

“Managing Through Volatile Markets; Seeking Opportunities”
Conference Call Transcript
Moderator: Marc Rappaport
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Marc Rappaport: Thank you and good morning, everyone. This is Marc Rappaport, Senior Managing Director of Alpine Funds and host of today's call. We're committed to regularly keeping you informed of what our thinking and strategy is at Alpine, and we thought a call would be particularly useful during the current volatile market.

Our funds are unique and we believe the more one understands our differences and appreciates how well we manage risk, the more conviction one might have in our dynamic strategies built for long-term appreciation and income.

At this point, it's important to state up front two or three things. One, our funds have no leverage. Two, the monthly dividends on all our funds is perfectly intact. And three, our funds have no direct exposure to sub-prime lending companies.

We'll be hearing comments from our Chief Investment Officer, Steve Lieber; our President and Head of Real Estate team, Sam Lieber; and the Co-Portfolio Managers of our Dynamic Dividend fund series, Jill K. Evans and Kevin Shacknofsky. We will then open up the call to hear questions and be responsive.

Steve Lieber, as 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 the time and our organization and our capabilities, is Steve Lieber.

Steve Lieber: Thank you, Marc and good morning. I'm 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 future potential. 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 in effect.

This is not the type of investment management qualification which focuses primarily on market trends and index participation. The focus is not just industry, nor is it company; it is management. It is competition. It is evaluating the potential.

Their focus is also on broad economic insight in today's volatile market, with sensitivity to the risks generated by domestic and international currency and credit problems. They have effectively moved through the short-term challenges and are building portfolio strength through longer-term turn-around opportunities. These are challenging times. But this team has carefully evaluated conditions, and in due course will be judged to have deftly managed the protection and increase of assets.

Jill worked 15 years at JPMorgan, first in internal management consulting, and then as the principal transportation analyst. Kevin started as an accountant at Deloitte in Australia, came to the US, took his MBA and worked in venture-capital corporate analysis. Sam started in urban planning, moved on to commercial real-estate brokerage and then served as the principal real-estate analyst for the Evergreen 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.

This support is broad, and even geographically so. We recently have had analysts checking out companies in Taiwan, Moscow, Warsaw, Prague, London, Oslo, Copenhagen, the principal cities of India and as well as across the US. And now, Sam.

Sam Lieber: Greeting on this volatile market day. As value-oriented [ph] investors, we've had to pick our own spots. That is, selecting individual stocks one at a time. Or we've had to wait for when the market declines to create a range of attractive investment opportunities.

Opportunity can often be found in times of adversity if we maintain our perspective of underlying fundamentals, medium-term trends, and historic valuation parameters. Investors must remain disciplined, flexible, and above all, patient.

Historically, market volatility has created buying opportunities, albeit the duration and depth of the decline can range from mere days to perhaps months; in extreme cases, even longer; back in 1974.

Volatility as represented by the VIX index, recently hit historic highs. Volatility often reflects fear of the uncertain rather than a reappraisal of existing concerns. Thus, we try to identify the problem and its scope.

So in the current situation, the meltdown of the sub-prime mortgage sector led to fears that a domino effect or contagion would fundamentally constrict the economy. In fact, we think that what has happened is of course a crisis of confidence in the system, and in the structures that have been created in the capital markets, has led to a shift in capital from the long-term and medium-term to the market towards the short term.

Fundamentally, the sub-prime sector has created the lynch pin for this unhinging of the system at the moment. However, unlike the past when S&Ls made mortgages from local branches to local borrowers for long-term investments; today's disintermediation process of pooling and parceling mortgages several times over, which are then often intermixed with hedging strategies and even unrelated asset classes; has entangled our capital markets.

Uncertainty over risk premium for mortgages for the sub-prime mortgages, spread to other asset-based financing, as confidence in the rating agency and the state of structured finance has been called into question.

As the markets shifted to short-term taper for liquidity, central banks have stepped into the fray; providing a cooling off period. And with time, we believe that this financial market will be able to innovate. It should be able to find a way to reengineer the CDO structures, to re-price risk, and allow portfolio trading strategies to stabilize.

The problems unearthed by the sub-prime shake out have not been resolved. But the market now has visibility of their scope. And of course, everyday we're hearing of more and more issues that are creating visibility, but we're starting to understand the range of the affliction, shall we say.

So, as value-oriented investors, we've been focused on our cash position, on remaining cautious with our cash, and so when AWP entered June, we had 30% in cash. And at the end of July, we had 18% in cash. And currently, we have around 10% in cash and very high levels of liquidity in stockholdings from our portfolio.

And the cash has come down because frankly, for the first time in a long time, I felt like a kid in a candy store; just like March of '03 and September of '98. Back then we didn't know where the

bottom was, and we don't today. But we think that we're getting closer and we can start to see some light at the end of the tunnel.

The fundamental of markets such as Brazil, with the expanding consumer society there, the growing demands on infrastructure and real estate and economic expansion in India and China have not changed. Opportunities in Mexico, where a large population is still creating demand which far exceeds what the government is providing in financing for homes, continues.

And we see of course, opportunities in the US. We see opportunities in Europe and other parts of Asia. For example, stocks which we felt were fully discounting the return of the restructured and re-stabilized economies in Germany and Japan; we're fully discounting that potential just three or four months ago. Now, we're able to buy stocks significantly cheaper. We're buying prime properties, 30% or more below where they traded at the beginning of June.

We see stocks which are trading in a number of markets, at levels which we have not seen since the end of 2005. Real estate, commercial real estate, premiere properties have been afflicted by guilt of association with sub-prime mortgages. This is a sector which is separate from the rest of the economy, we believe. We think that as we work through this crisis of confidence that will become apparent. The cash flows and the growing levels of demand are still intact. So we remain positive on the outlook for commercial property and for AWP.

Thank you, and let me turn this over to Jill Evans.

Jill Evans:

Great, thanks Sam. We're always pleased to have the opportunity to talk to our investors and especially during this volatile time in the market. While we do expect the potential for additional headline risks for the financial sector through the next several weeks, the most important factor to us is that we believe that the global growth deem is still intact and we continue to find very attractive growth companies that are committed to returning cash to shareholders.

In the short term, uncertainty can whip around markets. But in the long run, fundamentals will prevail and we plan to take advantage of these opportunities today for our investors.

From a macro-asset allocation standpoint, dividend stocks have historically outperformed non-dividend payers in times of volatility. And there's a [inaudible] quality and investors look to lock in a portion of their equity returns through dividends. According to ISI, since a few days after the market peak in July, dividend payer have outpaced non-dividend payers by about 3.5% and we would expect this trend to continue at least in the short term.

So why do we feel like the recent volatility presents a buying opportunity? I'd like to share with you some data points. Number one, the global growth outlook is strong. The G7 leading indicators are improving and 2008 global GDP growth was recently increased to 5.8% from 5.4% in 2007. So global growth remains intact and unemployment is low.

Two, cash is building and should place the floor on equity value. Total liquid assets as a percentage of stock-market capitalization is at the highest level since 1986; so there is still plenty of fuel left for buybacks, strategic M&A and increased dividends.

Three, corporate balance sheets are very healthy and companies have record low debt levels. Non-financial firms assets to liabilities are currently 1.1 times, which is a record high and should also provide a cushion for share prices and volatility.

And lastly, market valuations are still very attractive. The current forward PE on the consensus S&P operating EPS is 14.7 times, which is the lowest level in 11 years. And surprisingly, the valuations have compressed over a time period when interest rates were declining, which is not their traditional relationship.

So what are we doing during this volatility, based on our belief that long-term global fundamentals still look attractive? We continue to be selective and do our homework. We're carefully analyzing our portfolio on a stock-by-stock basis and we're asking ourselves three key questions.

Number one, do we have confidence in the earnings outlook? Number two; is the valuation attractive based on this assumed future earnings growth and cash flow? And three and most importantly to us, how much of that cash flow is available to us as dividends?

So where are we finding value today? There are several global investments deems that we believe are intact and will outperform over the long term. We're bullish on global engineering and construction stocks as the world continues to invest in new and repair existing power plants, roads, electricity, water treatment and airports; with one of our favorite names being Fluor which for example, just yesterday won a \$1.4 billion [ph] to build an onshore oil field in Mexico.

We also deem in the industrial and machinery companies that are supplying global growth, and are also benefiting from aerospace and defense spending, with our favorites being Textron and United Technology. Each of these companies have the majority of their revenue generated overseas and have booked strong backlogs with visibility on this revenue for several years out.

We also watch the easing demographics of the world and like to find great new healthcare companies like Meridian Biosciences, Healthcare Services Group and PolyMedica; which are all seeing growth stimulated by demographic trends and advances in biotechnology and yet there is limited generic risk.

In the energy sector, we also like the long-term secular outlook for Deep Water Driller Diamond offshore, as oil is getting harder find and exploration is moving further out to sea. Diamond has been returning a substantial free cash flow to shareholders as an annual special dividend, and we would expect another large cash return in early '08.

In addition, we still see free cash flow and continued dividend increases in some of our favorite high-yielding names like GateHouse Media, with an 11% dividend yield; Regal Cinema with a 5.7% yield; and Macquarie Infrastructure Trust with a 5.6% yield.

The biggest change to our portfolio in recent weeks has been the financial sector, as we have concluded that the earnings outlook for many of these holdings will be impacted by the recent volatility and we've lowered our exposure. Also, we continue to remain cautious on the consumer, particularly in the US.

So going forward, our approach is to remain broadly diversified within the dividend-paying universe, while actively looking for undervalued opportunities globally. And we continue to be able to distribute our very attractive dividends to our shareholders.

I'll now hand it over to Kevin to touch on the international markets.

Kevin Shacknoffsky: Thank you, Jill. In both AGD and AOD, our primary international exposure is in the UK and Europe. Europeans tend to take long vacations, so trading volumes tend to be less in the summer. This has exacerbated the recent volatility which has been driven by negative headlines out of French and German banks, and the removal of the private equity premium.

For example, the [inaudible] fell by 11% from its high and as of yesterday was negative for the year. Our other favorite region is Scandinavia whose major index the OMX fell 10.5% from its peak, but is still up 5% for the year.

The only non-European region which we have meaningful exposure to is Australia, which has fallen 8% from its peak, but it is still up 6% for the year.

We're now halfway through earnings season, which so far has been very positive. Our strategy of focusing on mature-market companies and emerging market exposure has been very successful. The companies like Nokia, [inaudible], and other capital goods names reporting strong earnings and deep order backlogs.

Negative earnings surprises were driven by the UK companies where adversity affected by recent flooding. We see this as a one-off event and expect a rebound next quarter.

In summary, there's still positive momentum in European economic growth and we expect earnings momentum to continue. This will drive further market gains.

In terms of dividends, we recently released a press release for AOD considering our dividend of \$0.18 per month from September through to November. We're able to do this as we have strong visibility of where our dividend is coming from. Furthermore, we are just starting to gain visibility into dividend trends for 2008, and so far it's looking very positive.

Marc Rappaport: Thank you very much. Yeshira [ph], would you please open up the call for questions and answers now from the group?

Operator: Certainly Mr. Rappaport. If you have a question at this time, please press the one key on your touchtone telephone. If your question has been answered or you simply wish to remove yourself from the queue, please press the pound key. Again, if you have a question, please press the one key on your touchtone telephone.

Our first question comes from Adam Waldo. Your line is open.

Adam Waldo: Yes, hi. Thanks for having this call. Jill and Kevin, I wonder if you could just address the leverage option in your fund. Obviously AOD and AGD give you some option to do that in periods of extreme market stress. When you had a conference call six or seven weeks ago, you indicated that in current market conditions you were unlikely to use that option in the normally weak summer seasonality of global equities markets. I wonder if you can update us on your thinking now.

Kevin Shacknofsky: Well, as you know, in AOD we do have the ability to use leverage. We are very conservative and we have decided not to use leverage at the moment. The leverage's primary purpose is to help us with our dividends. We have no problem with our dividend at the moment, so we have decided not to use it. But we will probably continue to use zero leverage, and if the markets do get dramatically cheaper and we see it bottoming, then we might change our opinion.

Adam Waldo: Thank you.

Operator: Our next question comes from Jim Spechz from Wachovia. Your line is open.

Jim Spechz: I'm very concerned about AWP, the volatility; it came at \$20 a share, dropped to 15. Give us any insight into that.

Sam Lieber: Sure, Jim. Well you know, markets around the world have been hit pretty hard and in particularly real estate, as I mentioned, it's the guilt of association, even if it's commercial real estate. So what we have seen is that like our brethren out there, in other closed-end funds you may be familiar with; we've all been impacted. Fortunately our stock selection and cash holdings have helped us.

Since May 31st, AWP has seen its NAV decline by approximately 10% through yesterday. Our true competitor funds which were in existence at that time have declined by greater than 16%-17%. So we are comfortable that we have outperformed. But obviously, it's been a tough market.

To put a little picture on it, again since May 31, because that's approximately when the market started to nosedive; markets in Europe are down anywhere from 19 to 25%. That's why I said earlier that we were able to find some opportunities to buy stocks now, 30% down or more. And what that has of course enabled us, is to pick up stocks with attractive dividend yields, no longer in the 3.5 to 4% range, but now 5 to 6% dividend yields; as well as positive growth stories.

So we've been doing this a long time. We've seen it before, as I referred back to '98 when I was a little kid in a candy store again; and the same is what we see here. And of course, I can go back to 1987, but that was a little extreme. I don't think we're going to see anything that extreme this time around.

But we're mindful of the disturbances in the market. We think that as the markets develop a better visibility on the overall situation, the rumors of Lehman Brothers which are probably true, some other stories out there about other players and other hedge funds are having problems that we're all going to hear on CNBC over the next couple of days; we're confident that the market is going to stabilize.

I'll finally just mention that we're buying AWP ourselves, because we think it's cheap. And if it's trading at a discount to where it is right now in the marketplace, even better; that's our view.

Jim Spechz: Thank you.

Sam Lieber: You bet.

Operator: Our next question comes from David Wenk from Stifel Nicolaus. Your line is open.

David Wenk: Thank you. On AOD, you indicated yesterday that your dividend of \$0.18 a share, which is fine; was announced for the coming three months. There was somewhat of a rumor going around within the last four to six weeks that you might raise the dividend a penny. The fact that you're not doesn't bother me. Perhaps you're playing it closer to the chest in these turbulent times and keeping it the way it is so you feel more comfortable about it. Is that correct?

Jill Evans: Absolutely. At this point, we want to raise the dividend as we grow the NAV and with the volatility in the market, we intend over time at this point as we said; we think there is a lot of opportunity and we will be able to increase the NAV by the end of the year and over the long term. But in the short term, we just felt that the dividend is attractive where it is right now. We're yielding over 10%. So at this point, we felt we wanted to err on the side of conservatism and keep it where it is.

And again, we feel that we're providing our investors with such an attractive yield right now, that we want to grow the NAV and we'll continue to look to raise that dividend over time.

David Wenk: Fine. I don't have a problem. My last question is what percentage; if you have some idea, of the dividend could possibly qualify for the QDI?

Kevin Shacknofsky: When we look at what we currently have forecast, we definitely will exceed our 50% minimum that we have talked about. It will probably be closer to the 80%, which is the top end of the range which we have talked about.

David Wenk: So for this year of '07, you anticipate somewhere between 70 to 80% of the dividend being eligible?

Kevin Shacknofsky: That's correct.

David Wenk: I see. Thank you very much.

Operator: Our next question comes from Ron Casanova from Smith Barney. Your line is open.

Ron Casanova: During the introductory statement; I believe it might have been Marc, I think it was said that there is no direct exposure to sub-prime. Can you clarify that and maybe touch upon any indirect exposure?

Sam Lieber: I'll take that. This is Sam, Ron. We do have -- we have had some investments in banks. We think the financials; while we've reduced our exposure to them in the equity income portfolio, do -- may have some exposure. For example, Citibank was just announced and frankly we think all the banks have at least some modicum of exposure and some of the brokerage houses.

So we have some indirect exposure, if you will; but obviously we think that we're not exposed to companies which have a significant portion of their business at risk.

Ron Casanova: Thanks, Sam.

Sam Lieber: We do think the sub-prime market is going away, by the way; unless of course Fannie Mae can buy Radiant's basic operations; which might help stabilize the marketplace. But that's another issue. Thank you, Ron.

Operator: Our next question comes from Daniel Kramer.

Daniel Kramer: Hi. Thank you for taking my question. I didn't see anything on the website about the dividend being extended for-- \$0.18 being extended for another three months. Has that been listed on the website?

Sam Lieber: It should be.

Daniel Kramer: Okay, I'm on Alpine CEF now and I go to the dividend and it only lists the dividend for August. It doesn't list it beyond that.

Sam Lieber: It should be on there.

Kevin Shacknofsky: You're probably on the AGD side rather than the AOD side.

David Kramer: Well no, AOD paid monthly and nothing there-- just to let you know there's nothing there.

Sam Lieber: We appreciate that. We'll have them put out in a press release, though.

David Kramer: That's terrific. And my last follow-up question would be -- you guys seem to be very confident about the future. Usually during these kinds of things, somebody asks well-- what would be the thing that might happen in the future that would make you guys go uh oh and worry you?

Jill Evans: I think the thing we're watching very closely is the consumer. Because up until now, the consumer has been extremely resilient, as we know. But the concern is that is the consumer going to roll over here and will that kind of force a little bit of decline in the economic growth? I think the finance -- right now this crisis has been largely financially contained. But I think the confidence problem with the consumer and the consumer starts to slow down; I think that's something that we're watching very closely.

David Kramer: Thank you.

Operator: Our next question comes from Victor [Guarliro] from RBC Dain Rauscher.

Victor Quagliero: Marc, how are you? It's Victor Quagliero.

Marc Rappaport: Good, we assume you're from Dain Rauscher.

Victor Quagliero: That is correct. Way to narrow it down for me. I appreciate that. I just wanted to address the AWP, if I could. Since it is not leveraged now, would you consider leveraging it, since there are some-- as you pointed out, some very good buys right now and possibly getting paid for the risk and putting on leverage? And secondly, could you talk about some of the places you are allocated in -- maybe sector-wise please in AWP? Thank you.

Sam Lieber: Sure, Victor. You know, we don't want to put leverage on. This is really meant to be an un-leveraged fund. Sure, we can enhance returns since we're at the very bottom and going up, but that's not our focus.

We feel that we're generating all the dividend income from equity paying-- dividend-paying equity. So we don't have to manage the distribution. We don't need to lever for that. And candidly, we don't need to put in that extra element of risk into the portfolio. So we're not going to do that.

In terms of portfolio split, we're about 28% [inaudible], we are about 26% in development-oriented companies. We are basically exposed principally about 33% to Europe, 26% in the US, 37% in Asia, about 4% in Latin America.

And our view is that the portfolio is very much in a process of evolution as we're finding some interesting opportunities. And so I can't give you too many specifics about what we're buying right now, but we're having some fun.

Victor Quagliero: I understand that, Sam. If I could just follow up; you sounded the most optimistic of the managers that I've spoken to over the last couple of weeks that had seen exposure to let's say the sub-prime or CDO space, where those guys are jumping out of windows and taking their belts off and taking their shoelaces off. But what makes you think-- it sounds like you think that we're in the later innings when a lot of these people think that we're just in the beginning. Why would you be so optimistic and please share that with us?

Sam Lieber: Sure. Look from a big-picture perspective with the global economy, we're fine. I really believe that the issue now is a matter of confidence. It's restructuring of the capital markets. We're not out of the woods, by any means. But I think that the fundamentals here are still pretty good.

If I was in the CDO business, I would be taking my shoelaces off, not that I could do much with them. But the issue is that we're going to have a restructuring of the financial system. It's possible that we will not get guidance from the major financial players on Wall Street or from Washington. If we don't get guidance, it's going to prolong this period.

I think some of the initial efforts by Fannie and others were actually pretty savvy to help stabilize the sub-prime side of the business and to provide a home for a lot of those wayward mortgages. Frankly again, this sub-prime business is gone. And that liquidity is out of the marketplace.

But I'm not suggesting that there will not be further ramifications. But I think that looking out over three, six months; that this has to be a buying opportunity. Historically, that's been the case. And hopefully, we've got some attractive opportunities here that are going to really stand the test of time, not only for the next six months but for the next two or three years.

Steve Lieber: This is Steve. I would reinforce what Sam is saying. Looking back to financial crises, what we have seen is time and again, the banking industry looks vulnerable and the world structure of banking leadership, i.e. the Federal Reserve here and the ECB there and other agencies; immediately re-inflate if you will, the capital structures. They buy and supply protection. And this tends to occur as Sam just said, over a period of months.

I think we've already seen a rather unusually sizeable immediate effort; both on the part of the Federal Reserve and the ECB. We have not of course yet seen the administration prepared to facilitate the participation by the government-associated companies, Fannie and Freddie. But we'll see where all this comes. I think the movement is on.

Victor Quagliero: Thank you.

Sam Lieber: Thank you, Victor.

Operator: Our next question comes from Elizabeth Klugh with AG Edwards. Your line is open.

Elizabeth Klugh: My question has already been asked and answered. Thank you.

Operator: Okay, our next question is from Eugene Flynn from Smith Barney. Your line is open.

Eugene Flynn: Good morning. My question is -- if I understood you correctly, it's on AWP. It's my understanding that 70% of your funds were invested by the end of May and that about 90% were invested as of the end of July. How are you taking-- first of all, it appears as though 70% of your investments have taken a very large hit and the other 20% probably have taken marginal hits. You really have very little money to work with left from that last 10%. Am I correct in that? That there is no way that even successfully investing that 10% you can compensate -- how can you compensate for the losses that have been sustained by the earlier 70% and then the more recent 20%?

Sam Lieber: Eugene, this is an evolving environment and I think that the issue of losses taken should not be viewed as permanent impairments. This is not a structured finance vehicle. This is a portfolio of stocks where a lot of them fluctuate over time.

By the way, we had 18% coming into -- at the end of July. So basically, we put about 8% to work in the last couple of weeks. This is the period I'm talking about feeling like a kid in the candy store. Now, yes we have 10% left; but I mentioned earlier that we also have significant liquidity in our holdings. And so we purposely invested a fair amount in a number of very attractive stable stocks that would outperform in the downturn. Yet, some of the stocks did get hit hard. But as I mentioned, we've done better than the indices have, European's stock is down 25% or more; better than our peers, and I would just tell you that we still have for example, a significant holding in Hilton, which has been already acquired but is trading at a wide spread and that's why we're holding it. We think the deal will go through, but we think we'll be able to pick up an attractive spread there.

But if I can buy a stock that I think has a 25% upside, and Hilton only has about 5% left on the M&A spread arbitrage, then I'm going to sell the Hilton and that provides the liquidity. So I think by and large, we've actually got a lot of liquidity in the portfolio. I mentioned earlier that we're patient, we're flexible and we're disciplined.

Part of that flexibility is that we can sell holdings where we don't think there's as much upside for stock for which we think that there is great potential. So I have every intention, since we're buying the stock at 16 bucks at current levels; that this portfolio will grow in value and I want to see \$20 faster than you do, believe me.

So anyway, I hope that answers your question.

Eugene Flynn: Thank you.

Operator: As a reminder, if your question has been answered, please press the pound key. Our next question is from Sandra McAuliffe from Smith Barney. Your line is open.

Sandra McAuliffe: Thank you. My question is -- although AWP has no direct exposure to sub-prime mortgages, how has the sub-prime disruption impacted the ability of REITs and development companies to fund their projects?

Sam Lieber: That's a good question. It gets at the heart of the problem right now. And that is that these companies actually haven't been impacted if they have long-term financing in place. What some of them have found though is that they are dependent on the CDO market or areas where there is mezzanine financing. And so for some of those companies, there are issues.

But we're trying to steer clear of those companies. We're focusing on companies which have low levels of leverage in their portfolio and where it's typically long term. Even though we're not REIT centric, we're focused on companies which don't have a problem with capital. For example, once you get offshore or get outside the US, there's still quite a bit of liquidity in Asia and in Latin America even. And many of those companies have taken advantage of the recent boom in emerging market stock and in fact frankly filled up their coffers with cash.

So we've got very strong balance sheets for a lot these companies, even in again emerging markets, even development-oriented companies which by the way, tend to pre-sell a lot of their projects if they're residential, even sometimes if they're commercial.

So I think right now it's been matter of perception that's impacted these companies, particularly in Europe but also in Japan and in some parts of Asia and of course the US. And the fundamental issue is that there is a perception that if risk premium continued to expand, that maybe the valuations were not as stretched as they were.

I'm going to give you one example of a stock we just bought, which is a very nice dividend paying stock. I'm not going to give you the name, because we just bought it, we're still buying a little more. The stock sells from a value of about-- well let's put it at 4,000 down to approximately 2,500. And analysts have dropped their price target; [inaudible] has dropped their price target from 4,200 to 4,500 down to 3,200 to 3,500. Well, we're buying here under 3,000. So I'm buying it well below where it's traded, almost 40% below where it's been. And it has an attractive dividend yield, long-term financing in place for its real estate, and the stock was simply just overvalued previously by the market and now it's attractively valued we think, relative to underlying real estate metrics on a long-term basis.

So it's been an issue of confidence and you've also had some investors who have been running out of the market as is highlighted by the quantitative players who moved out of a lot of stocks over the last week or two and it's been highlighted in the papers. So it's been a matter of confidence and lack of clarity, but since we're focusing on this sector I think we've got clarity on the laws of stocks and fundamentals. Hopefully, that answers your question.

Sandra McAuliffe: Thank you.

Operator: Our next question comes from Peter Incalcaterra, a private investor. Your line is open.

Peter Incalcaterra: Yes, thank you very much. I did a little bit of research on the Internet on AWP and I noted if I noted correctly; that institutional ownership was less than 1%. And I wonder if you would comment on that. It concerned me. I suppose it should be a much greater percentage. So could you comment on institutional ownership of AWP? Thank you.

Sam Lieber: Peter, I appreciate your question. Again, this is a closed-end fund which typically is sold to individuals and so I think as a result, our shareholder's face is in fact almost 100% individuals. So unlike the REITs themselves, which may have institutions like us, like our mutual fund; so we would be counted as an institution if we own shares through another fund. But again, most of our shareholder base is individual and even I'm an individual when it counts for that fund, and I own

shares as do other members-- actually everyone here at Alpine owns shares individually in AWP and AOD and AGD. I hope that clarifies that, Peter.

Peter Incalcaterra: I'm not sure but at any rate, the shares were made available I'm sure to institutions and at brokerage houses, banks and so forth. And I'm just wondering why they weren't picked up.

Sam Lieber: Marc, maybe you can clarify that.

Marc Rappaport: I think we've got ask the institutions. It's really designed for growth and income and I think the institutions, where they wanted international real estate exposure, they've not had a need for income and so they've looked exclusively at the growth component as you know that's about 70% of the weighting of AWP is growth. But we feel it's in a very attractive -- originally at 7.6%--

Peter Incalcaterra: I saw that.

Sam Lieber: Yes, so institutions really don't have a need for that income, also they tended to kind of mindlessly if you will, go towards the international real estate indices or managers that are closet indexers of which we are neither.

Sam Lieber: By the way, one last point Peter and that is that I don't know if other closed-end funds have any institutional ownership. I generally think they do not. But if they do, maybe that's because they're more seasoned and maybe over time institutions will pick ours up if that's the case. But again, this was marketed to [inaudible] institutions primarily and as Marc said, designed with a significant yield component.

Peter Incalcaterra: Okay, thank you very much.

Sam Lieber: Sure.

Marc Rappaport: Surely.

Operator: Again, as a reminder, if your question has been answered or you wish to remove yourself from the queue, please press the pound key.

Our next question comes from David Timms from Merrill Lynch. Your line is open.

David Timms: Relative to AWP, I think the key to weathering this storm here is being able to sustain the dividend. So can you speak to the clarity that you had referred to with AOD and your confidence in being able to do that?

Sam Lieber: Sure, this is Sam. Kevin mentioned the point [ph] about the dividend. I think Jill did also for AGD and AOD. In our funds, the dividend comes first. And we are -- as you may know, when we sold this or brought this to the public, we said that we would keep in our pockets the potential for managed distribution. Well, we're not even using that. 100% is coming out of equity dividends and that's been our focus. And as I mentioned, since the stocks in some cases have declined by 20-30% or more, we're able to buy more dividend for our dollar now. So I think we're in very good shape. I'm very comfortable with the dividend situation and we're ahead of trend for next month's dividend; so, so far so good.

But if we need to, as Marc mentioned earlier; this fund is designed to be 70% growth and 30% dividends. If we need to go to 40% dividend to maintain the dividend, we'll do that. So we've got a lot of flexibility. But again, the dividend is primary.

David Timms: Great, thanks.

Sam Lieber: You're welcome.

Operator: Our next question comes from David Fagenson from Merrill Lynch. Your line is open.

David Fagenson: Hi, how are you? Thanks for taking the calls. First question is -- one of the analysts, and unfortunately I'm remiss in her name; she talked about the thing that would concern her and that's consumer rolling over. Well, how do you feel today about the Wal-Mart numbers and Home Depot? That's number one. And secondly, how much of the down draft in a lot of these things do you contribute to the new rule that allows shorting on something less than an up tick?

Jill Evans: I would agree with you. I think that elimination of the up tick will have created a tremendous amount of volatility. I mean I have talked to traders that said it's nuts. And many of the traders are adjusting to that new rule. So I absolutely agree that I have heard many traders say that some of the volatility could be attributed to that on a daily basis. That's number one.

As for the consumer; Wal-Mart has major issues. The economy was booming, Wal-Mart is really slowing down its growth. It's going into urban-- I know the one right here in our local White Plains is not doing well at all. They're paying a ton of rent. So I think Wal-Mart has a lot of secular issues right now in their growth that's really regardless of the consumer, directly.

But with that said, right now I mean the consumer has remained resilient and we're expecting some slowdown. There is no question that we expect some slowdown in growth in third quarter GDP in the consumers. The question is-- can the feds step in maybe by the end of the year? The outlook for the global economy still looks very strong. So we're going to continue to be optimistic that the -- we're expecting the slowdown on the consumer. We don't think it's going to slow down significantly enough to cause a recession. But we're frankly watching it.

But I would not attribute-- and Home Depot is obviously very tied to the housing market. So those two stocks may not be a great example because they're having secular problems themselves, but we're watching the overall consumer globally.

Sam Lieber: This is Sam Lieber; if I can just add another point here; and that is that if we are looking at stocks that we're buying now, the stocks in our portfolio; we're looking forward to 2008. So we know, as Jill mentioned, the third quarter is going to be a rocky quarter. And earnings today are only as good as they were last quarter. So we think the market will be looking towards '08 very soon, but it's distracted by all the noise right now in the marketplace.

We think that if we have stocks that have good earnings power in '08, that they're going to perform well for us. So, that's our focus.

David Fagenson: Listen, I think at the end of the day, I think the reality is that we hired you to run this to -- obviously we have confidence in what you're doing. We have confidence-- my concern was the dividend and to hear a positive tone in your voice. Because if I loved the AWP at 20 bucks, I got to love it here at 15.91; so to be honest with you friend, I feel confident enough to go in and buy some more and double down on my position, to be honest.

Sam Lieber: Well, we've been doing it--

David Fagenson: So, there you go. Thank you.

Sam Lieber: Thanks.

Operator: Our next question comes from William McWhorter. Your line is open.

William McWhorter: I'm very much interested in your opinion of the future of the dollar and how that would affect your management of AGD and AOD.

Kevin Shacknofsky: We are dollar [inaudible] I think that would be the consensus of our house. We think that the US has structural problems running twin deficits. And frankly, global growth is strong. And if everywhere else is stronger than we are, the dollar has to decline. And we don't see it as a dramatic change, but we'll see it as a steady decline over time and having a lot of exposure to international equity, we expect to benefit from that.

Sam Lieber: If I can just add to what Kevin said. He stated it very concisely. There's going to be noise from time to time. We're going to have people worried about the carry trade with the yen going away and people buying the yen and the strengthening of the dollar going down a little bit. But this is going to be short-term aberrations. We're not focused on the short term. We will hedge if we think there's a change in the longer-term trend and in six to twelve months, and if we think it will be a substantial change. But short-term volatility is not going to be an over concern on our part.

But again, Kevin is absolutely right. Long term, we don't see another avenue out for our economy.

William McWhorter: Thank you very much.

Sam Lieber: You're welcome.

Operator: Our next question comes from Jeffrey Krinsky from Crowell Weedon.

Jeffrey Krinsky: Good morning. My question is directed please at Mr. Lieber. Sam, in the conference call that I listened to back on July 20, you spoke at that time and I understand that a lot has changed since then, but you spoke encouragingly when asked about Luminent Mortgage, LUM. I'm wondering, do you still have the same favorable viewpoint of Luminent Mortgage and is there any Luminent Mortgage held in AWP, please?

Sam Lieber: Sure, actually I remember that question. I was talking with somebody about that. Luminent blew up last week. And if my recollection is correct, and since we have the transcript and I think it's I suppose on some website; you can perhaps see it there, that I said that Luminent might be an okay investment longer term but that I would not actually recommend it for the short term, that it was not in the portfolio.

Now candidly, I did not foresee it going under, because Luminent is one of the more conservatively structured companies in terms of their portfolio in not having sub-prime exposure. But it does show you what has happened in the marketplace where literally the investment banks were forced to pull in their horn and the risk managers effectively took over the operation of the investment banks. And this is what happens when we get in extreme situations. So even a company like Luminent, that frankly was not necessarily in jeopardy and didn't have necessarily risky paper; but had a very leveraged position in paper on a mark-to-market basis all of a sudden was losing value. They got caught in the maelstrom, as have several other companies just announced recently.

So, I think that-- my view of Luminent is that it's been okay. I don't recall a positive on it. We have no exposure at all. We don't have any mortgage REITs in the portfolio, other than iStar Financial, which is a commercial lender; which does not have repo-based loans from the brokerage houses, which is rated by all the agencies and has a very strong balance sheet to boot.

So I think that's the one exception, and again, it's a commercial-based lender; not residential. We think that iStar is here to stay.

Jeffrey Krinsky: Sam, I very much appreciate your comments, and if I may quickly ask you; as my clients are peppering me with questions about hanging on to AWP; if you were in my shoes and you were their financial advisor, what would be some brief bullet points that you would quickly review with them?

Sam Lieber: Well, I think bullet point; we've been buying--manner [ph] has been buying our own shares in AWP. That's one. We've been in the last couple of weeks; we've been buying including today. Two, we've been through this before. We've been through it a number of times. I'm the only manager to have actually managed an international global real-estate portfolio for more than one cycle. And frankly from what I see as the so called contagion of confidence, has not spread dramatically beyond Europe and the US. Obviously there have been some issues in Australia and there may be some that comes up in Japan.

And by the way, the Chinese Banks will be announcing their portfolio soon. So there might be a little more -- a little bit longer period of discovery shall we say. But this creates opportunity. And as visibility becomes more apparent to the marketplace, the scope of the problem becomes clear, or problems-- I think the market can deal with that uncertainty, the volatility will start to diminish.

The issue longer term is -- are we going to see any leadership coming out of-- both out of Wall Street and out of Washington? And that will be fundamentally important. But I would tell you that the dividend is strong. The dividend is secure. It's a very attractive yield right now. That's why I'm buying the shares. Plus, I think that when we get through this, real estate is not gone. Real estate is still growing with the economy. And as long as the economies keep going, real estate will perform and so I think if your investors can find a total return potential package better than this, so be it. But we think it looks very compelling here today.

Jeffrey Krinsky: What sort of leadership would you hope to see come forth out of Washington?

Sam Lieber: I think we need to see basically a structure that will provide re-pricing in the marketplace for some of the sub-prime debt that is sitting out there. Unfortunately, not everyone who took out a sub-prime loan or a home equity loan abused the system. There are people out there who bought on a teaser rate and thinking that their home would go up in value and that they could refinance it. Now, their number of options that they have for mortgages have diminished; so in fact, the problem has been exacerbated.

And by the way, sub-prime loans are typically LIBOR plus 600. So when they reset and they go from 5 to 12%, it's very painful. Basically, they have to ameliorate that hit and I don't think that the investors have to be taken out of their misery; it's the poor people who own those homes. They have to be stabilized. But if that happens, and if we start to see some issues that will create a better trading market for CDOs, for CDOs were not created initially as a trading vehicle; they were created to be sold and held. And so their pricing mechanism, i.e. Moody's rating at a .5 [ph] was not sufficient.

So we need to see a broad range of remedies come into the marketplace I think. Because basically we've hit more than a speed bump, maybe it's a fault line in the evolution of the capital markets for the structured finance portion of the market. As we work through this though, I think over time we'll ultimately figure it out and create a better vehicle.

Jeffrey Krinsky: Absent these kinds of contributions from Washington, what's your outlook if there is no such coming forth from the federal government with regard to the sorts of steps that you're suggesting?

Sam Lieber: Maybe you just heard my dad saying it was back of mind thumbs down, lower rate [ph]; that is the economy will slow. No doubt about it; in the US, the economy will slow. And that will create a period of lower interest rates in our economy. And by the way, that doesn't mean that growth is going to slow internationally though. But interest rates may come down.

Steve Lieber: The feds may cut. I think it's generally expected that the next step if we don't get a reasonable correction in the near term, that the fed will move up its cut date from what has been widely expected to be early next year into perhaps the early fall.

Jeffrey Krinsky: Thank you very much for all of your attention and answers.

Sam Lieber: You're very welcome. Thanks for your questions.

Operator: Our next question comes from Adam Waldo from Silver Oak Services. Your line is open.

Adam Waldo: Yes, just to follow on the other questioner's final question; what kind of Central Bank reaction functions are you assuming; particularly with respect to the fed and the ECB as you manage the portfolios here in the near term? And I wonder if Sam could just clarify his comment towards the early part of the call with respect to rumors in the market about Lehman Brothers.

Sam Lieber: I'm sorry. That was just a rumor that came over the Bloomberg and our traders passed it along to us here, that Lehman Brothers might have an announcement about the losses, just like Citibank announced losses earlier today, yesterday.

By the way, Lehman is an obvious choice because Lehman owns some of the biggest sub-prime originators in the business. So I think that we're going to have other problems. But again, working through this period of discovery if you will; and if the market understands the scope, that's going to be better over time; I'm not saying it's going to play out this week.

As far as the central bank activity; look this is a stop gap. Right now they're providing liquidity to provide a cooling off period for the market. And as long as there's liquidity, companies can go and pick up, pay their 5.8 to 6% or 6.1% for daily commercial paper for highly rated companies; frankly it's a blessing. Our money market guys are reeling in heaven right now.

But I think it created a period right now where the bankers will work with Wall Street, will work on identifying what some of the problems are, and the central bankers will also work with the treasury department and we will start to see an effort.

If things deteriorate further, we're going to see a heightened effort and even ideological stances such as those against Fannie Mae and Freddie Mac expansion will come under pressure.

So we think that the situation will work out. It's just not clear as to how quickly or painlessly or painfully it will be. I hope that helps.

Adam Waldo: That's helpful. But just to clarify again, are you all expecting a series of fed rate cuts and perhaps one or more by the ECB over the next three to six months? Could you be a little more specific on your expectation of that because that would be a key driver of the closed-end fund performance I would think?

Sam Lieber: You're right and I'll be candid with you. Our prospect [ph] is evolving daily as is yours, as is the central banks. We think that we'll see a cut. The Europeans who were supposed to put rates up are clearly -- we think not going to put rates up. The UK just came out with an inflation number today that was much lighter than people had feared, so we're probably not going to see a rate increase there.

Japan had a slower GDP, a lower GDP number the other day, so it's probably not going see a rate increase there soon.

So I think we're in a period where we're going to see coordinated activities by the central bankers and it's going to depend on the pace of what happens in the capital markets that they will take their queue from. Nobody wants to be the Grinch who stole Christmas.

Marc Rappaport: And we don't think the performance of our pool is going to be contingent on a rate cut, mind you. One of the benefits of not having any leverage is A, you don't exaggerate declines as portfolio values decline and then another benefit is we're not dependent on earning and delivering and distributing dividend income because of a leverage strategy. We do it without any of that. We do

it without future, options, no covered call-writing strategy. It's a rather simple organic formula. It's conservative. We will not go up as much in up markets maybe, but look at how it's going to help the investment plan during the declining market and without the concern of whether rates have to get cut or not, we can manage through this, is our point.

Adam Waldo: Thank you very much. That was quite helpful.

Operator: Again as a reminder, if your question has been answered or you simply wish to remove yourself from the queue, please press the pound key.

Our next question comes from Rich Heimert, an investor. Sir, your line is open.

Rich Heimert: My question has been answered.

Operator: Thank you. Our next question comes from Conroy Charles.

Conroy Charles: Yes, thank you. I hope this question hasn't been answered because I had to go out for a few minutes. But someone asked about the configuration of the portfolio and what was invested on AWP. And you answered that 70% of the portfolio was invested before July, if I'm not mistaken. And we know that 20% was invested after that. So my question would be if you're paying out 9.6% now and it was eluded that the portfolio was yielding 3.5 to 4% on the 70% that was invested. So can I ask that how the dividend is going to be paid now out of the cash flow and not out of the capital if that was where the bulk of the money was invested at 3.5 to 4%?

Sam Lieber: I appreciate your question. I know we had a lot of numbers fly by at different times about different things. So to be clear about it, we're paying out 100% earned income, not 3.5% of the 9.6% yield. So we're paying out the full dividend coming out of cash created by dividends from equity.

Now of our 70% that was invested, remember we first made sure that our dividends were covered. So we basically invested our 30.0% in the dividend paying company through dividend rotation strategy. And that took care of the dividend.

Then we gradually invested in the growth play. And so we've been buying the growth story now and increasing that over time. And that's where we come to [inaudible]. The 3.5 to 4% number I think you may have heard; I went through it pretty quickly, is that that's what REITs globally were yielding when we came to market in March and April. And now REITs in many cases we're able to find REITs or non-REITs even that are yielding 5 to 6%. So it's a much more attractive environment from an investment perspective now. Now again, 3.5 to 4% was what REITs did yield just a few short months ago. And now there are many more REITs and real estate companies that have prospective dividends that are very, very juicy and very attractive; which will make it easier for us to cover the dividend focus on growth after we make sure the dividend is 100% covered in cash. I hope that clarifies that.

Conroy Charles: Yes, sir. I've got another question if I may in a [inaudible] vein; naturally the cost of building and land all over the world is going up. The already in place investments that you've made at a given price, have to grow along with the world economy. In order to duplicate those investments, is there a ballpark figure that you can take that these are growing now at 2-3-4% per year in terms of the values of these properties? And that they won't be recognized in a turbulent chaotic market, but later on they will be recognized as the growth continues in the world economy.

Sam Lieber: Now, I guess one assumption that you're making is that the stocks are reflecting the underlying asset value. And I will tell you that in a period when you get a crisis of confidence like this, stocks get cheap. They trade at a discount to the underlying asset value. And so that's the beauty of the situation now. We not only get more yield, but we get to buy stock that's 20-30 cents below their NAV. So it's like 70 or 80 cents on the dollar now. Frankly there are a lot of companies that

were trading at 20-30 cents premium, anticipating growth. And we've been able to buy stocks in Germany 50% below where they were trading, at half the price of where they were trading three months ago. Now, they were trading at premiums back then. Now, they're trading at discounts.

So, if we get 2 or 3% growth that's okay. But frankly, our portfolio is geared for more growth than that. If you look at 2.8% vacancy rates in central Tokyo, you've got rents that have gone up in new buildings by 28% per annum. You've got rents that are rising in existing older buildings by about 12%. If you look at what's gone on in the rent levels in a number of countries throughout the world, even in more established developed markets; we're still seeing high-single to double-digit growth rates.

So I think 2 to 3% is a number that I'm really not looking at with much favor. If I can buy a cheap stock that's going to give me double-digit growth and give me some dividend yield, I'm a very happy camper.

Conroy Charles: I appreciate that. May I make one comment that someone referred to before on the up tick rule? I thought personally after 40 years of experience in Wall Street that it was unconscionable for the SEC to take away the up tick rule. Thank you very much.

Jill Evans: Bravo.

Sam Lieber: As long-only investors, we absolutely agree with you.

Operator: Our next question comes from Robert Erickson from Oppenheimer. Your line is open.

Marc Rappaport: Robert, are you there? Can we move forward please?

Operator: Sure, no problem. Next question comes from Robert Maxwell from RBC.

Marc Rappaport: Hi there; we'll take your question.

Operator: Apparently, he's dropped out of the queue. Again, if your question has been answered, please press the pound key. If you would like to ask a question, please press the one key on your touchtone telephone.

Our next question comes from Mark Silbert from H&R Block. Your line is open.

Mark Silbert: Thank you very much; good morning, guys. I had a quick question with regard to how the closed-end market tends to trade toward the end of the year where there are funds that have underperformed and with tax-loss selling and what perhaps input you guys may have with regard to that if we're still looking at net asset value downward; is closer toward the end of this upcoming year.

Marc Rappaport: It's funny. Years ago it was almost a formula or formulate that you'd see that kind of year-end pattern if there were losses to be taken. But really in the last three years I think the closed-end market has shifted dramatically. One of the things that has happened is you've got a marketplace that's gone from pretty stodgy muni- or fixed-income or high-yield packages to really a very interesting equity income and equity offerings.

And certainly the size of these equity offerings at \$4 billion funds from Alpine and \$2 billion funds from Alpine and billions elsewhere in equity strategies; really I think it's all changing. And I think that maybe the tax-loss selling just in my own opinion, it might have occurred just recently because if we're right and we're basing our thinking just on fundamentals and looking at the companies that we own and will be buying and the way we manage our portfolios, we actually think we're going to see some appreciation here.

Post Labor Day, this might be an entirely different market. And the market does that too. The market changes, right as you're bemoaning how bad your losses are. So we really don't know and what we do know is that the seasonality that you could have bet on for year-end selling, you can't really bet on. So we'll have to see.

Mark Silbert: Thank you.

Sam Lieber: By the way, we also obviously try and balance out short-term gains and losses and over time long-term gains and losses in the portfolio too. So we do our own tax preparing from a different perspective. We are tax sensitive in our approach to investing.

Operator: Our next question comes from Michael Miller from Merrill Lynch. Your line is open.

Michael Miller: Thanks. Sam, again I'm a big fan of your funds and I look forward to I guess appreciation eventual in your investments. But in the near term, obviously we're a little bit concerned. When do you expect to release the composition of your new investments?

Sam Lieber: Well, I guess we've been doing it pretty much on a quarterly basis. I don't see why we would change that. And this is candidly, that some of the stocks as an investor you probably don't want me to release some of the stocks we're still buying literally today, that we think are pretty attractive. We don't want extra competition out there.

But we look forward to doing it shortly after the end of the quarter.

Michael Miller: Okay, and the second question is-- because of the correction that we see in the US REITs, do you anticipate-- is that correction largely you see in the US versus the international real estate companies-- how you plan to I guess invest your portfolio in reference to what's happening to the marketplace right now?

Sam Lieber: Well, US rates are more attractive than they were. US rates were generally uninteresting in our view back in February and now what we've seen is a separation of the wheat from the chaff in our view. The quality REITs are holding up reasonably well. They're not necessarily cheap, but they have pretty good growth prospects for a number of them. And the tide with this whole boat is going out. And with that ebb tide we're starting to see some stocks actually look fairly cheap; some cheap stocks out there, but not cheap enough yet for us to buy in anticipation of significant -- picking them up at significant discounts.

So we're cautiously and selectively buying in the US. But candidly, the best opportunities are still abroad.

Michael Miller: Great. Now I appreciate your answer and thanks again for doing a great job. We're looking forward for I guess the values to pick up soon.

Sam Lieber: We all are. Thank you for your support.

Operator: Our next question comes from Dean Macken from Smith Barney. Your line is open.

Dean Macken: Yes, thank you for doing this. I really appreciate it. There has been a lot of obviously turmoil in the whole closed-end fund market in the last month to six weeks. The statement that someone made earlier that they might accelerate a fed rate cut. Are you of the opinion that that would go a long way towards restoring some of the values in the closed-end fund market?

Marc Rappaport: Actually, it's kind of -- you know I've always thought a driver of the closed-end secondary market is yield. Yield or income is a very big component. It's very attractive. And so it's kind of self-fulfilling. If these things trade to some extent like bonds and yields now are cut and you get-- all of a sudden you're getting 4% on money market or 3% or whatever it goes down to; and you look

at the closed-ends and you've got high-quality stock managers and a high-quality portfolio; in our case no leverage; so conservative albeit versus the competition.

But it's yielding 9% or 8% or 7%- you've got to believe buyers come in. I think that it's a tremendous driver of the market. And I think it could happen as a confluence of factors. Many of the closed-ends have bonds and so bonds rally if rates get cut. Many of the closed-ends, if not damn near all of them, are leveraged, and so the cost of carrying is reduced and now you're making more money and it's a more -- lots of dividends paying environment for the fund management company.

So I think you can see a confluence of factors along the lines of a rate cut really stimulates some strong demand in the closed-end marketplace as a whole.

Dean Macken: Thank you very much again for taking the time to do this. It's been very helpful.

Marc Rappaport: It's our pleasure. And we will probably take one more question Operator; it's been a long call, but I think it would be the time when people really want us to be out there in front of them answering questions.

Operator: Sure, no problem. Our last question comes from George Getz, a private investor. Your line is open, sir.

George Getz: Yes, good afternoon. I was wondering in regard to AWP, do you anticipate that the proportion of the international securities versus the domestic securities will be-- stay about the same or increase or decrease in the near term, between now and the end of the year?

Sam Lieber: Sure, George I appreciate the question. We're again roughly about 26% in the US right now. Some of those companies have significant revenue streams coming from abroad. So we're comfortable with that. But then of course, we still have our Hilton position still in the portfolio, which we are using as sort of a comfortable liquidity situation. But of course Hilton has been taken over by Blackstone and they're proceeding with that transaction. And as that happens, the arbitrage spread will close, so we hope to make several more percents on this, even if we don't use it as liquidity elsewhere.

But we're probably going stay around these levels. It may go down to about 20%. We cannot go lower than 20% in the US because this is a global fund. But then again, that gives us the flexibility if and when the opportunity arises to be much more heavily exposed to the good ole US of A.

But for right now, we will take our position down to 20% at most; of at least as a fall position and again a fair chunk of that will still have a revenue stream coming from abroad. So the effective US exposure might be more along the lines of 12 to 15% [inaudible].

George Getz: Okay, well thank you very much.

Sam Lieber: You're very welcome.

Marc Rappaport: Thank you and thank you everyone for taking the time out to listen to our thoughts and ask questions that you had in mind. That's what we will be doing, good times or bad; throughout our journey together. And thank you so much, again.

Operator: Ladies and gentlemen, thank you for your participation in today's conference. This concludes today's program. You may all disconnect, and have a great day.