

**Alpine Closed-End Funds
Conference Call
Moderator: Marc Rappaport
November 14, 2007
11:00 AM ET**

Operator: Sir, you may begin.

Marc Rappaport: Thank you and good morning, everyone. This is Marc Rappaport, Senior Managing Director of Alpine Funds and host of today's call. At Alpine we are committed to being in front of our investors and advisors with open dialogue, good times and bad, with regular conference calls like this one, especially this one during the heart of tax loss selling season.

We want to reiterate three things today on our call. One, the dividends of all three funds that will be highlighted, AOD, AGD, AWP are perfectly intact. Two, we are not utilizing any leverage in any of our closed end strategies. And three, we have no direct exposure to sub prime securities. We will be hearing comments from our Chief Investment Officer, Steve Lieber, our President and Head of Real Estate Investment Team, Sam Lieber, and the co-portfolio managers of our dynamic dividend fund series, the Alpine Global Dynamic Dividend Fund and the Alpine Total Dynamic Dividend Fund, Jill K. Evans and Kevin Shacknofsky.

Our comments are going to be brief today and we really want to just open the call up to hear a lot of your questions, the main purpose of the call, and to be responsive to you. Steve Lieber is founder of the Evergreen Funds in 1971 and co-founder of Alpine, has built teams of analysts and managers to navigate portfolios through periods of great challenge and opportunity both. Here with us to start our call with his macro view of our times and our organization and its capabilities, is Steve Lieber.

Steve Lieber: Thank you, Marc, and good morning. I am pleased to introduce the portfolio managers of this group of Alpine Funds and to share with you a key aspect of their investment success and hereto potential. I might note that each became a fund manager because of demonstrated success in investment research. Their backgrounds and their current work is focused on the development of companies in which they can invest and how likely each company is to achieve the success we're looking for with them.

This is not the type of investment management qualification which focuses primarily on market trends and index participation. Our focus is not just industry nor is it company. It is management, it is competition, it is evaluating a potential opportunity for exceptional results. Of course the focus is also on broad economic insight and this is particularly urgent in today's volatile markets. We try to be sensitive to risk generated by domestic and international currency and credit problems.

To date, you can see that our managers have effectively moved through the short term challenges and are building strength through longer term turnaround opportunities which are basic to our profile. These are challenging times. But this team has carefully evaluated conditions and I'm sure in due course will have been judged to have deftly managed the protection and increase of assets. And you will hear from them in more detail as to how they are accomplishing this.

Now to further introduce you, some of you will recall Jill worked 15 years at JPMorgan, first in internal management consulting and then as a principal presentation analyst. Kevin started at the accounting firm of Deloitte in Australia, came to the U.S., took his MBA and worked in venture capital corporate analysis. Sam started after planning and architecture in urban planning, moved onto commercial real estate brokerage, and then served as the principal real estate analyst in the other big funds where he started the nation's first international real estate fund in 1989.

Today, while each continues as both a security analyst and a portfolio manager, they have the additional support of a dedicated group of security analysts who are working with them in achieving the goals of these funds. I am pleased to tell you that since our last call, this team has been enlarged. We have broadened new capabilities, and we have further scanned the world of opportunity as we had every intention of doing and will continue to do. Recently, for example, our analysts have been in Korea, China, Taiwan, Hong Kong, Moscow, Warsaw, Prague, London, Oslo, Copenhagen, India, and of course across the U.S. and even one today is at the Real Estate Conference in Las Vegas.

Now let's start with an introduction of Sam.

Sam Lieber:

Greetings. I think we want to focus on real estate as a cyclical industry and realize that the situation that is currently in the marketplace is one where the market is very much focused on the negative side of that cycle. Our view is that the U.S. is in the middle of a deleveraging process brought about initially by the sub prime situation which is having, of course, a broader impact on the overall CDO structured finance market.

That said, there is much debate in the market and of course a lot of fear and concern that this could even lead to a recession next year. We're not so sure that's the case but certainly we're going to see a slowing economy with mortgage resets and other issues impacting consumers.

On the other hand, our fund is global and our investment approach we have with all three of our funds here is truly global. And we look for opportunities around the world. Our view is that the U.S. may be slowing, Europe may be slowing a little bit, but we don't think that there is going to be a dramatic global recession in the offing. Still, significant areas of strength globally in the brick countries, in other parts of Europe and Asia, and even Latin America as well. So we see this actually as potentially an opportunity. If one looks at the various measures of risk available in the marketplace, which look at spreads throughout the foreign exchange markets, sovereign debt markets, tax spreads, swap spreads, etc., one realizes that the market is pricing in fear that is on a level not only as of 508 last Friday which has, by the way, been improved the last two days, but on a level last Friday and Monday that was commensurate with where we were back in August 16th at the low point of the market previously. But even the other time when it was this severe was last seen at the beginning of October, 1998, following the implosion of long-term capital management.

So I would suggest that there is a heightened level of fear. And as often happens in the equity markets and sometimes the debt markets, they can overreact. We're not suggesting that the worst is past. There is still considerable uncertainty in the marketplace. But we think that provides opportunity.

Finally, as it applies to real estate, we believe that we've seen a considerable pullback in the market, but most significantly, that pullback is in terms of activity, not necessarily prices, certainly not in terms of rents. And I'm talking specifically with regard to commercial properties here. We think that there has been a retrenchment of the highly leveraged aggressive buyers who are no longer in the marketplace. So we expect to see some pullback in terms of pricing. But this is creating an opportunity for many of the

public companies which are indeed more conservatively postured in terms of their balance sheets and were not able to leverage up and make very aggressive acquisitions over the last two years. And this applies in the U.S., it applies in Europe equally. Although Asia, of course, we're seeing generally more equity used in acquisitions there and it's a different market because they don't have CDOs in Asia.

So our view is that the overemphasis on cyclical in the real estate market is creating opportunities as well for investors and we'll talk about that more with your questions later. Thank you. Jill, if you can start off now.

Jill Evans:

Thanks, Sam. We're always pleased to have the opportunity to talk to our investors and interestingly, I noticed that the last time that we spoke to you was on August 14th which was the day before the market bottomed. From August 15th through early October, the market rallied 12%, so we hope that this call will be the catalyst for that kind of performance again the next few weeks. But seriously, we are very excited to be here to talk to you. We believe that the recent market volatility has created opportunity for fundamental investors like us to invest in strong companies with attractive dividend yields at really more attractive valuations. And as Marc said, we are very confident in our ability to continue to generate very attractive dividend yields for our investors.

And we would say with today's soft retail sales numbers and the benign PPI data, we believe that the odds of a fed rate cut in December continues to rise and that should be supportive for the equity markets.

Now we think there's been really three major themes that have caused the recent market volatility. One is global financial risks escalating. Two has been oil approaching \$100, and three has been a disappointing third quarter earnings season with tempered growth for the fourth quarter.

In the third quarter, year over year EPS actually declined 2% versus an estimate of an increase of 5% as much as a month ago. So we really had a big earnings miss in the third quarter and the fourth quarter outlook has also been revised down substantially from a high of about 12% to about 5%. So that really has been a lot of the -- attributed to a lot of the slowdown in the markets lately as stocks have reacted to this revised earnings outlook. Actually about four of the categories had negative earnings in the third quarter. Those are discretionary, energy, materials, and financials. And those attributed to most of the decline. But interestingly, six categories actually had double digit earnings growth in the third quarter. Technology, healthcare, telecom, industrial, staples, and utilities. So the point is that there's still opportunity out there for strong earnings growth, you just need to be selective and do your homework. And that's what we do at Alpine, we pick our stocks on a stock by stock basis.

So versus June 30th, we've made some similar adjustments to our portfolio based on the earnings outlook. We've lowered our weightings in financials and energy and we've added to materials, technology, and industrials, many of which had gotten very oversold in the summer sell off. Actually our best performance in the third quarter were in these sectors with some of the names rebounding more than 25% in the quarter. And on the defensive side, we've added to our global telecom exposure with also several very attractive names that have been hit, we've been able to pick up. And lastly, we continue to be very cautious on the consumer, and we've continued to trim our retail exposure.

So in summary, as Sam was eluding to with the outlook for the U.S. economy slowing, both global growth still strong and expected to stay that way, we continue to be broadly diversified within our dividend paying atmosphere and environment and we look on a stock by stock basis for opportunities in that global economy. And with that I'm going to pass it off to Kevin who's going to talk about the international market.

Kevin Shacknofsky: Thank you, Jill. In both AGD and AOD, our primary international exposure is in the U.K. and Europe and Australia as well. We like these markets because the dividend yield in these markets is double the yield that you can obtain in the U.S. Our positions have been helped in these markets through rising currencies with commodity markets like Australia and Norway. Currency is up 11% and 16% year to date respectively. The Euro has also performed well, up 12% year to date. However, there have been some companies in our portfolio with U.S. dollar sales whose share prices have been adversely affected by this move. We have preferred companies who are naturally hedged and have matched the cost base currency with their revenues currency and this provides us long-term certainty in earnings.

We are still of the view that the U.S. dollar is in a secular decline and we have not hedged our currency exposure of the portfolio as a whole. Next year we see Europe and the U.S. growth slowing, yet emerging growth staying relatively strong. Our preferred method of playing emerging markets, submitting mature market companies with established businesses for our growing and emerging markets. One of our favorite emerging market themes is the emerging consumer costs. Today, China announced that retail sales grew at 18% year on year.

In our top ten holdings we own Nokia who controls more than 50% of the cell phone market in China and Nestle who is almost 30% of the sales from emerging markets. We also like the infrastructure space which is less economically sensitive and is based on government spending. In our top ten holdings we own ABB which provides equipment for building electricity distribution networks, and BHP in Australia which provide the key commodities, iron ore and copper, which are used to build out infrastructure. And with that I'd like to pass back to Marc.

Marc Rappaport: Thank you very much, Kevin. And thank you for the whole team's comments as we head into now our Q&A period. Please keep in mind that we host two websites, one for our open end funds, Alpinefunds.com, and one for our closed end funds, Alpinecef.com. And on Alpinecef.com, if you're not currently aware, you can find the quarterly fact sheets for all three of the funds that we'll be discussing today. Those fact sheets will not only provide performance data but are highlighting our country allocation, our diversification of securities, and our top holdings. So feel free during this call or prior to future calls to access that site.

Shawn, as our technical moderator, could you please now open up the line for questions from the group?

Operator: Thank you. Ladies and gentlemen, if you have a question at this time, please press the one key on your touchtone telephone. If your question has been answered and you wish to remove yourself from the queue, you may press the pound key. Again, ladies and gentlemen, to queue up for a question, please press the one key at this time. Our first question comes from Adam Waldo from Silver Oak Services.

Adam Waldo: Yes, good morning, everyone. When you had your last conference call on August 14, that occurred one day subsequent to the dividend announcement for the next three months for several of the closed end funds. And I wonder if you can just update us on your expectations as regards timing of the dividend announcements for upcoming months and potentially around especially year end dividends in any of the funds.

Sam Lieber: Hi, this is Sam, Adam. We're going to make an eminent announcement about the forthcoming dividends, stream of dividends. As you know, we announce for three months on an ongoing basis, forward-looking basis. So we will do that eminently. I apologize for not doing it before the call. But we'll do that and you'll see that we are

going to continue, there will be no surprises, and we expect that you'll be pleased with the ensuing yields, certainly relative to today's prices.

Adam Waldo: Any comments with respect to special year end dividends announcements in December or is it premature?

Sam Lieber: It's a bit premature.

Adam Waldo: Thank you.

Operator: Our next question comes from Lee Hiller, private investor.

Lee Hiller: Hi. My question relates only to AWP. I've been an Alpine kind of a long time Alpine holder in the open end funds and have been very pleased. I'm just kind of extremely disappointed in the steady downtrend of AWP. I understand the weakness of the international market and I understand also that it's a closed end fund and there could be some pressure from tax loss selling. But what is your, what are your thoughts on whether investors should stay with it, or what can you do to encourage me to say, hey, maybe I should be buying in because the current distribution rate is over 10%?

Sam Lieber: Lee, I appreciate your support long term and you're not more disappointed than I am, believe me. I think we've been hit by a confluence of events that have impacted the share price. But let me talk numbers, okay? As of August 16th, which was the bottom, our NAV is up 4.4% and that's not even including the dividends that have been paid out on a regular basis. So we've had roughly a 10% annualized rate since that time on the share price. So we have made positive progress and indeed we're pleased with that. But we're not pleased with the share price which has declined by 3% since that time. And I would tell you that what we have seen in the last month in particular where the NAV has fallen in line with the indices by the way, a little bit better than our competitive group by a couple, by about 200 base points since October 10th which was roughly the high of the prior bounce back from the summer lows. And during this time the NAV has declined by a further -- sorry, the NAV declined by 8%, but the price has declined by a further 10% where the more seasoned funds have declined by less. And that tells me that we are getting a turnover in shareholder base because it's frankly a newer fund and because even though we've had superior NAV performance since this fund has been public, that the market is now in tax loss selling season. And I think that's what's been impacting us, particularly over the last month where we've seen this excess increase, shall I say, in our discount by about 10%. I think we're nearing the end of that. I would hope, but obviously I can't comment going forward. But I should tell you that because we believe in the fundamentals of the portfolio, we believe in the fundamentals for real estate going forward, and we believe that the yield is extremely attractive, that if we can buy NAV at a significant discount, 15% discount or so, that it behooves us to be in the market and in fact we have been, I have been personally, buying shares over the last couple of months. I hope that at least gives you some sense of where we are.

Operator: Our next question comes from Robert Kourt with H&R Block.

Robert Kourt: Good morning. Two quick questions. You stated at the beginning of the call that the dividends were intact. Specifically regarding AWP, are you earning the dividend that you're paying out. And two, is there a dividend cushion or an earnings cushion built into the stock? Thank you.

Sam Lieber: Yeah, I appreciate your question. We in fact are earning our dividend, we are not paying out return of capital. We are focused on earning the dividend first and foremost for all of our funds and then we're focused on capital appreciation and opportunities where we can buy stocks that we think are very attractive and have upside potential. So yes, our

dividend is, as we said, not surprising. It is all earned and that is our primary focus. And we will emphasize that we will do whatever we need to with the portfolio to put the dividend as priority number one. Thank you.

Robert Kourt: Is that (inaudible).

Marc Rappaport: Pardon me, I couldn't hear you.

Operator: Please go ahead, Sir. Mr. Kourt?

Robert Kourt: Do you have a cushion built in of earnings so far for future dividends?

Sam Lieber: We have a cushion as far as the upcoming dividend, but we are just trying to make sure that we've got a lot of growth in this opportunity because candidly, if we took 100% of the portfolio and dedicated it just to the dividend, we would be able to provide a very, very significant cushion every single month. But our goal is also to make sure that we are buying opportunities that will create NAV later this year, next year, the year after. So I would tell you that a significant portion of the portfolio is dedicated just to creating the dividend, but if we need to increase the proportion of the dividend to add more income capacity, income earning capacity, we will do so.

Robert Kourt: Thank you very much.

Marc Rappaport: Shawn, before we take another question, I wanted to just walk everyone through something we highlighted that might not be apparent. We don't use any leverage to create this earned dividend that Sam spoke of for AWP or for any of our funds. Why that's a benefit is, in particular, you're avoiding the prospect of having to cut a dividend by not using leverage. The simplistic or maybe even oversimplified example of how a leveraged closed end fund could risk cutting a dividend is as follows.

If you're borrowing capital, typically it's a third of the capital of the fund to buy securities that generate dividends yield that contribute to your overall dividend. If the cost of that borrowing rises to what it was just a couple of weeks ago, let's say 7 or 7.5%, and your dividend yield of your portfolio is earning something less than that, then you're in a situation where you have to deleverage. You can no longer afford to borrow money on the cheap to earn dividends at a greater rate. So the risk is that a fund like that could have to deleverage, get rid of the leverage because it's no longer profitable. And by doing so, you're divesting of a third of the securities that are contributing to that dividend yield. So you then have to cut your dividend. Historically you've seen that during certain periods of the market. And it's one reason why we chose not to include leverage in our funds and not to utilize the leverage. We think it could be risky business but we hope everyone could appreciate that that risk is not currently included in any of our funds. Shawn, we'll take another call.

Operator: Our next question comes from Steve Polin with Merrill Lynch.

Steve Polin: Yes, actually you just answered a lot of our questions here. You know, we're big holders of both AWP and AOD. The only think that I'm thinking now is, what would have to happen -- I like the fact that there's no leverage, but in the markets to potentially cut the dividend? I know it's secure at this moment, but what might have to happen to potentially put that at risk?

Jill Evans: This is Jill Evans on the AOD. In all of our funds, we are very conscious of over earning our dividend. We do a lot of planning and a lot of forecasting of future dividend yields. So I can assure you at this point we are, all of us here, more than earning our dividend and have already projected into 2008 where the future dividends are going to come from.

So I can just assure you we do this on a daily basis and we're making sure that the dividend is our number one priority.

Sam Lieber: And this is Sam just jumping in to amplify what Jill said. Looking at this from a purely hypothetical perspective, if we were to see a global recession, then I think we would clearly have the impact on share prices. But because we focus on dividend capture, rotating the shares, we are able to take advantage of the resets in the marketplace. But if, let's say a company that was yielding 5% all of a sudden was yielding 10% from a global recession, we would be able to go out and capture those dividends at those levels. Yes, we would have taken an NAV hit in other stocks that we might have had, and hopefully our stock and sector selection will support, provide outperformance. But the bottom line is that we would be able to capture it at higher yields. So I think that in even in a significantly deleterious environment, we would still be able to focus on achieving a dividend payout.

Steve Polin: Great. That's good to hear. Thank you.

Operator: Our next question comes from Aaron Kirsch from Crowell Weedon.

Aaron Kirsch: Good morning. I have two questions. The first question I have is that in this conference call you've mentioned there are plenty of opportunities out there with the drop in the market. With the closed end funds, what kind of cash available do you have in order to take advantage of this? It seems that once the IPO came out, everything was invested and there was no way to take advantage of drops in prices. That's question number one.

Kevin Shacknofsky: Hi, this is Kevin. At various times we run at around 5% cash level and when we see opportunities we have used that. When we don't have that cash cushion and the market does drop, what we do is a sector rotation. And we -- actually volatility we actually see as an opportunity because volatility can sometimes be confined to areas where there's the most opportunity, where people take profits and a lot of babies get thrown out with the bat water. So what we will do in periods of extreme volatility, is we will take out boring names who there's no profit taking and go into good names which are getting thrown out with irrational fear in the market and profit taking

And I could give a couple of examples which we did this in August. And the stocks from even the overflows until now are up 60, 70% since August. And most of them are in the materials sector like BHP and CVRD and we just see opportunities like this when there's volatility where we can really create alpha.

Marc Rappaport: By the way, I should point out that, as Kevin said, from time to time we do keep cash in the portfolio and our focus again is keeping a proportion or a portion of the portfolios focused on capturing those dividends and the dividend rotation process. But that also frees up other areas in the portfolio which are looking for more income and growth. And so in that context, we're able to build cash in that portion of the portfolio if we need to and look for, as Kevin suggested, alpha or higher returns, opportunistic investments. And I will tell you that as far as what we've seen so far in the past few months, we've made a shift in the AWP and we have for example been increasingly buying stocks in Europe and we are trying to do it gingerly because we're so called, we're buying this on the proverbial falling dagger. And so we don't take full positions necessarily, but we have seen several stocks with high dividend yields, with solid fundamentals, down 30, 50, 60% from their highs of earlier this year, and we think they are now trading at significant discount to underlying value. And where we are able to buy stocks that become cheap enough for the private market, even in today's deleveraging world, to start to heat up, and we've seen just in the past two days, several stocks, a couple of stocks that we've been buying where there are all of a sudden bid rumors appearing and stocks are flying and shorts are covering.

So I will tell you that we try and build a lot of flexibility into how we run these portfolios so that we can take advantage of unforeseen opportunities and hopefully so we can try and mitigate unforeseen risks that, too, hit the portfolio. So you had another question?

Aaron Kirsch: Yes. Thank you. The other question is about the NAV, specifically AWP. I noticed from the bottom in August to two months later in October, the NAV rose 13% and then the next month, this past month, it's dropped another 10%. What accounts for that dramatic fluctuations in the NAV of the funds?

Marc Rappaport: Share prices. I mean, look, to be candid, we're -- as I mentioned, we've seen quite a bit of volatility in the marketplace. And I talked about, I made reference to the various risk measures out there. There's one you can all look at called the MRI City or City MRI Index which is a measure of risks in the marketplace. It's just one of several. And you'll notice that that index peaked back on August 16th. It then came down by August 15th. There was much more good feeling of potential recovery in the marketplace, that much of the pre-announcements of problems in the banking sector had been absorbed, and so a lot of the concern was gone.

Obviously that reaccelerated in the last month as of course many individuals feel that perhaps we're not done with all of the potential problems from the sub prime fall out and the structured finance fall out and of course risk premiums have risen again. So basically that has been the backdrop that has impacted share prices globally and in particular has impacted the real estate stocks.

So we see this is as, again, a combination of tax loss selling, also creating opportunities and various funds being impacted candidly in the real estate sector from redemptions which we have not seen in our international fund nor obviously are we seeing in the closed end fund. So we think this puts us in a pretty attractive position to buy these stocks when others are forced to dump, or as Kevin said, people are throwing out the baby with the bath water. Operator, next question please.

Operator: Our next question comes from John Pietri with Morgan Keegan.

John Pietri: Yes, my question specifically is, are you buying AWP on these dips? Is the company buying it?

Sam Lieber: Yes. Mr. Pietri, yes, we are buying it on the dips and I am buying it personally, my father is buying it personally. We are, we have clients who are buying it. We've had directors buying. So I think it's -- what can I tell you? If I can buy a stock, any stock in the market, at 15% discount and throwing off the 10% yield, and I think it's got growth potential, I'm an idiot not to do so. So I'm doing so.

John Pietri: Well, thank you, I'm in good company.

Sam Lieber: Thank you, Sir.

Marc Rappaport: I guess we're in good company, too. Next question please.

Operator: Our next question comes from Eugene Field with Smith Barney.

Eugene Field: This is directed to Sam. Sam, I heard all your bullet points specifically on AWP and the problem that I have with my clients that are really upset about the way it's performed up to this date is, I can give them all this data, I can give them all the reasons that you have given us this morning which are good, but they're not going to understand that. All they care about is, this thing is down 25% from what they paid for it. They were never told by

me specifically that to expect this kind of a decline. They were told there was risk, they were told that it could go down, but certainly not in the period of time that this has dropped. So here's my questions. Number one, I want to know whether there's a large short position in this and what's going on from that situation. Number two, what are your peers in the peers closed end funds doing compared to ours specifically with the same investment objectives? Number three, if we're invested over in the brick countries and European countries in their real estate, commercial or otherwise, those countries are doing phenomenal right now. Why is this thing down 25%? We averaged down when you did, when it was \$18 a share, we averaged down to \$16. I cannot ask people any further to take anymore risk than they've already done. Unless we get some kind of result in terms of reversal of what's going on I have major problems with this type of an investment. Those are my questions.

Sam Lieber:

Okay, Eugene, I appreciate your dilemma re vis-à-vis your clients. I think the assurances that you need unfortunately are in the data vis-à-vis other funds. I mentioned earlier that since we started back in April we've outperformed our competitors by about 400 basis points for the established funds back at the end of April. And that's in terms of NAV. Over the last month, we've had roughly 200 basis points of NAV outperformance on those funds.

I think that's not what the market cares about. Unfortunately, we hit the market at a time just before we hit frankly this maelstrom with the sub prime crisis as it's become known. And so we've seen a situation where obviously we have not been able to build NAV. And I think there are times in the marketplace where this will happen. And real estate is, while a cyclical business, is also a long term business. And I would tell you that the fundamental issue here and for your clients to look at is, do they think that globally we're going into recession? Do you think we're globally going into a recession? If that's the case, then maybe you want to take some cyclical out. But I don't think we're going into recession on a global basis. And yes, we've had some excellent performance from the brick countries. We've also had some difficult performance in some of the core countries. But I would tell you that real estate provides opportunities and the stock market in particular provides opportunities especially when you contrast it with another asset class where you're investing in a business that has a large secondary market or direct market outside of the stock market. And that means that we will see M&A, we will see other opportunities, if share prices stay where they are. And I would tell you that what we're seeing may be partially reflecting shorts in the stock, I don't doubt it given the nature of different kinds of investment interests in the marketplace these days. But fundamentally what I think we're seeing are people giving up, people taking tax losses now. Maybe they'll get back into the fund a month from now, but I think that this decline in NAV from \$19.05 to \$16.80, add back the \$0.45 of dividend that's been paid out, suggests that \$1.80 decline has not been that dramatic given what's happened in the marketplace. And this is where we hope to see the opportunities. We are looking for this fund to be positioned to make money over the next six months, the next nine months, the next 12 months. I can't give more comfort other than to say that I am personally putting my money into the fund. Already did when we started the fund, we're doing more, and I think that again, unless you see a global recession, then maybe this is a unique opportunity to buy real estate on the cheap. The kind of opportunity we haven't had since 2003, 2004.

And the point here is that we're buying stocks, particularly in Europe, that are down significantly. We still think there are good growth prospects in Latin America and in Asia and we're invested there as well. But I've got to tell you that this is not unusual to see a pullback of this magnitude on the order of 10, 12, 15% almost on an annual basis among these stocks over the past several years. Yes, there's been a broad rising trend, but there have been pullbacks every year, even in the REIT market in the U.S. So I would tell you that this has been amplified unfortunately by the 22% increase or rather 22% impact of

significant discount growth in the portfolio from the original IPO price to what we've seen today. And to see a discount on these levels is extraordinarily high, even in the closed end fund universe from our perspective, and I think that your clients should at least try and sit through tax loss season and see where they are at year end before you make a decision.

Eugene Field: Sam, just a follow up question. Worst case scenario, how low do you think this thing can go? I mean, I'm not asking you to look into a crystal ball, but last time we had the call you were pounding the table that you were buying the stock for yourself at \$18.00

Sam Lieber: And I wish I had waited, but --

Eugene Field: Yeah, but the bottom line is, we're talking 25% down from what the clients paid for this thing back in April. And what do I tell my clients from here? I mean, do we see \$12 on this thing? I mean give us some kind of guidance on how low you think this thing can go.

Sam Lieber: Eugene, as you know, the SEC would hang me from the highest yardarm if I gave you guidance as to where we're going to go, not that I even know. But to be candid, if we see a global recession, there's risk of some more NAV decline. We would -- if we think that there's going to be a global recession and it becomes more apparent, we will pull in our horns even more. We will be very, very conservative, but candidly, I don't see that. I see perhaps, perhaps a recession in the U.S. next year but quite possibly not, more likely not.

And so that said, that means that there should be GDP growth, there should be income growth, there should be demand for real estate continue to grow in a number of markets around the world. And if we're just at a mid cycle pullback similar to what we saw in '96 and '97 period, there was good upside after that. And I would suggest that you unfortunately are in the unenviable position of telling your clients to sit tight for another month or two, sit out, see what happens. Because I think the dust is going to clear come the beginning of the first quarter next year when all the bad news of different banks or financial institutions who have been impacted by this situation, will have to come clean in the U.S.

But I think we're starting to see a spread in terms of growth prospects and in terms of market performance away from the U.S. And once the Europeans have comfort that the Swiss banks, the German banks, the Dutch banks, and the Belgium banks, as well as the Italian banks, don't have that much exposure to sub prime, then I think Europe will start to pick up as well.

So all I can tell you, my friend, is just sit tight and you've got to tell your clients that sometimes things go awry, but sometimes that creates opportunities as well.

Eugene Field: Thank you.

Sam Lieber: I hope that's the case. Operator?

Operator: Our next question comes from Hamid Nakhai from Wells Fargo.

Hamid Nakhai: Good morning. You mentioned that you don't have any direct exposure to sub prime issues. What kind of indirect exposure that might affect the price of the fund?

Sam Lieber: We don't have direct in that, that means we don't have companies that are issuing or creating or own sub prime. So we don't have Newcastles, we don't have issuers of sub prime. We're not exposed to that side of the business. Indirect is -- indirect, I guess the

indirect is any company that uses capital markets for finances is being impacted by this. And so that's where the indirect would be I think.

Kevin Shacknofsky: One thing I'd like to add is we have Goldman Sachs in our portfolio so you could say we're indirectly, it's indirectly shorting sub prime. If that helps.

Hamid Nakhai: Yes.

Sam Lieber: It helped them.

Operator: Our next question comes from Sylvio Codistoti, private investor.

Sylvio Codistoti: Hello. This is Sylvio Codistoti is the name, okay? And I own three of your funds and of course AWP has been a total disappointment as we all know. And I was wondering, nobody talks about the fact that you raised U.S. dollars, \$4 billion or so, a fistful of U.S. dollars and running overseas which already we stand at a tremendous setback because of the currency situation. Where you're buying is mostly strong currency. And isn't it possible that initially that is one of the aspects of the setback until this thing gets going and the investments are made and the higher escalation of investments come in, but it takes time, correct? Nobody mentions that, not even Sam I don't think.

Marc Rappaport: I'm sorry if I'm not getting your question exactly clearly.

Sylvio Codistoti: My question is that we raised U.S. funds, correct? My funds, my initial -- I bought, right? And we went overseas and there we stand at a weakness already because we have weak currency.

Marc Rappaport: No, if I may, Sir, Silvio, -- basically we're -- we have made money in some currencies. Now that said, there was a dollar rally during the summer which did erase some of the early gains in foreign currency. That has reversed again and the dollar has weakened as we've seen with the pound at 2.10 and the Brazilian reais got to 1.75, we're pulling back a little bit. But basically, look, the scenario here is that we've actually made a little bit of money on currency. Not as much because a lot of it was done earlier in the year. And we've had particularly strong bounce backs in some of the currencies such as Canadian Luni, the Aussie and others.

But the real story here is what's happened to real estate prices. We, as you may recall, we were cautious in the beginning of the year for real estate. But we were also cautious in general for all of our portfolios due to the volatility in the marketplace. And frankly, this is a period when a lot of stocks have seen significant compression in their multiples. And we've had historically investments in financial sector which has been hit hard and that's true of the market in general by a broad percentage. But we have tried to focus on resource based economics, but we're not -- and resource companies and materials companies that are benefiting from the current situation. That said, we're not going to take the whole portfolio, rotate it into one area that's hot, and then move into another area that's hot. That's not the approach. The approach is to take a balanced, longer term perspective on where we see opportunity. And sometimes in buying opportunity, we have to buy it at what we think are attractive prices. We think that we're there. But let me ask -- Steve here wants to give his perspective on the market.

Sylvio Codistoti: Sure, thank you.

Steve Lieber: I think you have a very important focus and interestingly enough, it comes out the opposite way. Our managers have been very skilled at selecting investments in currencies which have been rising relative to the dollar, So we have been making money in a number of countries. It has been I think one of the most effectively employed

resources of our investment skills has been the selection of the right currencies. And that's where we have in effect been protecting money, not risking it.

Sylvio Codistoti: May I -- I stand to be -- I didn't say that you're risking, I'm saying the natural market situation. And now the question is not totally wrong because you gave me an insight on how you protect us, the things that you do to protect this aspect. So I appreciate that.

Steve Lieber: Thank you very much.

Marc Rappaport: But I think the fundamental issue is that the markets are volatile. This is, we think, creating opportunities and with the market just gone back towards the lows of mid August, we think from here there's a prospect that a lot of the downside of the unknown risk that's in the market is already being discounted by the marketplace.

Sylvio Codistoti: There's one more point on the erosion of the stock. We really look today at a little over 12, it's close to 40% and so your 7 or 8% dividend is not that great. In the short run there's somebody that has to get out for whatever reason -- tax reasons, financial reasons. Somebody took a shellacking at close to 40% on the stock, so please bear that in mind. It's not the other aspect of asset value and then add in the dividend, it's only \$1.80, it's really 40%.

Marc Rappaport: By the way, the declines are not on that scale, Sir, even in AWP. Right now the NAV is - - I'm sorry, not the NAV, the market price is above that.

Sylvio Codistoti: No, no, I said today that we recently hit a little over 12. Year to day. And so somebody might have gotten out at that, but that stockholder lost 40%.

Marc Rappaport: Okay, look, the bottom line is, there is certainly some panic in the market and when we saw 17 plus discounts to underlying value, that to us was extreme. And the dividend yields currently being at around double digit yields for our funds, we think are very compelling.

Sylvio Codistoti: Makes it lucrative, correct. All right, thank you very much.

Operator: Our next question comes from Tim Rudely from Staple Nicholas.

Tim Rudely: Yes, just a couple of questions. One just on a statement you guys just made. If earlier in the year you were cautious on real estate at the beginning of the year, why did you bring this out at that time period when you were cautious on the real estate sector?

Marc Rappaport: Yeah, we became cautious on the currencies. We think that when we're trying to come to the market, we're looking for growth potential in the real estate and we're looking at it obviously not just on a three month view or a six month view. And we can't time the market that way. But what happened was, candidly, we saw some front running of our funds in the beginning of May right when we came out. And certain stocks that were in our international portfolio started running up dramatically right in the beginning of May after we received our money.

So we became cautious that maybe there were some games being played out there. We also were cautious on Europe and our focus had been more on Asia. So we invested more in Asia and we stayed in the what we thought were the premier companies there. Basically, where we were absolutely correct on Europe and we've been buying Europe, again, partly getting our hands bloody buying some of those daggers, taking incremental positions now over the last couple of months. But I'll tell you that we were cautious on Europe, we were bullish on Asia. And now we're still positive on Asia, albeit the

valuations are not quite as cheap. But we're quite bullish on the valuations in Europe. So it's a little more complex than just that previous statement. I hope that clarifies it.

Tim Rudely: Sure. Just a follow up. On the NAV, it showed yesterday it was up only \$0.20. With the market being up so big yesterday, I wouldn't want to expect it to be higher or kind of give me a summation of what we need, what -- I mean do you want a positive stock market overseas, U.S. for the NAV to go up? Or what --

Marc Rappaport: Let me just say that please remember that the rally started a little bit with Europe but primarily within the U.S. yesterday, okay? So other -- some global funds that have a high proportion, 40 or 50% exposure in the U.S., may have done a little better. We have less than 30% in the U.S. and you may notice -- how about this? Just look at the NAV at the end of today, okay? And we'll see what happens because certainly we had some significant, significant gains in stocks in Hong Kong and Tokyo overnight.

But I would tell you that you can't read too much into the day to day portfolio activity. You really have to look at it over a slightly longer period of time, at least a few days, and then maybe you'll get a sense of how we're positioned and how that impacts the NAV performance, okay?

Tim Rudely: Okay. Final question, just we were sold on this as this being a clone to your open end EGLRX. Was that a correct -- was the guy that sold us that, was he correct or do you think, Sam these are similar funds? Are they supposed to work about the same?

Sam Lieber: Two differences. One, this is global, the other one is purely international. So we do have an overlay in the U.S. Two, we have to have a portion of the portfolio, a significant portion, where we are putting the dividend capture engine in there. So we're plugging in dividend capture and on top of that taking the global real estate portfolio. Third, we're focused on what we believe are premier properties and companies so it has a slightly different bent, but you will find at the end of the day that our top holdings have considerable alignment between the different portfolios.

Rim Rudely: Okay, thank you.

Operator: Our next question comes from David Siwec from Smith Barney.

David Siwec: Hi, guys. I have two different questions. First, Sam, outside of just value and these year end issues with the closed end in particular, are there any potential catalysts that you could see out in the next six to 12 months that would serve to provide some excitement for global real estate? Perhaps there aren't any. And then for Jill and Kevin, you mentioned that you were cutting exposure to the financials and the energy stocks. Has anything changed from the summer when you were doing that, i.e., were you interested in the values perhaps that had been created in Countrywide, India Mac, any of that stuff? Thanks.

Sam Lieber: Okay. Quickly, look, the story of the catalyst is going to be M&A. The catalyst is also going to be rate cuts. The Bank of England tipped their hand today a little bit and we think the fed will continue in this direction, so there will be more liquidity. Over time, once the market has higher confidence in what is AAA -- remember, the problem has not been in the junk debt so much. It's been in the AAA. We've had a lock up in the short term markets, not so much for others of the capital markets.

So fundamentally when Fitch comes out in the next few weeks with their new criteria for what makes, what is AAA, we think that will be positive. When Moody's and S&P reaffirm their view, that will be positive. That's going to happen soon, within the next month or so.

Secondly, you've got tax loss selling now. We think that's going to lift. Thirdly, we're going to see markets focus, people focusing more on next year over the next few months. We think -- as they look at what the supply and demand situation is on the ground in different markets, there's going to be a much better understanding of what the potential is and then we're going to look for where we see rental growth.

Thirdly, I think there's going to be M&A activities I eluded to. We've seen rumors of that already. One stock that we own just today, over the last two days is up 15% based on speculation that there might be a deal announced. Now I think it's purely speculation, but nonetheless, that will be a factor in the market when M&A starts to come back more importantly.

So I actually think there are a lot of positive factors that will come through over the next six months and I think we're just -- just as we talked to you at the bottom of the market back in August, we're talking to you at the bottom of the market effectively now, I believe. And that's I think takes a little bit of guts, but it's frankly it's the way to treat investors. So let me pass on to Jill and Kevin.

David Siwec: Is my line still open? Because I do want to thank you guys. Because yes, you do speak with candor and you're not afraid to talk to us when things are difficult which is becoming a rare commodity, so thank you.

Sam Lieber: We're going to continue doing that. But Jill, let's talk some more.

Jill Evans: You can call 800 number anytime. But on our sector rotations, we did line up on the financials over the summer and interestingly, a major event was the third quarter reporting season where you really saw the men separated from the boys. And our take on the financials is that we are really looking at an add in to the higher quality financials that really got thrown out here. If you look for example at third quarter reporting season, you had a Goldman Sachs versus a Morgan Stanley was remarkable. I mean Goldman just had unbelievable earnings relative to Morgan whereas JPMorgan and the Citibank, JPMorgan had a very solid numbers relative to Citibank's. So the way that we're approaching the financials is that we are looking to pick up some of these higher quality names that have been beaten up and we think in the end they're going to do well. And it had, some of them had a great rebound yesterday. The question specifically India Mac, Countrywide -- no, not at this point. We don't feel like there's enough clarity there yet to step in. We're seeing more clarity in these other financials, so no, we don't feel it's the time to step in right now on those names for our portfolio.

And on oil, it's interesting -- Kevin and I are constantly rebalancing each of our sectors versus high beta or low beta opportunities. So oil right now, interestingly, as oil has approached \$100 a barrel, the integrators have actually not participated and as expected, you would expect that as oil prices rise, demand would be impacted. And then the IEA came out yesterday and cut their oil demand outlook. So we have been rebalancing our energy portfolio away from integratives which we think are going to be hurt by these higher oil prices. And we think oil is going to come down and we've been rotating into services that will benefit because regardless really of the price of oil, they're going to be servicing the rigs and all the oil infrastructure out there. So this is something that we do on a daily basis. You see by our pie chart we still have financials, we still have energy, but Kevin and I are repositioning where we see the opportunities are really on a daily basis. Does that answer your question?

David Sidekick: It sure did, thank you.

Marc Rappaport: And I just want to emphasize that again, we take a longer term view. We're not going to shift an entire portfolio overnight, but we'll take a balanced view in terms of how we reorient the portfolio. We will retain opportunity -- look for opportunities in different sectors where we see them. So again, you won't necessarily see us move out of financials 100% as Jill suggested. We'll take a little more gradual approach. Similarly with regard to the India Macs and Countrywides, our approach is that we don't need to be heroes. We just -- we'll look for opportunities which we have confidence in. Let's go to the next question if we can please.

Operator: Our next question comes from Leo Lipkin, a private investor.

Leo Lipkin: Thank you. I'm interested to know how you compose the NAV every day. Is it all mark to market or is some of it mark to model? If it is, then I'd like to know how you arrive at the model. And number two, how soon after you figure out the NAV do you report it? I use ETF Connect and the CEFA websites and they're kind of a little bit behind, so I'm not sure exactly when they get their information.

Marc Rappaport: Okay, Leo. Look, basically when you bought into the -- what we do at our funds is 100% equity exposure, okay? Publicly traded markets. We do not need models. We are not doing anything that's rocket science, period. And then our data gets reported overnight, typically at about 5:00 PM by our service providers, so the NAV is there for everybody to see. But it's a composite of publicly traded equities. We don't have models for illiquid securities because we don't need them. Kevin.

Kevin Shacknofsky: One thing I'd like to add -- I mean for me, when I'm out of the office and don't have access to my machine and I want to get updated NAV, I just look at Yahoo Finance and that comes out around 6:00 everyday and you have today's information. I advise you to use that.

Marc Rappaport: Hope that helps you, Leo.

Leo Lipkin: Thank you very much.

Operator: Our next question comes from Scott Kurland with Oppenheimer.

Scott Kurland: Hi, guys, how's everything? Hey, Jill.

Jill Evans: Hi, Scott.

Scott Kurland: Just a couple quick questions for you, Jill. One is that if you could just give a quick overview or difference between your two funds, the Total Dynamic and the Global. And if you could just comment quickly on kind of what seems to be a crowded dividend capture space as well with everybody kind of talking the talk. If you could do that for me. Thank you.

Jill Evans: Sure, thanks, Scott. On the AGD verses AOD, AGD was brought out to be a qualified dividend fund. So we haven't gotten the final numbers but we're estimating over 80% of the dividend for AGD will be qualified for the reduced dividend tax rate. And our goal was to go global and that's what we did in the AGD. And then when we were marketing AGD, a lot of investors said to us, this is great, but you know what? We have your funds in tax free accounts where we're not tax sensitive, what kind of dividend could you give us if you haven't, aren't handcuffed by the qualification rules? And that's what AOD was about. We came with AOD telling the market in the prospectus we'd be about 30 to 50% in qualified dividend. So that really freed Kevin and I up to go into different countries and different securities that don't qualify for the qualified dividend yield.

And that's why AOD has a higher yield than AGD, because on an after tax basis, they're more similar. I hope that answers that question, Scott.

Scott Kurland:

Great, thanks.

Kevin Shacknofsky:

This is Kevin. If you want to know the direct overlap between AGD and AOD, it's around 40%. So there is an overlap, but the main difference between the two funds, obviously one is a \$5 million fund, one's a \$4 billion fund and we're very concerned with liquidity when we do our investing. We don't like to -- we would preferably like to get our stock within one of two days if we take a position to mitigate risk. And therefore, AGD has a slightly different universe that it can invest in versus AOD. And in terms -- so that's the main real difference in terms of the investment universe.

Scott Kurland:

You think that's the reason why the price to NAV has stabilized versus the discount in the other one?

Marc Rappaport:

No, actually -- this is Marc Rappaport -- I think what's interesting is that if you look at funds that came out this year, '07, versus funds that were kind of aged -- better yet, if your fund came out and the NAV is higher than the IPO price, your shareholders are not at a loss. At the market price actually, if it's higher than IPO price like AGD, shareholders don't have any loss, they don't have any tax loss selling. And conversely, if you came out this year at 20 like AOD did, and the price is a little below that, you do have an opportunity to book a loss. And so selling pressure that would apply to a fund like AOD would not apply to AGD.

Sam Lieber:

And even though and by the way just to amplify, even though he dividends may make up for the price differential between the IPO price and where it is now, i.e., the total return may still be solid and positive, the investors see a slight decline and that's it. But fundamentally we're in a market now where there's a lot of tax loss selling affecting the closed end fund universe. And as Marc suggested, the funds that were sold this year as opposed to last year have not necessarily found a stable shareholder base. One would like to think that all the shareholder people who buy in are happy to stick around, but a lot take those losses now and harvest them and look elsewhere for their investments. So we think that it's a period of stabilization that we're unfortunately going through now, too.

Kevin Shacknofsky:

You also mentioned how, what's the competition out there for dividends with all these other dividend plans that were raised this year. I've been actually tracking them on a daily basis and remember that these funds had a slightly, or actually a dramatically different strategy to us. They used leverage and most importantly, they used covered calls. And I've actually tracked correlation on a daily basis to the performance of these funds and we actually have a very, very low correlation to these funds and that tells me that we're not directly in the same universe and they're investing less in the universe that we're investing in. And in terms of our trading, we haven't really seen it yet in our trading. So look, at the end of the day, the dividend capture universe on multi cap companies which trade billions of dollars a day and it would take a really large universe of dividend capture funds to affect that they way they trade.

Jill Evans:

Right, on a daily basis, Scott, we're keeping to our strategy, and if they're there, we don't notice or care. We're just sticking to our dividends.

Operator:

Our next question comes from Josh Mazer with AG Edwards.

John Mazer:

Hello, how are you? It's actually Josh Mazer. A couple of quick questions. What is the prospect of converting the AWP to an open end fund to pick up the pop on the discount?

Marc Rappaport: There is no prospect that I foresee. I think the board is away of various thing that we can do to help support the NAV, but -- rather the discount becomes extreme, and certainly we're mindful of those opportunities, those situations. But as long as the board is comfortable with how the fund is performing on a fundamental view, they're not going to be impacted by short term dislocations in the market which is exactly where we are now. So this is meant to be, to benefit from the closed end fund structure which enables a more efficient dividend capture process as opposed to having an open end structure where you've got flows coming in and diluting income already earned or money being pulled out and forcing shifts in the portfolio that might impact the optimization of the dividend capture strategy. So it's not foreseen, Josh. It doesn't seem to make sense at the moment.

Josh Mazer: Okay, that was my main question. Thank you very much for that.

Marc Rappaport: Thank you. Shawn?

Operator: Our next question comes from Steve Hyett with AG Edwards.

Steve Hyett: Just one quick thing. I'm just utterly amazed at the number of people who have stuck on all this time. That's just a testament to you folks who are doing a fabulous job there. I'm just amazed. I've never seen anybody stick around and that's obviously because of the answers you're giving are really forthcoming. My question had to do with dividends and I think I heard AGD is going to be about 80% qualified. I'm just wondering what my clients' 1099s are going to look like at year end. What percentage is going to be non-qualified, qualified, short term gains, long term gains? And I tell you, I really like to hear that we're not going to see any return of principle.

Kevin Shacknofsky: You know, these funds are listed on the New York Stock Exchange and we can't really give guidance like that until we have certainty or until it's done in official format. All I can say is look at our track record in ABDX and that has been our track record in total in terms of dividends and short term and long term gains. It's our objective to minimize short term and long term gains, but you're probably seeing ABDX when we did have a very strong period of turnover turn that we -- one year in our history we paid out a 2% capital gain, short term capital gain. But that's been the only time in our history that we've done that. So I just used ABDX as my guide.

Marc Rappaport: And EGRLX again also, it should be noted that our objective, as Kevin suggested, is since we're shareholders ourselves, we have to be tax sensitive and we're going to do our utmost to try to mitigate that if we can. But other than that, we can't promise anything.

Steve Hyett: Thank you.

Marc Rappaport: And thank you. This has really been a very rich call for us. We're on for an hour and 15 minutes. Let's just try to maybe take another three or four questions. Shawn?

Operator: Our next question comes from Nichols Faria from Wedbush Morgan.

Nichols Faria: Good morning, everyone. Thanks for taking the call, we definitely appreciate the time. A couple of questions. Most of them actually have been answered. But regarding AWP, I remember we would be rotating on different cycle points off the real estate market and I understand that's different around the world. I just wanted to see how Sam is positioning the fund now in the U.S. given that it's about 30%. And I was actually surprised to see the increase on the fund in the U.S. to about 30% versus around 21, 22% in the earlier filing. And I was happy to see the increase in Brazil from 2.5 to 4.4 on the other hand. And also, the development in the real estate and REIT markets internationally, that was a big selling point of the fund, the development in other countries. I want to know how

that's going, if there has been any updates or if we've been able to capitalize on that already.

Sam Lieber:

Okay, Nick, excellent questions. I appreciate that. You know the issues that you highlight, for example the development of the REIT markets internationally, which by the way is progressing. We've got, we've seen a couple of other countries announce that they're looking at REIT status. That and the cycle itself and the evolution of the cycle is not going to shift dramatically over six months. And real estate is a long term business. These are changes that take place over time. So I would say that I could probably give you better guidance and feel on this another six months or so from now.

I will tell you that we've seen very interestingly in the U.K. a number of projects that were in the development stage, again, addressing the issue of the cycle and which kind of business models to address during the course of the cycle. A number of developments that were planned have been mothballed. So we see that in part because of rising materials costs, up over 12% year to date, and in fact potentially, not necessarily definite, but potentially a softer rental demand market next year.

So I think that that actually is a positive factor. It means the cycle gets extended because the supply maybe isn't going to come on, new supplies are going to come 2010 to 2012. It will be diminished when it does come on, maybe some of these projects will be mothballed until 2015 or so. So I think that's one little bit of information that we can glean and there are other markets where this has happened. Obviously we're still seeing a rapid growth of development activity in China, rapid building in India. We think there are a couple spots where frankly there's going to be a little bit of over development. And we will, as we see that and we see it more clearly, we think we'll be shifting our emphasis by property type. Because it's not necessarily an individual city or market that's impacted. It may just be one property type in a given market. So we're mindful of it on that kind of granular level.

I will tell you that again REITS are coming through, we see opportunities there, and we think that the real impact on the share price has very little to do with real estate in a specific performance sense. It has much more to do with market perceptions. And where we were in the spring was a very buoyant period and a lot of growth was being priced into REITs in the U.S. Rental market in the U.S. at the high end was looking for \$150 to possibly even some building were offering up to \$200 a foot. But basically \$150 foot market people were looking for. Now I think, now that we've seen a number of deals in the \$130s, I think landlords are happy to put a deal in place that's got \$110 or \$115 in rent.

So there's been an adjustment in the psychology but it's also been a psychology in the equity marketplace and that's what we've seen the biggest impact of course. And so the markets have gone from an optimistic perspective on the next six to 12 months to a pessimistic perspective. So you can say that having moved from a glass half full to a glass half empty approach has perhaps led to one of those classic situations where there are valuation disparities and opportunities created. And that's where we think we are. I hope that broadly answers your questions.

Nichols Faria:

It definitely does. Thank you so much. And then a quick question also on the cash position. I remember last fall we had a significant cash position. How is that looking now?

Sam Lieber:

Well we're more or less fully invested, keeping typically under 5% in cash at any point in time. We don't see -- we think the market has again discounted a lot of the concerns in the prices. So we have some cash available and obviously we can liquefy ourselves in different positions if we wish, but fundamentally -- let's put it this way -- we were, we

had very high cash positions at the time of the last call. We have much less now. That perhaps suggests that we're a little more optimistic about current levels relative to where we're going.

Nichols Faria: Very nice. Thank you so much. Thanks, everyone, for the call.

Marc Rappaport: Thank you for your questions. Just a few more please, Shawn.

Operator: Our next question comes from Bill Lambert, Private Investor.

Bill Lambert: Yes, I would like to revisit the year end distribution on AOD please. I read the distribution to shareholder section of the semi annual report indicating that all investment income will be paid out. And I look at what was paid out in the semi annual report and it was only about 40% of what had been earned. It appears that if we project this out to the end of the year, and it looks like the special year end dividend should be in the \$1.50 a share range. Am I anywhere near?

Kevin Shacknofsky: Yeah, that's a very, very good question. It's good to see someone doing detailed financial analysis of our financial statement. As you know, as you're heard throughout this call, we are very, very focused on generating our dividends. And therefore, during the year if we see opportunities, we will accumulate excess dividends that we need year to date. And you can see that from the financial statement that in October we had generated more dividend income than we had paid out. Now we were actually just creating -- we were just creating like a cushion in case there was any reduction in dividend opportunities. And it was just mitigating our risk. And as you probably noticed from the call, we are a very conservative shop.

And another point to note is that dividend generation is a seasonal business where the seasonality is probably tied to the first half of the year. I wouldn't project the cumulative amount that you have noted for the rest of the year. We manage our dividend, we manufacture it, and we manufacture to a target. There are moving parts in dividend generation and but we are targeting a certain amount of dividend income that we want to generate. We do not want to generate excess special dividends. It's something that we want to mitigate over the long term. But due to some timing issues, it's sometimes not completely possible. We want to -- all I can say is our current dividend rate is something that we want to sustain and we want to mitigate special dividends.

Sam Lieber: And if I can amplify Kevin's comments, that we are trying to create a total return story here. So we are looking for growth and we're looking for income. The income is our priority and once we've got that in place, we look for opportunities for additional growth and income. But we do not want to pay out specials that tend to be variable over the course of the year, from one year to another rather, nor will the share price or any NAV be credited for that. So we want to maintain a stable approach, a predictable approach for investors and to try and deliver on that basis.

Bill Lambert: Okay, I appreciate that. One other quick question on AOD again. I noticed that in the period of August 13th to August 16th, the fund dropped over 5% in NAV and with my retirement depending on this fund, I wonder if there was any special reason for that quick drop in those three or four days.

Kevin Shacknofsky: Over that time period I think what was very unique was that there was a fund to fund delevering. This is when these large, highly leveraged (inaudible) hedge funds were de-risking because the risk index had gotten to exceptional levels. And so essentially what happened with these companies is they covered their shorts and they took profits in their longs. Now that hurt us because we were underweight what they were shorting because

obviously they were unattractive companies, and we were overweight where they were long because obviously they're attractive companies.

So this was very short term volatility which after a week or two reversed and you saw the NAV grow again. And during this period we were also able, as I mentioned before, to make some very attractive investments in babies that were thrown out with the bath water and we were able to grow the NAV on that as well. Another thing which exacerbated the NAV movement in that period was volatility in currencies. When the comp funds were delivering, the carry trade was getting unwound, and some currencies were -- had short term very large moves. I think in that period the Australian dollar had a 5% move in two days which subsequently reversed the next week. So when strong dislocations happen in the market, there can be volatility in the NAV and unfortunately that has been the case during this year. But we do hope to see the market stabilize and hope to see less volatility in the future.

Bill Lambert: Thank you very much.

Operator: Our next question comes from Rob Holcomb with H&R Block.

Rob Holcomb: Yes, hi. Thanks for taking the call. I just had one quick question. I noticed on the website where your holdings pages don't really seem to get updated very it seems like in a timely manner. Can you tell me why there's such a lag there?

Marc Rappaport: Yeah, we I guess have been putting the data up almost 25 days after the end of a quarter. And I guess what you're asking is for us to get it up there closer to the end of the quarter. And we've got an entire elaborate system devoted to getting it done with speed, and I guess we'll try to get it done with more speed, but I hope you can appreciate that there's just a lot of things that go into that.

Rob Holcomb: Sure, I understand it's probably not top priority, but nice to see what you're thinking I guess is the reflection there.

Kevin Shacknofsky: One thing that I'd like to add is as a portfolio manager I know there's a lot of copycat funds out there and I don't want to let people know what I'm doing so they can copy me and ride my coattails which I have noticed has happened in the past. So I don't want to give anybody extra help out there that I don't have to.

Sam Lieber: But on the same hand, we want to provide investors with enough meaningful information so they know the direction of the portfolio and what we're doing. We do have compliance issues that we have to follow as I'm sure you're aware, but we will endeavor to provide hopefully a more timely approach if we can to that information that we provide.

Rob Holcomb: No problem, just curious.

Operator: Our next question comes from Joseph Scotto from Smith Barney.

Joseph Scotto: Good afternoon, guys. I'll make it quick. Basically with regard to the decrease in the net asset value, how much of that is a paper loss and how much of it is a realized loss?

Marc Rappaport: I guess you're talking about AWP?

Joseph Scotto: Yes, thank you.

Marc Rappaport: The main loser unfortunately with the real estate sector where it's trading now. Most of those -- some of those losses have been realized, some have been, are paper. So the

majority are paper. And again, as we look at the portfolio from a tax perspective, we want to be able to utilize the longer term losses if there are any. Obviously we don't -- we'd rather have all gains all the time. But that's not the reality right now. So --

Joseph Scotto: I understand that. I'm just of the belief that where there's panic and confusion there's profit.

Marc Rappaport: Well, we believe that, too. And we think that, Joe, we think that the markets have definitely panicked and there is a lot confusion, and as I said, we've been for that last couple of months buying where we think there's real value. Again, taking a two to three year view. I want to be talking to you, all of our investors, next spring, next summer, and talking about the great buys we've made and how much we've made on them. Not necessarily running from what's hot at the moment to what's hot the next moment, generating a lot of short term gains if I was able to do that.

So right now I can't tell you too much other than the fact that it's probably a reasonable bet that there are more unrealized losses in the portfolio than realized. As a rule of thumb, our turnover is not excessive.

Joseph Scotto: Well I remember with Sam's visit to our office, he was very succinct and very explicit about if something doesn't work, we're not going to sit around and wait for it. And I just, I presume and hope that if you guys see an opportunity out there that can be turned by a far better rate of return in your view than sitting and waiting for something to come back after paying the dividend, you would do so.

Marc Rappaport: Oh no, you're absolutely correct, that's a fair comment, fair assumption.

Kevin Shacknofsky: From our perspective I can definitely assure you that if something is not working and we don't see any prospects for it, we're actually very happy to harvest the loss because we like accumulated losses that can help us offset any gains, so as we've noted before we're very adverse about paying short term or long term capital gains out to investors. So we see accumulated short term losses as an asset to the fund and we don't mind taking them.

Joseph Scotto: Well I also think after 25 years with tax sale coming up, it is a phenomenal opportunity to go and buy it on the open market when everybody else in panicking to get out. Putting in orders way under the market, I've been boisterous enough to get hit a couple of times at 13.90, 13.91 and it's just phenomenal. As long as the dividend is safe, it's phenomenal.

Sam Lieber: Well we want to emphasize that that's what we focus on and that job one is the dividend. And job two is NAV growth because that will help us to grow the dividend over time. And we're looking forward to doing that and as you just commented, buying the shares at an attractive discount is a very, very important fundamental approach and we're glad to hear that some of the folks on the call are exercising that opportunity.

Marc Rappaport: And then job five is to constantly be in front of you and to be open and have dialogues like this one today, which, looking at the watch is an hour and a half in duration. As I said earlier, very rich call and we really do welcome the opportunity to have these discussions about our portfolios. We believe in the fundamentals. We're very proud of our work and our research and also very proud of the kind of spirit of interest in the funds and how you might devote your time to better understanding what we are doing and what we're not doing and our view. So thanks again for joining us. There will be a replay number posted probably towards the end of today on the Alpinecef.com website home page. Our 800 number, or really toll free number for information on that replay or anything about the funds is 1-888-785-5578. And again, we thank you here at Alpine for joining us.

Operator:

Ladies and gentlemen, thank you for your participation in today's teleconference. This does conclude the conference. You may now disconnect. Good day.