



# **Transcript of Alpine Woods Capital Investors, LLC. Closed-End Funds Quarterly Conference Call March 23, 2009**

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## **Participants**

Marc Rappaport, Senior Managing Director  
Samuel A. Lieber, President & Portfolio Manager  
Stephen A. Lieber, Chief Investment Officer  
Jill K. Evans, Portfolio Manager  
Kevin Shacknofsky, Portfolio Manager

## **Presentation**

### **Operator**

Greetings and welcome to the Alpine Closed-End Funds quarterly conference call. At this time all participants are on a listen only mode. A brief question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference please press \*0 on your telephone keypad.

I would now like to turn the conference over to your host Mark Rappaport, Senior Managing Director. Thank you, you may begin.

### **Mark Rappaport – Alpine Woods Capital Investors – Senior Managing Director**

Thank you Joe, good afternoon everyone. This is Mark Rappaport, Senior Managing Director of Alpine Funds and host of today's call. We are committed to regularly keeping you informed of what our thinking and strategy is at Alpine and that is the main reason of this regular quarterly conference call. As we have stated before good times or bad we will be in front of our investors and advisors both. Our funds are unique and we believe the more one understands our differences and our thinking and how we manage capital here at Alpine the more conviction one might have in our Global Dynamic Dividend strategies, built for high current income and long term capital appreciation and Global Premier Property strategy for growth and current income. As a reminder of what these funds are and are not, these three Closed-End Funds are diversified in over 75 companies for AGD and AOD and over 130 for AWP. The funds are global with exposure to over 20 countries. None of the funds are currently leveraged and yet they do have the ability to utilize leverage. Global Premier Property's fund does not invest directly in any real estate properties by rather in the listed securities of real estate related companies.

These funds each pay a monthly distribution of income and have a blend of capital appreciation strategies and dividend capture strategies. We will be hearing comments from our Chief Investment Officer, Steve Lieber, our President and Head of the Real Estate Team, Sam Lieber, and the co-Portfolio Managers of our Dynamic Dividends Series, Jill K. Evans and Kevin Shacknofsky. After hearing from our chief investment officer and portfolio managers we will respond to your questions that you present via the 'ask a question' link on the new webcast page. This page also gives you access to 14 slides that the group has prepared to share with you on this call. The web page with slides is imbedded in a link in our press release announcing the conference call.

That press release can be found at [alpinecef.com](http://alpinecef.com). On the home page you would look to the left hand news column at the very first item there that you would open and click on the link if you are not currently using all of the resources available to you through this new webcast technology. 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. Steve has himself managed portfolio's for over 4 decades now including the country's first ever dividend income fund back in the 1970s. Here with us to start our call with his view on the changing world of dividends, is Steve Lieber.

**Stephen A. Lieber – Alpine Woods Capital Investors – CIO**

Thank you Mark and thank you everybody for participating with us. We have just been in a very interesting period which we recognize as a changing world for dividends. The first two and half months of 2009 has brought the greatest change in the structure of dividend payments in recent American financial history. Even companies with long-term records of dividend increases and reputations for great financial strength have cut their dividends. These were led by General Electric, JP Morgan Chase, Pfizer, and Alcoa, even real estate investment trusts with top quality portfolio's cut their dividends or moved to a combination of cash and stock payout. These include Vornado Royalty Trust, Simon Properties and **MacKelly** Realty.

A broad base of American industry dividends were cut or eliminated, the companies ranging from automotive equipment suppliers to prominent newspaper chains. The most consistent cuts was in the bank sector where in part as a response to the top financing great long-term dividend growth histories were ended and payments of \$0.01 per quarter were instituted by prominent financially powerful companies. These developments constitute a radical restructuring of the components of total returns for equity investors. Yet is it far from the whole story.

The Alpine dividend strategies are built on the expectation that our strong financial analysis enables a selection of companies with high dividend paying probability and even significant prospects of increasing or accelerating dividends. This leads us to look at the other side of the dividend pattern thus far in 2009. We have abandoned or rather we have identified 175 companies in the U.S. which have increased their dividends through March 15<sup>th</sup>, 2009. Abroad, in major markets we have identified 90 companies which have increased their dividends. Most of the dividend increasing companies this year share three common characteristics.

First their products or services typically have a sustained demand with little economic cyclicality. Second, they have built strong financial structures with high equity in relation to debt, if any debt, and third they have a modest percentage payout ratio in their dividends. Stocks which meet these standards have been among the outstanding performers in this much challenged market year to date. They range from Monsanto Company with a 17.9% gain through the end of last week and more today and a 1.3% dividend yield to Morgan Stanley with a 45% gain and a 4.7% dividend yield in the same period. Or Diamond Offshore with a 17.9% gain and a 10% yield and finally even IBM with an 11% gain and 2% yield, and abroad UTEK with a 21.8% gain, a Norwegian company and 7.9% yield. Each is a powerful leader within its own specialty or sphere, defining the ability of leading companies to sustain strong dividends.

Recognizing the significant change in the dividend environment we nonetheless see continuing support for the trends in substantial dividend payout in the well positioned, well managed companies which we seek out for our dividend end portfolio's. We have further initiated an expanded focus to offer a high probability of dividend growth

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in a strategy based on the search of companies with accelerating dividend payouts going beyond simply rising dividends. Our goal is to maintain the most intensive and effective search for dividend potentials based on the strength of the companies whose ability to generate substantial and continued cash for payout to shareholders remains a major management goal.

Lets look at the numbers. You see the charts. In the first chart we show you the number of dividend cuts in the first quarter of this year in the U.S. as compared with the same period in 2008. The next chart shows you the number of dividend omissions in the same period of both years. The chart number three shows you the number of dividend increases in '09 and '08 for the same period. And finally we show you a chart of the performance through March 15<sup>th</sup> of the top 10 companies which increase their dividend in the Alpine Global Dynamic Dividend and the other Alpine Total Dynamic Dividend Fund portfolio's. We conclude that the experience of recent months does not indicate a basic departure from the corporate practice of dividend payout. It does however indicate that those who have been weakened by the severe and growing recession or who had the fundamentally weak structure entering this period were forced to retain the cash they generated. But, in contrast those with strengths met the goals of the total return orientated dividend investment strategy. And these are our goals.

Finally we must note one important strategy that is negatively impacted by the declining economy, Special Dividends. We have long conducted research studies and at determining which companies had excessive cash and strong earning power and were likely to therefore pay out special dividends. This has provided a significant enhancement to allow a dividend paying capacity. Now in a much slowed economy where managements are being very restrained about holding onto any excess cash, we anticipate very few special dividends. This has already impacted the short-term dividend paying capacity of our funds during this period of business decline and restraint. Broader economic activity will very likely lead to a return to policies of payment of special and extra dividends as the economy recovers. Management, who have very large positions engrossed in their own stocks tend to be enthusiastic payers of specials and extras and they will when they can. We also believe that in the foreseeable future companies with solid generation capabilities will seek to demonstrate their financial strength and leadership through the payment of steady arising dividends. If short with recovery we fully expect such strategies to continue and to continue in a way which will favor our fund strategies.

Now I would like to turn the microphone over to Jill.

**Jill K. Evans – Alpine Woods Capital Investors – Portfolio Manager**

Okay great. Thank you Steve and thank you for all of you for joining us today. As you are aware of, we are in a very difficult environment and we have been in the past 18 months and while we'll take wonderful days like today in the markets we are still actually in the middle of the third worst bear market on record with a 57% decline from the peak in October '07 through the recent lows on March 9<sup>th</sup>. We actually, I don't know how many of you actually noticed, recently added a new market record, as of March 9<sup>th</sup> the financial had declined 84% from peak to trough which surpassed to 83% decline in the technology bust of '00-'02 so we really as you know in very difficult times and within this environment Kevin and I, as managers of AOD and AGD, have a dual mandate for your investors and for our investors.

Our primary objective is to provide a high level of dividend income and our secondary objective is total return. As we have said before we are very happy to report that we continue to achieve our first mandate and we have provided our investors with a high

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level of 100% earned dividend income throughout these difficult markets. However, as Steve highlighted, we are in an unprecedented time of dividend cuts and as result we make a very tough decision, at the beginning of this month to reduce our monthly dividend payment from \$0.18 to \$0.12 per share in AOD and from \$0.17 to \$0.11 per share per month in AGD. These monthly dividends still represent a very attractive current dividend yield of well over 20% and while this was very difficult we do feel it is in the best interest of our investors in the long-term to make this dividend cut at this time. We are continuing to work very hard in this environment to provide the best dividend opportunities and we have actually been able to also improve on our total returns in 2009 as we have headed into this year. If you look at us with the closing prices as of today, AOD on a price bases is now up over 3%, AGD down 5%. This compares to the S&P 500 down over 8% and the MSCI World down close to 14%.

So how have we been positioning the portfolio with 2009 to garner these better results, as our middle name says we are continuing to be dynamic and we have been looking for opportunities while also maintaining our barbell strategy which we have talked to you about before in previous calls. What we mean by our barbell strategy is that we have a portion of the portfolio, more defensive companies with strong and sustainable earnings and cash flow. These companies are in sectors like consumer staples, healthcare, telecom and utilities and at the other end of the barbell we have been searching for value opportunities in some of the more cyclical sectors. These include stock in sectors like energy materials, industrials and technology. We had continued to remain under weight and cautious financial and consumer discretionary which could actually helped our performance this year. However we're continually looking for signs of stabilization and improvement in these companies and we believe we are starting to see some signs of that as witnessed by the solid retail sales numbers and some progress in the policy and business conditions in the financials like we saw today. So we have been selectively adding to some higher quality name in these sectors and we are going to continue to be opportunistic for our investors.

Where we have made some changes in this challenging environment, I think there is really four key areas. Number one is in quality, as credit and cash have become king in these difficult times we have definitely look to increase the quality of the stocks on our portfolio. We have screened on things like financial metrics like leverage, debt-free financing, operating cash flow, payout ratio, also fundamental metrics like the business outlook, the sustainability of cash flows, this quality screen has really helped us to consolidate the number of holdings we have in our portfolio. If you look at first quarter '08 which we are kind of approaching a year at this point versus year end '08 we have decreased the number of holdings, for example in AOD from 118 to 82 and AOG from 114 to 73 so we have consolidated in higher quality. We have also moved more assets back into the U.S. which Kevin is going to talk about in more detail in a minute and we have also increased the size of our average capitalization. We believe that liquidity has become very important in this volatile times and we have increased the size of the companies in our portfolio and Steve alluded to on page 7 in our handout you can see some of our leaders in rising dividend stocks and a lot of these are very high quality, large capitalization global stocks in our portfolio.

So as you look out to the remainder of '09 we are cautiously optimistic that we are going to see a better year for equities. You know really what are the kind of positive catalysts we see despite the fact that there is no question, there is still signs for, you know, or risks of a potential recession and a long global recession but where do we see some of these positives? One has been the massive fiscal stimulus packages from the new administration and governments around the world. Two has been the global coordinator monetary easing with global interest rates approaching 0. Three would be the improved household balance sheets and the eventual stabilization of

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housing prices and declining inflation. And four would be a generally attractive equity valuation.

So what we are looking at is we are hoping that GDP will start to rebound by the end of '09 and therefore the markets will start to discount that sooner. Also I just want to point that we are hoping that our strategies are going to bode very well in the future as equity income investors are going to be searching for yields and higher quality, we think that really bodes well for us. We think investors are going to go back to the time and remember when stocks were viewed as a claim on a company's income and not as a growth vehicle. With stocks back to levels seen in 1996 a lot of capital gains have been wiped out and we believe dividends are going to become more important. And also dividends can grow over time versus bonds.

So with that I am going to turn the mic over to Kevin.

**Kevin Shacknofsky – Alpine Woods Capital Investors – Portfolio Manager**

Thank you Jill, I will not cover what we see outside the U.S., specifically Europe. When AGD and AOD commenced they were more international in focus with around a target of around 30% in the U.S. and roughly 70% outside the U.S. Our international exposure is mostly in Europe with their very attractive dividend yields. The end of last year we changed this target with exposure switching from 30% U.S. to 70% U.S. and 70% international to 30% international. We primarily did this as we believed that the European authorities were behind the curve in addressing the world financial crisis and the U.S. government has been more proactive and innovative in dealing with the situation.

Exposure will periodically increase in Europe in the next few months as we enter dividend capture season. Early indications of the dividend capture season are that Europe will experience the same traumatic reductions in dividends as we have experienced in the U.S. Dividend declarations will be affected by the fact that both the UK and the German government have polled for companies to conserve cash and reduce dividends as well as influential open investors such as Investor AB in Sweden.

As experienced in the U.S. we expect financial to have the biggest declines. Already in the UK HSBC, the Royal Bank of Scotland, Barclays and Lloyds have all eliminated their dividends. Historically financials have been roughly 28% of our dividend capture target universe. We also seen dividend reductions in the industrial material sectors. For example, Pirelli, the tire manufacturer and Xstrata, the mining company have both eliminated their dividend. French steel giant, ArcelorMittal also cut their dividend by 50%. In Sweden industrials such as Sandvik reduced their dividend by 22%, SKF by 30%. Nokia, the world largest telephone maker cut their dividend by close to 40%. These cuts were made despite that most of these companies had close to record years in 2008. It is indicative that these companies are experience severe declines in their business in the current year. Industrials and materials have historically constituted 26% of our target dividend captured universe. Going forward we are focusing our portfolios on sectors and companies displaying high sustainable dividend yields. We believe that these sectors such as telecom and utilities where you can get yields of 6, 7, 8% quite regularly are very attractive considering that globally interest rates are going to 0 and we believe income focused investors will find these particular sectors and companies very attractive.

And with that I would like to pass the call over to Sam.

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**Samuel A. Lieber - Alpine Woods Capital Investors – President**

Thanks Kevin. My talks pretty much follow the slides on page 8 through the end of the presentation at page 14. So let me go quickly through this. The first couple of pages. Supply drivers to real estate and demand drivers indicate that real estate is still in a tough place. Specifically land costs are going down and construction costs are going down, all of which should be favorable over time but the fact is that they are bring valuations down with them. And capital availability is still difficult so, and of course the income rent sustainability question is in fact going to be uncertain for at least a couple of years as we see increased supply in the market place. Not from new supply but rather from demand destruction. Hence there will be no new supply in the market place for commercial, limited for residential initially, they will be at the modest levels now which are 80% below peak for residential production, at least it looks like for this year as a result of big inventories and buff. Demand drivers again look difficult. GDP declining on a global basis, most countries will be negative this year although there will be a few bright spots, but only on a relative basis.

Business formation or expansion, again a negative picture by and large. Job growth as a result, a negative picture, domestic consumption negative, personal income negative, personal savings starting to pick up a little bit, but of course that will hurt in the short-term although long-term it will provide new investment capital and should be positive for the economy. Our view is that this means that demand is going to be declining over the next 12-18 months in many markets, not all countries but in many cities and of course as we said, no new supply which long-term will be a positive but short-term is difficult.

So that's one side of the picture. Now we look on the next page at the supply and demand leading indicators, the supply of build, as we seen recent data on building permits and starts, some signs of improvement indicating that maybe we're bottoming although frankly this is using early seasonal data which tends to be variable and less accurate so we will need to see more over time. Transactional volumes, again some up takes as we have just seen in the sales data today for residential and we have seen this in some other countries as well indicating some signs of improving hope on the residential side. Commercial property sale transactions have not increased due to type capital conditions.

Demand, historic affordability is actually quite attractive for residential, as prices have come down, interest rates have come down significantly and as a result one can now buy a home, lets say in Phoenix and carry it at a cost of almost \$120 less per month than you would pay if you were to rent in Phoenix. So owning is much more affordable in a number of markets now in the US and some other ones around the world as a result of lower interest rates, that's a positive for demand.

Capital availability, still a little difficult and it's a mixed story there, although it doesn't seem to be getting any worse and there are some signs of some improvement in sectors and we will see what happens as the Fed buying of mortgage back securities enters the market place. The replacement values, that is showing improvement. One can buy real estate below the cost to replace it now, both commercial and residential. And then of course bottom fishing. Many people are looking but we have seen few jump in the water yet, but that's a positive indication.

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As we move onto the next page we then come into a question saying alright, we've had negative fundamental picture, some positive leading indicators and now, as we set the stage we look at the massive fiscal stimulus and monetary stimulus that is coming into the market place. And I can just point to one observation, that since, not just today's market but from March 9, through last Friday's data, we saw most markets, real estate securities markets throughout the world have significant balances, up anywhere from the case of rates up 6%, although they were up about 10% today, over 10 and the S&P was up 13% and other markets were up typically 10-25%.

So we're starting to see some signs of improvement there, the question is, what is that showing us. First as we look at page 11, it is indicating that we have significant fiscal stimulus coming through the pipeline and you can see this adversity of credit sweep on the order of several percent up to 8% for different countries around the world as a percentage of GDP coming into their economy over this year. What is interesting is, the US of course shows only 1.4%, that seems so small, obviously there will be more from the stimulus package next year and the year after, however what's not shown in this picture and is only foot-noted for the US is that this excludes on budget and off budget measures to support the financial sector which we calculate is approximately \$3.3 trillion or roughly 25% of GDP. So a massive stimulus coming into the market place and we will see what the impact can be.

Next of course, monetary stimulus. Very low interest rates around the world, significant cuts already and this shows, on this chart, page 12, the current rate in a number of different countries, the recent cycles peak rate, looking back over the past year or year and a half and then the target trough rate and this target, by the way is set by Morgan Stanley, not us, in some cases we're a little lower, others a little higher but for consistency we have stuck with Morgan Stanley here. And you can see that if we go from peak to trough this is showing tremendous declines but most importantly is to the far right, this sector which shows that we still have a good ways to go in a number of countries to the trough target. Eurozone down another 100 base points, down to Brazil, perhaps 300 basis points lower. As a result, we could see additional stimulus from a monetary perspective as well as fiscal coming into play. And this will clearly start to have an impact and overtime will start to unfreeze the bank lending situation we do believe.

Now stocks have moved in advance of this and what we've seen so far are some interesting stocks in our portfolio and we have selected the top 20 stocks so not a special selection, showed their dividends, this page 13 and so we are showing the dividend yield on these stocks and what they have done for us this past year. And we can start off with Nexity. They in fact sold a large division, have €500 million in cash on the sidelines, a very strong position and they are paying a 9.5% dividend yield. Secured Capital from Japan. Again just upgraded their earnings profit estimates for the year up 30% and you know they're looking at significant strength, they've raised some convertible equity and the stock is trading at approximately four times earnings, so very cheap stock. Again sign of motion land, faster residential sales than people would expect on the market, their stocks perform well, Regis just announced earnings better than people expected and a third of the market cap is made up in cash, £200

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million plus. So we think that there are a number of other stocks that we can talk about here but each one has a story and each one is starting to show that there is cash available, companies are able to make sales and that companies do, are expressing revenue growth and even dividend growth, Regis just upped their dividend by 80%. So we think that there are some strong fundamentals out there but it has to be on a stock selective basis and just to give a little more clarity to this issue, we point out that out of 134 stocks in the AWP portfolio, that in terms of a year to date basis, 56% are actually, sorry on March 9<sup>th</sup> through present, forgive me 56 are up more than 20%, that's 42% of the portfolio, again since March 9<sup>th</sup> and that 119 stocks were 89% are in fact positive since March 9<sup>th</sup> and in fact some of the ones that were plus for the year to date were in fact negative during this little period from March 9<sup>th</sup> for extraneous reasons. But the fundamental points are that the markets are starting to perhaps realize that the end is not as near as some had forecast and that there is some growth potential.

Which leads us into the last chart of my part of the presentation and that is a chart that perhaps some of you have seen before in a slightly different format in our annual reports and we detail this as follows. You can see that there are several dates, this is cataloging the last rally period through the peaks and all of them ended by the way again on November 20<sup>th</sup> or 21<sup>st</sup> of 2008. And during that time period you can see how the global international and then selected individual country indices in local currency I might add performed, and by the way the last numbers we gave you prior page were local currency also but this shows how these have performed. And you can see the dynamic cyclical moves that were achieved in the real estate sector in different countries during their periods. Now this is the last peak which of course we know is supercharged by significant liquidity, but lets look at the last column on this side and it shows you that between, from the 1980's to the 1990's that we had prior cyclical gains and declines with significant performance. And what I'm suggesting here is that we are relatively early in the stages, we don't think this is going to be a one way up market but we suspect, as markets often do, they surprise us. They surprise us in the degree to which they are forward looking.

The exact moment in time when they bottom, we don't know when they bottom of course until after the fact and I suspect that I would be going out on a limb and saying that we've bottomed but I think I'll do that and suggest that we've got some significant upward potential over time, over the next 1, 2, 3 years as the market starts to digest the longer-term earning potential of real estate. The longer term value creation opportunity as companies are able to restructure or capitalize on the weakness that is currently present in the pricing of real estate equities and of course the weakness in the overall real estate markets. We believe that publicly traded real estate equities will be able to out perform many of their private sector brethren in that they will be able to cap the capital markets for liquidity, both debt and equity over the next year or two and that this, and we've already seen signs of that, Simon just raising more equity, a number of European companies raising equity and some whom have performed admirably after the fact. So we think that this is an interesting time in the markets and we could see a repeat of the strong performance we saw in the REIT Universe from the end of 92 through 97 when REITs capped the capital markets and were the strongest buyers in the market, able to achieve significant growth as properties were revalued overtime from significant discounts to replacement cost to

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longer term normalized valuations and we think that is what will happen again with this cycle over the next few years.

So let me stop there and turn it back to Marc Rappaport who can comment and respond to your comments and we look forward to doing so.

**Marc Rappaport – Alpine Woods Capital Investors – Senior Managing Director**

Thank you, thank you very much. Again to ask questions of the team here, on the webpage simply just throw up the question at the 'ask a question' button and include your name, it would be nice to know who we're referring to and responding to on our end. Sam, we recently had a question regarding Asia. When, and this is actually a two part question "what will give you a clue that you'd want to invest more in Asia and emerging markets?"

**Samuel A. Lieber – Alpine Woods Capital Investors – President**

Well we've actually believed that we would want to have more in Asia and emerging markets from the longer term assessment of global growth and we think that real estate values do respond to longer term growth, dynamic growth prospects and job formation, job creation and wage increases. So frankly we think that will take place in the emerging markets, primarily including Asia and we have already started to shift. That said we have found significant undervaluation in Europe, some existing holdings and even others. We'll note that in just the last few days, even there had been, intriguingly, a significant buying in Russia, which of course is a very questionable economy right now, but we have seen real estate share prices rise precipitously over the last week or so there.

And all of this suggests to us that most of the markets where we're seeing significant rises are in fact, probably have been oversold and on offered in many cases tremendous discounts, overly large discounts down to the line value.

**Marc Rappaport – Alpine Woods Capital Investors – Senior Managing Director**

Thank you. Similarly Jill you have a question from Chris. It says "Jill, last July you correctly predicted that the worst for the financial sector was far from being over. That was a great call and you deserve credit for having the courage and vision to step away from a sector that was rallying hard into the late summer of 2008. Do you feel that the banks and insurance companies are out of the woods yet, especially in light of today's treasury department announcement of a plan for dealing with toxic acid or do you still see sizeable risks in the financial sector with CMBS and credit card concerns still looming on the horizon?" And the last part "at what point would you step back in and consider buying the financials, if at all given the massive cuts in their dividends.

**Jill K. Evans – Alpine Woods Capital Investors – Portfolio Manager**

Yeah, that's a lot to cover but thank you very much for your question. Look we've done a lot, I mean as you know, it seems like the administration, both fiscal and monetarily are doing everything that they can to prop up this economy in the financial sector and we have definitely seen encouraging signs. As you've seen the financial rally and I want to tell you that we have participated, we have added to our financial exposure starting a few weeks ago as we started seeing some of these signs, really starting to stabilize. However, I think one of the key risks that we're still watching out

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for is the first quarter earnings for the financials and the stress tests that are coming in April. I think we feel that we would feel a little bit more comfortable getting into the sector and recommending people to get into it. Once we get through that very big hurdle, it's interesting what's happening and I would love Steve Lieber to comment since he is really the financial expert in the house. But no you have some of the market stabilizing but you also have the economy deteriorating so things you got to watch out for in the first quarter for financials are things like the commercial loans that Sam will tell you about and consumer credit and all of that is deteriorating while they're trying to fix some of the other problems on the balance sheet. So I would say that we are certainly encouraged by what has been coming out of Washington the past few weeks answered we have been participating in this rally for our investors but I'd say we are still going to be a little bit cautious and not certainly wave the all clear here until we get through this big landmark in April with the stress tests and the first quarter earnings. Steve would you want to add?

**Stephen A. Lieber – Alpine Woods Capital Investors – Chairman & CIO**

No, I would simply say I certainly agree with Jill. That the path to recovery is increasingly clear and today the release by Geithner of the Treasury proposals is highly encouraging in that direction, as you saw the market became very highly encouraged. The question now is going to be, how do you fulfill the expectations of the plan, how effectively and what risks are there. We still know that the underlying challenge is the definition of the appropriate value of the securities which are called toxic and the banks balance sheets which the treasury program hopes to eliminate as a further risk factor and get broader public participation. If this works we're on the way, what are the probabilities of its working, I think they're good and we're certainly going to get a much clearer idea as Jill says with the publication of earnings and other data indicating whether the toxicity of toxic assets has increased or in fact is decreasing.

**Marc Rappaport – Alpine Woods Capital Investors – Senior Managing Director**

Thank you both. This question from Norm, Thomas, Time Warner Cable, this is a question, we're seeing a lot of questions. What is it that led it to be acquired by the fund? Do we still hold it?

**Kevin Shacknofsky – Alpine Woods Capital Investors – Portfolio Manager**

Time Warner Cable is a company that paid a sizeable special dividend and it was part of our dividend capture rotation. We still have a position in the company because we do believe at its current share price that it offers attractive value, you know as a cable company it's a virtual monopoly and it creates strong free cash flow and we see it as a good defensive name in a declining economy.

**Marc Rappaport – Alpine Woods Capital Investors – Senior Managing Director**

Kevin, since you're speaking, this is a question from Steve Swegler[ph]. Do you see AOD and AGD buying more REITs in the near future. If so, what companies do you see with the best promise? And I guess we'd open that up to Sam to since it's quite a forte there.

**Kevin Shacknofsky – Alpine Woods Capital Investors – Portfolio Manager**

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Oh yes, you know the moment Sam comes to my door and knocks on my door and says it's time to buy, I'll buy it but I mean one key thing that, even with my limited knowledge in REITs, I've noticed is that one problem with the REITs is that they've stopped paying their dividends in cash and they, for some, at least or a lot of their dividend they are paying stock so that doesn't really meet our needs in terms of generating dividends for our shareholders but I'll through it out to Sam and see what he thinks of the sector.

**Samuel A. Lieber – Alpine Woods Capital Investors – President**

Well Bob Gadsden who follows our REITs carefully has continued to caution me, actually over the years, the past couple of years but even more so now that so much of the dividend that is being paid in cash is return of capital and is taxed that way which in certain cases can be attractive but does have other issues in terms of the type of long-term tax benefit that is still available to investors in the dynamic dividend funds. So we tend to be a little more cautious. That said, many of the REITs are very cheap, we think some of the REITs are significantly undervalued and offer promise, however the real estate market in the US is going to be hampered over the next 2-3 years by continued slow demand by increased space coming onto the marketplace from vacancies arising from either companies downsizing or going out of business. And so we think it is going to be a difficult environment in terms of our achieving rental growth. So we tend to be a little cautious on the REITs right now, again some of the mall REITs will be better, we think that you're in safer hands there, certainly Simon had a great move today in light of their balance sheet strengthening and we know that they are an opportunistic company by nature so we see some real growth potential there but they are not paying a dividend in cash, or hardly any cash.

**Marc Rappaport – Alpine Woods Capital Investors – Senior Managing Director**

Thank you Sam. Jill, here's a question from John Davies. Does AOD employ any type of bear market strategy like selling short or buying inverse funds or hedging to protect value in a bear market?

**Jill K. Evans – Alpine Woods Capital Investors – Portfolio Manager**

The short answer is no. Our defensive strategy has been our barbell approach to more defensive type companies that tend to outperform during this period, but no we don't employ any of those strategies.

**Marc Rappaport – Alpine Woods Capital Investors – Senior Managing Director**

Thank you. Kevin, here's a question from Mike Hanlon. Nintendo, last March this issue paid an exceptionally large dividend estimated in excess of \$1000 per share? How did the dividend go for March 2009, was Nintendo able to sustain such an outside dividend and if not how will the fund cope with a reduced amount.

**Kevin Shacknofsky – Alpine Woods Capital Investors – Portfolio Manager**

Well Nintendo has actually reduced their dividend by, I think it's roughly 20% and I think this is actually a symptom that we're seeing in a lot of companies where, just like Nokia, they definitely have the capacity and the balance sheet and even the cash flow to pay the dividend but they just were being conservative to conserve cash and that is something that we're seeing you know regularly at the, you know we still hold a position and we were encouraged, just recently this month they announced a really

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positive sales number in terms of, you know sales in terms of games and consoles so it is still executing very well. And you know I, in terms of contributing exact total dividend, at the end of the day, it's a position in our long-term hold value, growth at a reasonable price with income and you know most of our income is generated in our dividend capture basket and therefore you know changes in our dividend yields of our long term hold positions can be compensated by just increased velocity in our dividend capture basket.

**Marc Rappaport – Alpine Woods Capital Investors – Senior Managing Director**

Thank you. Sam, Steve a question that also comes in from various participants, share repurchases it that still something that each of the funds that has been repurchasing shares is still interested in, in the future?

**Samuel A. Lieber – Alpine Woods Capital Investors – President**

We'll comment that AWP has because of the significant discount which AWP has been trading at we have been active in the market place. We think it is beneficial for all shareholders, ourselves included, to make such purchases and we just actually bought shares in AWP today on behalf of the fund. And I think that we did so about two weeks ago, at about \$2.20 a share we think that proved out pretty well since the shares closed out today at \$2.97. So I think that when the stock market is not valuing the underlying stocks correctly let alone is not valuing of course the shares of the fund correctly that we think it is in our best interest to take advantage of that double discount and buy the shares for the fund.

**Marc Rappaport – Alpine Woods Capital Investors – Senior Managing Director**

And speaking of discounts and premiums the AGD premium closed today at 6.2% versus last Friday's net asset value so it is not even reflecting today's portfolio change AOD only at 2.0% discount and AWP at 31.0% discount to Sam's point. There is a lot of questions about the future of the dividend for AOD and AGD and that is something that I think the history of these calls kind of shows our caution back in December along with the press release expressing caution about what much of what Steve Lieber talked about, that is keeping your finger on the pulse of dividend issuance and you see in some of the slides 1-6, I think you know an illustration of just how significant albeit severe the reduction of corporate dividends here in the U.S. has been and it is really the team's careful watch of foreign companies and their dividend that they will be declaring or not, and that means we are going to continue to be cautious and prudent and navigate month to month to see just how great the impact is overseas and we do meet with foreign companies all throughout the week and we have ongoing dialog but we really wont know until things are announced and the seasonality of that for Europe, Kevin and Jill, would be what? April, May and June so as we get further along in the year we will just have to see exactly what happens to know for sure and then of course the board will make their declarations and we'll always do what is in the best interest long term for the shares of the fund.

**Stephen A. Lieber – Alpine Woods Capital Investors – CIO**

Mark if I can just jump in, I think it is important to note that with the real estate fund we had greater visibility earlier, particularly in the U.S. as even by December 31<sup>st</sup> over a third of the REITs in the U.S. had cut dividends, a number of Australian companies had cut dividends and it has been apparent that the sector is going to be under

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pressure, is under pressure. We've seen a number of recapitalizations but again one of the key issues here is that companies have focused on their longer term cash retention needs at the expense, unfortunately, of shareholders in the real estate space, the shareholders dividends. And we think that this is a period of transition, that longer term the companies will return to paying out more significant dividends when they have greater sense of security about the longer term availability of capital both debt and equity whether is it from banks or funds or the investment market. So we think that will also fly on the, more broadly speaking to the broader panoply of dividend paying companies around the world.

**Mark Rappaport – Alpine Woods Capital Investors – Senior Managing Director**

Thank you. And with that we have really exhausted the questions that have come in and had a good opportunity to again every quarter get out in front of everyone and share our thinking and in some cases concerns and where the opportunities lie, I think Steve Lieber really opened the call up hitting on, not only the state of corporate dividends but really on the fundamentals under way that could be finally taking effect here for things to turn around, at least for the economy and some of the corporate earnings and corporate cash conservativeness that would follow or not follow. So I thank all of you for joining up each quarter. We do have an 800 number for questions if you want to have further dialogue with us or the good folks at ALPS that work with us every single day. To share information 800-617-7616, our website for Closed-End Funds is [alpinecef.com](http://alpinecef.com). And again this is Mark Rappaport, on behalf of all of us here thanks very much for becoming involved and hopefully educated and we look forward to future calls.

**Operator**

This concludes the teleconference. You may disconnect your lines. Thank your for your participation.

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