 06/30/19 then 3ML + 10.868%, 144A****	6,392,969	(1)(2)
627,170	Regions Financial	15,863,262	*(2)

	Corporation, 6.375% to 09/15/24 then 3ML + 3.536%, Series B		
	Royal Bank of Scotland Group PLC:		
$ 4,825,000	RBS Capital Trust, II, 6.425% to 01/03/34 then 3ML + 1.9425%	5,760,567	**(1)(2)
	Societe Generale SA:		
$ 300,000	6.75% to 04/06/28 then SW5 + 3.929%, 144A****	258,756	**(1)(3)
$ 8,200,000	7.375% to 09/13/21 then SW5 + 6.238%, 144A****	8,097,500	**(1)(2)(3)
$ 5,000,000	8.00% to 09/29/25 then ISDA5	5,025,000	**(1)(2)(3)

+
5.873%,
144A****

The accompanying notes are an integral part of the financial statements.
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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

November 30, 2018

Shares/$ Par		Value	
Preferred Securities — (Continued)			
Banking — (Continued)			
	Sovereign Bancorp:		
4,000	Sovereign REIT, 12.00%, Series A, 144A****	$ 4,470,000	
	Standard Chartered PLC:		
$ 6,615,000	7.50% to 04/02/22 then SW5 + 6.301%, 144A****	6,639,806	**(1)(2)(3)
$ 4,000,000	7.75% to 04/02/23 then SW5 + 5.723%, 144A****	3,970,000	**(1)(2)(3)
	State Street Corporation:		
26,174	5.90% to 03/15/24 then 3ML	665,288	*(2)

	+ 3.108%, Series D		
$ 500,000	5.625% to 12/15/23 then 3ML + 2.539%, Series H	491,875	*
23,596	Sterling Bancorp, 6.50%, Series A	613,614	*
40,895	US Bancorp, 6.50% to 01/15/22 then 3ML + 4.468%, Series F	1,081,877	*[2]
50,000	Valley National Bancorp, 6.25% to 06/30/25 then 3ML + 3.85%, Series A	1,246,500	*[2]
	Wells Fargo & Company:		
27,000	5.625%, Series Y	656,235	*
759	7.50%, Series L	959,148	*
180,300		4,480,509	*[2]

	5.85% to 09/15/23 then 3ML + 3.09%, Series Q		
$ 13,025,000	3ML + 3.77%, 6.1041%(4), Series K	13,073,844	*(2)
$ 3,700,000	Westpac Banking Corporation, 5.00% to 09/21/27 then ISDA5 + 2.888%	3,134,556	**(1)(2)(3)
	Zions Bancorporation:		
10,000	6.30% to 03/15/23 then 3ML + 4.24%, Series G	254,578	*
$ 10,000,000	7.20% to 09/15/23 then 3ML + 4.44%, Series J	10,587,500	*(2)
		411,834,655	

Financial Services — 1.6%

$ 1,440,000	AerCap Global Aviation	1,472,400	(1)(2)

		Trust, 6.50% to 06/15/25 then 3ML + 4.30%, 06/15/45, 144A****		
		Credit Suisse Group AG:		
$	2,500,000	7.25% to 09/12/25 then SW5 + 4.332%, 144A****	2,381,250	**(1)(2)(3)
$	2,600,000	7.50% to 07/17/23 then SW5 + 4.60%, 144A****	2,564,250	**(1)(2)(3)
$	1,500,000	E*TRADE Financial Corporation, 5.30% to 03/15/23 then 3ML + 3.16%, Series B	1,402,500	*(2)
		General Motors Financial Company:		
$	1,420,000	5.75% to 09/30/27 then 3ML + 3.598%, Series	1,184,820	*

	A		
$ 2,500,000	6.50% to 09/30/28 then 3ML + 3.436%, Series B	2,193,750	*
		11,198,970	

Insurance — 21.8%

373,578	Allstate Corporation, 6.625%, Series E	9,470,202	*(2)
	American International Group:		
$ 280,000	AIG Life Holdings, Inc., 7.57% 12/01/45, 144A****	325,500	
$ 497,000	AIG Life Holdings, Inc., 8.125% 03/15/46, 144A****	612,553	
$ 350,000	8.175% to 05/15/38 then 3ML + 4.195%, 05/15/58	417,375	

The accompanying notes are an integral part of the financial statements.
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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

November 30, 2018

Shares/$ Par		**Value**	
Preferred Securities — (Continued)			
Insurance — (Continued)			
$ 680,000	Aon Corporation, 8.205% 01/01/27	$ 797,300	(2)
	Arch Capital Group, Ltd.:		
38,000	5.25%, Series E	806,333	**(1)
33,000	5.45%, Series F	716,100	**(1)
$ 6,550,000	AXA SA, 6.379% to 12/14/36 then 3ML + 2.256%, 144A****	6,615,500	**(1)(2)
333,363	Delphi Financial Group, 3ML + 3.19%, 5.8061%(4) 05/15/37	7,584,008	(2)
141,000		3,514,735	**(1)(2)

	Enstar Group Ltd., 7.00% to 09/01/28 then 3ML + 4.015%, Series D		
$ 754,000	Everest Reinsurance Holdings, 3ML + 2.385%, 5.0011%(4) 05/15/37	718,185	(2)
137,500	Hartford Financial Services Group, Inc., 7.875% to 04/15/22 then 3ML + 5.596%, 04/15/42	3,792,759	(2)
$ 20,983,000	Liberty Mutual Group, 7.80% 03/15/37, 144A****	23,553,418	(2)
	MetLife, Inc.:		
$ 17,200,000	9.25% 04/08/38, 144A****	22,403,000	(2)
$ 3,759,000	10.75% 08/01/39	5,610,308	(2)
	PartnerRe Ltd.:		
77,450	5.875%, Series I	1,878,163	**(1)(2)

37,556	6.50%, Series G	950,542	**(1)(2)
236,349	7.25%, Series H	6,135,620	**(1)(2)
	Prudential Financial, Inc.:		
$ 2,727,000	5.625% to 06/15/23 then 3ML + 3.92%, 06/15/43	2,740,635	(2)
$ 5,848,000	5.875% to 09/15/22 then 3ML + 4.175%, 09/15/42	5,997,884	(2)
$ 13,160,000	QBE Insurance Group Ltd., 7.50% to 11/24/23 then SW10 + 6.03%, 11/24/43, 144A****	14,212,800	(1)(2)(3)
56,900	RenaissanceRe Holdings Ltd., 5.75%, Series F	1,311,187	**(1)
$ 6,750,000	Unum Group: Provident Financing Trust I,	7,121,250	(2)

	7.405% 03/15/38		
	W.R. Berkley Corporation:		
95,479	5.625% 04/30/53	2,125,296	(2)
211,928	5.75% 06/01/56	4,783,745	(2)
1,530	5.90% 03/01/56	36,169	
	XL Group Limited:		
$ 14,338,000	Catlin Insurance Company Ltd., 3ML + 2.975%, 5.4246%(4), 144A****	13,710,713	(1)(2)
$ 3,020,000	XL Capital Ltd., 3ML + 2.4575%, 4.8938%(4), Series E	2,850,125	(1)(2)
		150,791,405	

The accompanying notes are an integral part of the financial statements.
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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

November 30, 2018

Shares/$ Par		Value	
Preferred Securities — (Continued)			
	Utilities — 4.0%		
$ 2,100,000	CenterPoint Energy, Inc., 6.125% to 09/01/23 then 3ML + 3.27%, Series A	$ 2,107,875	*(2)
$ 2,545,000	Commonwealth Edison: COMED Financing III, 6.35% 03/15/33	2,653,163	
404,000	Dominion Energy, Inc., 5.25% 07/30/76, Series A	9,812,290	(2)
15,782	DTE Energy Company, 5.375% 06/01/76,	352,587	(2)

	Series B		
$ 6,830,000	Emera, Inc., 6.75% to 06/15/26 then 3ML + 5.44%, 06/15/76, Series 2016A	7,004,165	(1)(2)
121,452	Integrys Energy Group, Inc., 6.00% to 08/01/23 then 3ML + 3.22%, 08/01/73	3,041,765	(2)
	NiSource, Inc.:		
$ 1,000,000	5.65% to 06/15/23 then T5Y + 2.843%, Series A, 144A****	957,500	*
91,800	6.50% to 03/15/24 then T5Y + 3.632%, Series B	2,281,230	*
15,000	Southern California Edison:	330,375	*(2)

	SCE Trust V, 5.45% to 03/15/26 then 3ML + 3.79%, Series K		
		27,540,950	
Energy — 7.3%			
	DCP Midstream LP:		
$ 3,500,000	7.375% to 12/15/22 then 3ML + 5.148%, Series A	3,226,563	(2)
11,900	7.875% to 06/15/23 then 3ML + 4.919%, Series B	268,643	
$ 9,780,000	DCP Midstream LLC, 5.85% to 05/21/23 then 3ML + 3.85%, 05/21/43, 144A****	8,264,100	(2)
$ 19,804,000	Enbridge Energy Partners	19,927,390	(2)

	LP, 3ML + 3.7975%, 6.1935%(4) 10/01/37		
$ 3,500,000	Enbridge, Inc., 6.00% to 01/15/27 then 3ML + 3.89%, 01/15/77	3,123,480	(1)(2)
	Energy Transfer Partners LP:		
401,126	7.375% to 05/15/23 then 3ML + 4.53%, Series C	9,046,394	(2)
4,800	7.625% to 08/15/23 then 3ML + 4.738%, Series D	110,544	
$ 2,700,000	Enterprise Products Operating L.P., 5.25% to 08/16/27 then 3ML + 3.033%, 08/16/77, Series	2,303,389	

	E		
105,773	NuStar Logistics LP, 3ML + 6.734%, 9.1703%(4) 01/15/43	2,651,729	
$ 1,500,000	Transcanada Pipelines, Ltd., 5.875% to 08/15/26 then 3ML + 4.64%, 08/15/76, Series 2016-A	1,421,250	(1)(2)
		50,343,482	

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	266,163	
		266,163	

Miscellaneous Industries — 2.1%

$ 1,400,000	BHP Billiton Limited:	1,487,500	(1)(2)
	BHP Billiton Finance U.S.A., Ltd.,		

6.75%
to
10/19/25
then
SW5
+
5.093%,
10/19/75,
144A****

The accompanying notes are an integral part of the financial statements.
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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

November 30, 2018

Shares/$ Par		Value	
Preferred Securities — (Continued)			
Miscellaneous Industries — (Continued)			
	Land O' Lakes, Inc.:		
$ 725,000	7.25%, Series B, 144A****	$ 730,438	*
$ 11,700,000	8.00%, Series A, 144A****	12,636,000	*(2)
		14,853,938	
	Total Preferred Securities (Cost $672,275,803)	661,829,563	
Corporate Debt Securities§ — 2.4%			
Banking — 2.0%			
451,000	Texas Capital Bancshares Inc., 6.50% 09/21/42, Sub Notes	11,392,260	(2)
89,000	Zions Bancorporation, 6.95% to 09/15/23 then	2,530,857	(2)

	3ML + 3.89%, 09/15/28, Sub Notes		
		13,923,117	
Communication — 0.4%			
	Qwest Corporation:		
54,050	6.50% 09/01/56	1,130,996	
82,550	6.75% 06/15/57	1,821,358	
		2,952,354	
	Total Corporate Debt Securities (Cost $16,660,100)	16,875,471	
Common Stock — 0.4%			
Energy — 0.4%			
171,614	Kinder Morgan, Inc.	2,929,451	*
		2,929,451	
	Total Common Stock (Cost $4,635,148)	2,929,451	
Money Market Fund — 0.3%			
2,196,926	BlackRock Liquidity Funds: T-Fund, Institutional Class	2,196,926	
	Total Money Market Fund (Cost $2,196,926)	2,196,926	

The accompanying notes are an integral part of the financial statements.
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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

November 30, 2018

			Value
Total Investments (Cost $695,767,977***)	99.3	%	$ 688,831,411
Other Assets And Liabilities (Net)	0.7	%	4,558,564
Total Managed Assets	100.0	%‡	$ 693,389,975
Loan Principal Balance			(252,200,000)
Total Net Assets Available To Common Stock			$ 441,189,975

§Date shown is maturity date unless referencing the end of the fixed-rate period of a fixed-to-floating rate security. Securities without a date or with only a fixed-to-floating reset date are perpetual securities (i.e., have no stated maturity date).

*Securities eligible for the Dividends Received Deduction and distributing Qualified Dividend Income (unaudited).

**Securities distributing Qualified Dividend Income only (unaudited).

***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 November 30, 2018, these securities amounted to $214,296,081 or 30.9% of total managed assets.

(1)Foreign Issuer.

(2)All or a portion of this security is pledged as collateral for the Fund's loan. The total value of such securities was $446,623,313 at November 30, 2018.

(3)Contingent Capital Security, a hybrid security with contractual loss-absorption characteristics; see Note 9 in the Notes to Financial Statements. The total value of such securities was $96,979,032 or 14.0% of total managed assets at November 30, 2018.

(4)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

The accompanying notes are an integral part of the financial statements.
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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

STATEMENT OF ASSETS AND LIABILITIES

November 30, 2018

ASSETS:		
Investments, at value (Cost $695,767,977)		$ 688,831,411
Receivable for investments sold		199,838
Dividends and interest receivable		7,155,022
Prepaid expenses		34,256
Total Assets		696,220,527
LIABILITIES:		
Loan Payable	$ 252,200,000	
Payable for investment securities purchased	2,295,000	
Dividends payable to Common Stock Shareholders	25,133	
Investment advisory fees payable	302,321	
Administration, Transfer Agent and Custodian fees payable	48,381	
Servicing Agent fees payable	27,952	
Professional fees payable	68,085	
Accrued expenses and other payables	63,680	

Total Liabilities	255,030,552
NET ASSETS AVAILABLE TO COMMON STOCK	$ 441,189,975
NET ASSETS AVAILABLE TO COMMON STOCK consist of:	
Total distributable earnings (loss)	$ (14,971,416)
Par value of Common Stock	191,615
Paid-in capital in excess of par value of Common Stock	455,969,776
Total Net Assets Available to Common Stock	$ 441,189,975
NET ASSET VALUE PER SHARE OF COMMON STOCK:	
Common Stock (19,161,549 shares outstanding)	$ 23.02

The accompanying notes are an integral part of the financial statements.
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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

STATEMENT OF OPERATIONS

For the Year Ended November 30, 2018

INVESTMENT INCOME:		
Dividends†		$ 18,643,392
Interest		25,017,327
Total Investment Income		43,660,719
EXPENSES:		
Investment advisory fees	$ 3,811,632	
Interest expenses	6,886,565	
Administrator's fees	403,323	
Servicing Agent fees	360,095	
Professional fees	110,635	
Insurance expenses	77,110	
Transfer Agent fees	24,730	
Directors' fees	55,774	
Custodian fees	61,527	
Compliance fees	35,261	
Other	131,514	
Total Expenses		11,958,166
NET INVESTMENT INCOME		31,702,553
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS		
Net realized gain on investments sold during the year		889,282
Capital gains distributions from investments held during the year		9
Change in unrealized appreciation/(depreciation) of investments		(60,904,827)

NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS	(60,015,536)
NET DECREASE IN NET ASSETS TO COMMON STOCK RESULTING FROM OPERATIONS	$ (28,312,983)

†For Federal income tax purposes, a significant portion of this amount may not qualify for the inter-corporate dividends received deduction (“DRD”) or as qualified dividend income (“QDI”) for individuals.

The accompanying notes are an integral part of the financial statements.
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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE TO COMMON STOCK

	Year Ended November 30, 2018	Year Ended November 30, 2017
OPERATIONS:		
Net investment income	$ 31,702,553	$ 32,446,913
Net realized gain on investments sold during the year	889,291	2,345,019
Change in net unrealized appreciation/(depreciation) of investments	(60,904,827)	43,473,140
Net increase/(decrease) in net assets resulting from operations	**(28,312,983)**	**78,265,072**
DISTRIBUTIONS:		
Dividends paid from distributable earnings to Common Stock Shareholders[1]	(34,299,039)	(36,784,243)

Total Distributions	**(34,299,039)**	**(36,784,243)**
FUND SHARE TRANSACTIONS:		
Increase from shares issued under the Dividend Reinvestment and Cash Purchase Plan	44,465	61,948
Net increase in net assets available to Common Stock resulting from Fund share transactions	**44,465**	**61,948**
NET INCREASE/(DECREASE) IN NET ASSETS AVAILABLE TO COMMON STOCK FOR THE YEAR	**$ (62,567,557)**	**$ 41,542,777**
NET ASSETS AVAILABLE TO		

COMMON STOCK:		
Beginning of year	$ 503,757,532	$ 462,214,755
Net increase/(decrease) in net assets during the year	(62,567,557)	41,542,777
End of year[2]	$ 441,189,975	$ 503,757,532

[1]May include income earned, but not paid out, in prior fiscal year.

[2]Net assets - end of year includes undistributed net investment income of $1,430,716 in 2017.

The accompanying notes are an integral part of the financial statements.

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

STATEMENT OF CASH FLOWS

For the Year Ended November 30, 2018

INCREASE/(DECREASE) IN CASH	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net decrease in net assets resulting from operations	$(28,312,983)
ADJUSTMENTS TO RECONCILE NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Purchase of investment securities	(70,079,982)
Proceeds from disposition of investment securities	69,136,027
Net sales of short-term investment securities	(1,811,186)
Capital gains distributions from investments	9
Increase in dividends and interest receivable	(203,310)
Decrease in receivable for investments sold	2,929,644
Decrease in prepaid expenses	602
Net amortization/(accretion) of premium/(discount)	2,023,765
Increase in payable for investments purchased	589,394
Decrease in payables to related parties	(19,330)
Decrease in accrued expenses and other liabilities	(16,821)
Change in net unrealized (appreciation)/depreciation of investments	60,904,827
Net realized gain from investments sold	(889,291)
Net cash provided by operating activities	34,251,365
CASH FLOWS FROM FINANCING ACTIVITIES:	
Dividend paid (net of reinvestment of dividends and change in dividends payable) to common stock shareholders from distributable earnings	(34,251,365)
Net cash used in financing activities	(34,251,365)
Net increase/(decrease) in cash	—
CASH:	
Beginning of the year	$—
End of the year	$—
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Interest paid during the year	$6,872,276

Reinvestment of dividends	44,465
Increase of dividends payable to common stock shareholders	3,209

The accompanying notes are an integral part of the financial statements.

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

Financial Highlights

For a Common Stock share outstanding throughout each year

Contained below is per share operating performance data, total investment returns, ratios to average net assets and other supplemental data. This information has been derived from information provided in the financial statements and market price data for the Fund's shares.

	Year Ended November 30,				
	2018	**2017**	**2016**	**2015**	**2014**
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of year	$ 26.29	$ 24.13	$ 24.43	$ 24.80	$ 22.75
INVESTMENT OPERATIONS:					
Net investment income	1.65	1.69	1.84	1.79	1.76
Net realized and unrealized gain/(loss) on investments	(3.13)	2.39	(0.22)	(0.24)	2.26
Total from investment operations	(1.48)	4.08	1.62	1.55	4.02
DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:					
From net investment income	(1.79)	(1.92)	(1.92)	(1.92)	(1.97)
Total distributions to Common Stock Shareholders	(1.79)	(1.92)	(1.92)	(1.92)	(1.97)
Net asset value, end of year	$ 23.02	$ 26.29	$ 24.13	$ 24.43	$ 24.80
Market value, end of year	$ 21.35	$ 26.44	$ 22.89	$ 22.99	$ 23.65
Total investment return based on net asset value*	(5.59)%	17.41%	7.03%	7.07%	19.05%
Total investment return based on market value*	(12.94)%	24.49%	7.89%	5.65%	29.86%
RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCK SHAREHOLDERS:					
Total net assets, end of year (in 000's)	$ 441,190	$ 503,758	$ 462,215	$ 467,911	$ 475,163
Operating expenses including interest expense(1)	2.49%	2.06%	1.83%	1.68%	1.67%
Operating expenses excluding interest expense	1.06%	1.07%	1.10%	1.08%	1.09%
Net investment income†	6.60%	6.56%	7.53%	7.25%	7.30%

SUPPLEMENTAL DATA: ††					
Portfolio turnover rate	10 %	13 %	19 %	16 %	31 %
Total managed assets, end of year (in 000's)	$ 693,390	$ 755,958	$ 703,515	$ 709,211	$ 710,663
Ratio of operating expenses including interest expense[(1)] to average total managed assets	1.63 %	1.39 %	1.20 %	1.12 %	1.12 %
Ratio of operating expenses excluding interest expense to average total managed assets	0.69 %	0.72 %	0.73 %	0.72 %	0.73 %

*Assumes reinvestment of distributions at the price obtained by the Fund's Dividend Reinvestment and Cash Purchase Plan.

†The net investment income ratios reflect income net of operating expenses, including interest expense.

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

[(1)]See Note 8.

The accompanying notes are an integral part of the financial statements.

Financial Highlights (Continued)
Per Share of Common Stock

	Total Dividends Paid	**Net Asset Value**	**NYSE Closing Price**	**Dividend Reinvestment Price[1]**
December 29, 2017	$0.155	$26.27	$26.67	$26.27
January 31, 2018	0.155	26.01	24.31	24.55
February 28, 2018	0.148	25.67	24.56	24.60
March 29, 2018	0.148	25.33	24.17	24.09
April 30, 2018	0.148	24.97	23.75	23.73
May 31, 2018	0.148	24.69	22.93	22.99
June 29, 2018	0.148	24.60	23.46	23.58
July 31, 2018	0.148	24.75	24.05	24.14
August 31, 2018	0.148	24.87	24.41	24.38
September 28, 2018	0.148	24.55	23.20	23.23
October 31, 2018	0.148	23.90	22.00	22.03
November 30, 2018	0.148	23.02	21.35	21.43

(1)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.

Senior Securities

	11/30/2018	**11/30/2017**	**11/30/2016**	**11/30/2015**	**11/30/2014**
Total Debt Outstanding, End of Period (000s)[1]	$ 252,200	$ 252,200	$ 241,300	$ 241,300	$ 235,500
Asset Coverage per $1,000 of Debt[2]	2,749	2,997	2,916	2,939	3,018

(1)See Note 8.

(2)Calculated by subtracting the Fund's total liabilities (excluding the loan) from the Fund's total assets and dividing that amount by the loan outstanding in 000's.

Notes to Financial Statements

1.Organization

Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated (the “Fund”) was incorporated as a Maryland corporation on October 10, 2012, and commenced operations on May 29, 2013 as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund’s investment objective is to seek total return, with an emphasis on high current income.

2.Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of the financial statements is in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Portfolio valuation: The net asset value of the Fund’s Common Stock is determined by the Fund’s Administrator daily in accordance with the policies and procedures approved by the Board of Directors (the “Board”) of the Fund. It is determined by dividing the value of the Fund’s net assets available to Common Stock by the number of shares of Common Stock outstanding. The value of the Fund’s net assets available to Common Stock is deemed to equal the value of the Fund’s total assets less (i) the Fund’s liabilities and (ii) the aggregate liquidation value of any outstanding preferred stock.

The Fund’s preferred and debt securities are valued on the basis of current market quotations provided by independent pricing services or dealers approved by the Board of the Fund. Each quotation is based on the mean of the bid and asked prices of a security. In determining the value of a particular preferred or debt security, a pricing service or dealer may use information with respect to transactions in such investments, quotations, market transactions in comparable investments, various relationships observed in the market between investments, and/or calculated yield measures based on valuation technology commonly employed in the market for such investments. Common stocks that are traded on stock exchanges are valued at the last sale price or official close price on the exchange, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available mean price. Futures contracts and option contracts on futures contracts are valued on the basis of the settlement price for such contracts on the primary exchange on which they trade. Investments in over-the-counter derivative instruments, such as interest rate swaps and options thereon (“swaptions”), are valued using prices supplied by a pricing service, or if such prices are unavailable, prices provided by a single broker or dealer that is not the counterparty or, if no such prices are available, at a price at which the counterparty to the contract would repurchase the instrument or terminate the contract. Investments for which market quotations are not readily available or for which management determines that the prices are not reflective of current market conditions are valued at fair value as determined in good faith by or under the direction of the Board of the Fund, including reference to valuations of other securities which are comparable in quality, maturity and type.

Notes to Financial Statements (Continued)

Investments in money market instruments and all debt and preferred securities which mature in 60 days or less are valued at amortized cost, provided such amount approximates market value. Investments in money market funds are valued at the net asset value of such funds.

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.

A summary of the inputs used to value the Fund's investments as of November 30, 2018 is as follows:

	Total Value at November 30, 2018	**Level 1 Quoted Price**	**Level 2 Significant Observable Inputs**	**Level 3 Significant Unobservable Inputs**
Preferred Securities				
Banking	$411,834,655	$343,050,475	$68,784,180	$—
Financial Services	11,198,970	9,726,570	1,472,400	—
Insurance	150,791,405	89,250,891	61,540,514	—
Utilities	27,540,950	21,846,022	5,694,928	—
Energy	50,343,482	22,151,992	28,191,490	—
Real Estate Investment Trust (REIT)	266,163	266,163	—	—
Miscellaneous Industries	14,853,938	1,487,500	13,366,438	—
Corporate Debt Securities				
Banking	13,923,117	13,923,117	—	—
Communication	2,952,354	2,952,354	—	—

Common Stock				
Energy	2,929,451	2,929,451	—	—
Money Market Fund	2,196,926	2,196,926	—	—
Total Investments	$688,831,411	$509,781,461	$179,049,950	$—

During the reporting period, securities with an aggregate market value of $13,710,713 were transferred into Level 1 from Level 2.The securities were transferred due to an increase in the quantity and quality of the information related to trading activity or broker quotes for these securities. During the period, securities with an aggregate market value of $17,760,800 were transferred into Level 2 from Level 1. The securities were transferred due to a decrease in the quantity and quality of the information related to trading activity or broker quotes for these securities. 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 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.

Securities transactions and investment income: Securities transactions are recorded as of the trade date. Realized gains and losses from securities sold are recorded on the specific identified cost basis. Dividend income is recorded on ex-dividend dates. Interest income is recorded on the accrual basis. The Fund also amortizes premiums and accretes discounts on fixed income securities using the effective yield method.

Options: Purchases of options are recorded as an investment, the value of which is marked-to-market at each valuation date. When the Fund enters into a closing sale transaction, the Fund will record a gain or loss depending on the difference between the purchase and sale price.

When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability, the value of which is marked-to-market at each valuation date. When a written option expires, the Fund realizes a gain equal to the amount of the premium originally received. When the Fund enters into a closing purchase transaction, the Fund realizes a gain (or loss if the cost of the closing purchase transaction exceeds the premium received when the option was written) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is eliminated. When a call option is exercised, the Fund realizes a gain or loss from the sale of the underlying security and the proceeds from such sale are increased by the amount of the premium originally received. When a put option is exercised, the amount of the premium originally received will reduce the cost of the security which the Fund purchased upon exercise.

Repurchase agreements: The Fund may engage in repurchase agreement transactions. The Adviser reviews and approves the eligibility of the banks and dealers with which the Fund may enter into repurchase agreement transactions. The value of the collateral underlying such transactions must be at least equal at all

Notes to Financial Statements (Continued)

times to the total amount of the repurchase obligations, including interest. The Fund maintains possession of the collateral through its custodian and, in the event of counterparty default, the Fund has the right to use the collateral to offset losses incurred. There is the possibility of loss to the Fund in the event the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities.

Federal income taxes: The Fund intends to continue to qualify as a regulated investment company by complying with the requirements under subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to regulated investment companies and intends to distribute substantially all of its taxable net investment income to its shareholders. Therefore, no federal income tax provision is required.

Management has analyzed the Fund's tax positions taken on federal income tax returns for all open tax years (November 30, 2018, 2017 and 2016), and has concluded that no provision for federal income tax is required in the Fund's financial statements. The Fund's major tax jurisdictions are federal and the State of California. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Dividends and distributions to shareholders: The Fund expects to declare dividends on a monthly basis to holders of Common Stock ("Shareholders"). Distributions to Shareholders are recorded on the ex-dividend date. Any net realized short-term capital gains will be distributed to Shareholders at least annually. Any net realized long-term capital gains may be distributed to Shareholders at least annually or may be retained by the Fund as determined by the Fund's Board. Capital gains retained by the Fund are subject to tax at the capital gains corporate tax rate. Subject to the Fund qualifying as a regulated investment company, any taxes paid by the Fund on such net realized long-term capital gains may be used by the Fund's Shareholders as a credit against their own tax liabilities. The Fund may pay distributions in excess of the Fund's net investment company taxable income and this excess would be a tax-free return of capital distributed from the Fund's assets.

Income and capital gain distributions are determined and characterized in accordance with income tax regulations which may differ from U.S. GAAP. These differences are primarily due to (1) differing treatments of income and gains on various investment securities held by the Fund, including timing differences, (2) the attribution of expenses against certain components of taxable investment income, and (3) federal regulations requiring proportionate allocation of income and gains to all classes of shareholders.

Distributions from net realized gains for book purposes may include short-term capital gains, which are included as ordinary income for tax purposes, and may exclude amortization of premium and discount on certain fixed income securities, which are not reflected in ordinary income for tax purposes. The tax character of distributions paid during 2018 and 2017 were as follows:

	Distributions paid in fiscal year 2018		**Distributions paid in fiscal year 2017**	
	Ordinary Income	**Long-Term Capital Gains**	**Ordinary Income**	**Long-Term Capital Gains**
Common Stock	$34,299,039	$0	$36,784,243	$0

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Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated

Notes to Financial Statements (Continued)

As of November 30, 2018, the components of distributable earnings (*i.e.*, ordinary income and capital gain/loss) available to Shareholders, on a tax basis, were as follows:

Capital (Loss) Carryforward	**Undistributed Ordinary Income**	**Undistributed Long-Term Gain**	**Net Unrealized Appreciation/(Depreciation)**
$(2,391,493)	$692,997	$0	