



Transcript of Alpine Funds Quarterly Closed-End Funds Webcast October 26, 2010

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Participants

Marc Rappaport, Senior Managing Director
Stephen A. Lieber, Chief Investment Officer
Samuel A. Lieber, President and Head of Real Estate Team
Jill K. Evans, Dynamic Dividend Series Portfolio Manager
Kevin Shacknofsky, Dynamic Dividend Series Portfolio Manager

Presentation

Operator

Greetings ladies and gentlemen and welcome to the Alpine Quarterly Closed-End Funds Webcast. 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. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Mr. Marc Rappaport. Thank you, you may begin.

Marc Rappaport – Alpine Funds – Senior Managing Director

And thank you. Good afternoon, 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 that's the main purpose of this regular quarterly conference call. As we've stated before, good times or bad, we will be in front of our investors and advisers both.

Our funds are unique and we believe the more one understands our differences and our thinking and how we manage capital, 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.

We'll be hearing comments today 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 Dividend Series, Jill K. Evans and Kevin Shacknofsky. After hearing from our speakers, time permitting, we'll respond to some of the questions you present via the "Ask-a-Question" link on the webcast page.



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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 portfolios for over four decades including the country's first ever dividend income fund back in the 1970s. Here with us to start our call with his view is Steve Lieber.

Stephen A. Lieber – Alpine Funds – Chief Investment Officer

Thank you, Marc, and thank you all for joining us today. We are pleased to have the opportunity to give investors and advisers who follow our closed-end funds an update on Alpine strategies. The development of recent months reaffirms the investment strategies which are basic to these funds. After the Euro currency crisis which impacted the Total Dynamic Dividend Fund and the Global Dynamic Dividend Fund so negatively last spring, it is encouraging now to note that these funds have returned to strong investment performance. In the quarter just ended and through this month, these funds total returns exceeded the market while generating dividend yields well in excess of the S&P 500.

In our last call with you, we announced that the Board of Directors of the funds have approved of new distribution rates approximated at 12% dividend yield for the two dividend-oriented funds. Our goal is to achieve capital appreciation and maintain a high dividend return.

As the economy has recovered over the last year-and-a-half, we have seen encouraging evidence of corporate dividend increases. The number of increases in the United States year to date as of September 30th was 167 as compared with just 106 in the same period a year ago. Strikingly, the number of dividend decreases fell through just 2 as compared with 57 a year ago. There are similar trends in other countries although not as yet internationally quantifiable.

Looking ahead, we see the potential for achieving corporate earnings growth together with increasing dividend payout as very much an active part of the investment opportunity. We all know that the market's dividend structure is not yet at a normalized position. For example, the banking industry still suffers from a recession induced cuts in dividend payouts and the need to prove capital adequacy. On the other hand, much of manufacturing and service industries has benefited from sizeable overhead cuts during the recession so that as they return toward normalcy, their profit margins are opening up and their capital accumulation has become significant.

We look forward to this trend of capital buildup being sustained with further recovery. We do not think that the recovery will be so fast and sizeable that investors will be totally satisfied just with profits growth. They will want to see current returns and dividends. We believe this sets up an opportunity for the strategies which characterize our dividend-oriented funds.

Now, I'd like to turn the discussion over to our portfolio managers.

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Samuel A. Lieber – Alpine Funds – President and Head of Real Estate Team

Greetings. This is Sam Lieber. We have a slide show in front of you which details a variety of information that we think would be helpful in providing you with what Alpine's view is of the current situation and in view of the prospects for our funds.

Pages 2 through 4 details the standardized performance information relative to benchmarks and, as Stephen mention, we're quite pleased with the recent turn of the funds and their performance through the third quarter and in fact, even into the month of October where it has been quite strong.

But as we see on page 5 where we detail the topics we want to discuss here in the following slides, we think that there is much to be considered.

Specifically starting with page 6, we have a slide that shows you global GDP growths over the past few years and then looking forward for the next year or so and this shows that the significant decline in 2008 which was truly global, of course, as we moved past that but notably the emerging markets, which were taken down just as much as developed markets were which is where the bulk of the problem was on the financial side, have in fact jumped back and, as almost all of you know I'm sure, we've seen strong long-term growth rates sustained and it looks quite promising in emerging markets even though the domestic economies look quite miles by comparison.

Now, if we just move forward to page 7. The industrial production slide shows again that emerging markets have considerable improvement here and that the key components of GDP, this being a key component of GDP, it is also very much a source of jobs and income growths, which we leads us to page 8 where we talked about global retail sales, again being significantly stronger in these emergent economies partly because many of these countries are reaching that point in terms of their income levels and their GDP per capita where significant consumption tends to grow. On one hand, you're moving from very low income levels which were... or could be characterized as basically just the basics that were sustainable to people who are now starting to want to consume more and more items. And then, of course, for the middle classes, we're starting to see expansion of the number of people in middle class with middle incomes which are commensurate.

And it is worth noting that car sales and home sales have been quite strong particularly in China, Brazil, and Indonesia among other countries. Now by way of comparison with similar sales of cars and homes in the US, we ask you to turn to page 9 and then 10.

In page 9, we show the Mortgage Bankers Association Purchase Index, which represents both new and existing home sales and new being 15% of market in the US and 85% being existing. And you can see, we have 20 years of data and it shows you that today we are at levels not seen since 1997. And that we look at these data in terms of the differential from the peak, which were down 68% from peak levels, down 39% from the 20-year average. And by the way parenthetically, new home sales are even further down; new home sales are down 63% from the 20-year average and 79% down from their peak in '05.

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Now finally, I just note that the last leg down occurred after the \$8000 down payment subsidy was eliminated back in May.

If we look at the US auto sales, these also had a broad peak roughly between the end of '99 through into 2005. But during its 5-year period from '99 through end of '99 to '05, we were basically generating about 17 million sales per year, a bit over 17 million sales per year. We're now at 11.7. That is down over 30% and we're down 21% from the 20-year average. It is worth noting that these currently at levels which have not been seen since 1992.

Now, normally when car sales are as depressed as this for as long as they have been, basically down in decline for four to five years, respectively, or five and four years, respectively, it should lead to pent up demand which will lead to recovery but as we look at page 11, which shows capacity utilization, we see that the prospect for contribution, these two segments contributing to a broader recovery, has yet to be felt.

Now, we're looking at 43 years of data here in terms of capacity utilization and the current low level combined with in fact the prior decades of below average peaks suggest that there's in fact a structural inefficiency.

And we believe that more of US capacity could be made more competitive through CapEx in plants and equipments and we believe that this will be the case when that CapEx is finally stimulated and some of the capital that is sitting on... cash sitting in corporate balance sheet is redeployed.

However, as you can see from page 12, there is another issue and that is underemployment, not just unemployment. And this table suggests that the problem of uncompetitive or inadequate productive capacity may have less to do with labor cost than in fact our other elements of our productive capacity. Over the past decade, a higher proportion of the workforce has become part time or marginally attached rising from 3% in 2000 to 7.5% in 2010. Thus the cost of both salaries and benefits for a greater portion of US workers has in fact declined. And this can be seen pretty clearly on the next slide, page 13, where we show that basically there has been a private employment overall, not just including incomes, has basically remained relatively flat for 10 years. This is the corrosive impact of under... rising underemployment and low capacity utilization.

Now, arguably these, as we see on page 14, there are significant issues here and one of those significant issue is that civilian unemployment as a percentage of total civilian unemployment that is, pardon me. People unemployed for 27 weeks are long term civilian unemployment as a percentage overall unemployment has in fact gotten larger. That is a more significant number of people seem to be quasi or permanently unemployed. And this does clearly suggest that there might be a structural issue but beyond that it is also suggests that we are not going to see any wage push inflation for a long, long time.

Now, that's reflected in the next slide, which is the long-term trend in treasury yields. And you see 10-year Treasury bond with relatively low yields now. And I think this also again reflects again limited demand for capital, strict lending standards, which in

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combination... even though we've got a very cheap money, it's had less impact than what we would normally expect in stimulating demand and growth, which get us to the next page which is the nature of this downturn and how do we get to start to bring employment back and clearly, this is the ultimate goal of what the Fed is about to embark on which is QE2, a quantitative easing route to basically stimulate demand, productive demand, and hopefully, employment.

Now as you look at these three different charts, these are three different scenarios and looking at historic recessions. And typically, the brown line represents a mild recession decline of about 1.1%, not a lot impact. The blue line is an aggregation of severe recessions, typically declining by, you know, roughly 3% and then bouncing back and in fact, going to by the time you get well through the period of about three years from the beginning of or the previous peak to... through the decline to a recovery, we would have seen a 2.4% growth. But we're not there. And in fact the economy is still down over 6%. And we took instead of bottoming out after the six quarters, but it's a little more extended through eight quarters. And if we were to assume the slope of recovery that we see on the average severe recession from the bottom and we were to put that on now, it would still take at least another five quarters just to get back to the prior peak levels. So clearly, there's a need for extended stimulus to provide growth.

The next page, 17, suggests that while we're not going to see a significant run up in interest rates any time soon, one must be careful with the debt structure of the US and this is, of course, also true for many other countries particularly in Europe. And right now, we're looking at a level of US debt to GDP that has not been seen since World War... just after the World War II period. Now, we worked our way through the problems with debt overburden in World War II by growing GDP significantly and trying to stimulate the economy. And clearly, we have to do that again but right now we are... we are at levels where it would suggest that a physical stimulus will in fact be a pretty tough sell so we need to see this quantitative easing work and it has to be pursued vigorously, we believe.

Page 18 shows another element of the very low interest rate environment that we're in. And that is the... what this shows is the earnings yield ratio which in other words is taking the traditional earnings yield which is the inverse PA (ph). So in other words, if the stock market is creating a 12.5 times the inverse of that is 8% and then dividing that by the current 10-year bond. Now, this chart has been developed by Professor Robert Shiller (ph), who I'm sure many of you know and know of and maybe read his books, but the point of this exercise is to show the relative appeal in the stock market. And it's clearly relatively attractive looking back over 60 years. And so we haven't been at levels like this for 50 years in terms of the relative attraction of the stock market. And we believe that the stock market not only is of fair value now but of course if quantitative easing succeeds and other stimulus that may be required comes through then we start to see growth in the economy with the prospect of inflation in years further out than perhaps many imagined, perhaps years... at least three, five, maybe more years out, well, that would be captured by earnings growth. So we think that the real prospects for our performance are in fact in the stock market and this offers attractive valuations today.

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Now, if we can take this on to talk a little about real estate, I'd ask you to just move forward just a few more pages and we can talk about our performance which you can see on this chart, page 20, and this is over the last quarter. But more particularly look, moving to page 21, where we discuss global vacancy rates and capitalization ratios. And you can see that the vacancy rates while they've moved up during the recession in Europe, the Middle East, in the Asia Pacific markets as well where there has been some measure of extra building and in the US have moved up somewhat also although historically the US has been a relatively high vacancy market. It's interesting to note in particular that Latin America in fact has remained in single digits and this reflects the robust economy there plus the historic relatively moderate impact of financial leverage in those particular economies which has been very beneficial for real estate in the past and leaves lots of capacity though to add more of these tools and to stimulate further growth in those markets.

If we look at the capitalization rate, the initial yields required to buy real estate, it's very clear that we've seen improvement that at lower yields moving from June of '09 through 2010 in most markets around the world and most notably, as you can see on the bottom of the chart, in New York. So valuations have been moving up even though rents in some markets of the developed economies have in fact continue to trend down or destabilize and if the valuations are reflecting both cheap money and the prospect for higher rents in the coming years.

If we can now take this discussion of relative markets further on page 22, we look at the real estate equity universe. And we compare all securities on which we are currently focusing on 1900 stocks with a market capitalization of \$1.7 trillion and then looking at specifically the global REIT sector. And REITs which are a large source of income, as you can see from the weighted average yields, have some limitations in that the 56% of all REITs are in the Americas and while this is starting to grow in Europe and in Asia, we think it will continue to. REITs were just introduced into the Philippines, into law there and they will commenced with the first REITs next year and we will see more over time and there's been good growth in the Singapore market, but we still need to see further expansion. And particular expansion in the emerging markets because while 98% of all REITs are in the major markets, again 56% in the US, only 2% are in emerging markets. And only a little over 3.35% of emerging markets stocks... of real estate stocks are REITs. So clearly, the focus is on growth-oriented companies, not income-oriented companies in the emerging markets although that will change over time particularly as they grow their incomes and we believe that that will be a fundamental source of growth opportunities and income opportunities in future years for our portfolios.

Before focusing on one sector we find particularly interesting, which is the Brazilian shopping mall sector, I do want to quickly talk about valuation metrics. And you can see from these slides on 37 and 38 that the premium... that some stocks are trading at significant premiums to underlying net asset value or property value. That's particularly in Europe and to a lesser degree in the US. And that some stocks are quite cheap particularly in the UK and China. But there are, of course, reasons for this and part of that is reflected in the earnings growth. The earnings growth which is the light blue line as opposed to the darker line for 2011, since the markets are always looking forward, so that the US will have good growth and earnings. Hong Kong will

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also have it and Singapore should have good earnings growth. Other markets will be more modest and some, such as Japan and to a lesser degree India, will be slightly negative.

If we look on the next page showing dividend yields and enterprise value related to EBITDA that is equity capitalization and all debt combined divided by ultimately the measure cash flow on the corporate level, we can see that the best yields are in Australia but again a relatively low growth market and in the UK. The US also has attractive yields again with many REITs in these structures. Whereas Asia, even though there is greater growth there, the opportunity for yield is somewhat less. Enterprise Value to EBITDA, similar type measures again looking at the dark blue line, shows that many of the markets have similar valuations at around 17 times Enterprise Value to EBITDA and that there's particularly perhaps attractive opportunities for the first time in many decades, frankly, in Japan and then China also has attractive valuations.

Now, these markets do not cover Brazil and we think that's an omission but that's the data that we have here available for otherwise broad and comprehensive approach courtesy of Morgan Stanley.

If we look at page 39, however, you can see some information regarding Brazil and consumption patterns. In particular, we've had astonishing growth in consumption over the past 18 years, almost 20 years. And in particular looking at the data since 2002 to the current period, there's been 11.7% annualized growth in household consumption. Now that includes the inflation so it's not adjusted for that. By comparison, the number below that on real income is adjusted for inflation and that shows that income has grown by 5.4%. When added back to the inflation rate, it's pretty much equal with the annualized rate of consumption. So clearly, as people are making more money, they are spending that money.

We can look at this on another perspective in page 40 which shows specifically the shopping center industry in Brazil. And you can see Brazil on the left hand line... left hand corner is rather small in terms of its penetration of shopping centers across the country. And this is... on the bottom line, we're looking at a lesser rate of basic purchasing power parity in terms of GDP per capita; Brazil is rather low. But we take that as considerable room to grow. By the way, the US is not even on this chart; it's so far to the right and up in terms of the penetration of frankly being over stored in the US. And you can see though that's there are a couple of cities in Brazil, Rio de Janeiro, Sao Paulo, which have higher income levels which have started to see more shopping centers. But clearly, we're going to see further development and expansion across and throughout the country and that our travels have certainly demonstrated that.

The Brazilian shopping center industry also has grown significantly over the last couple of years and we can see just the amount of square footage added or square meters, in fact, added in the last four years and prospectively this year and next year. And on that basis, we're going to look for steady growth going forward in fact beyond this with many malls have suggested on the order of about 7% to 8% per annum. So add that 7% to 8% per annum in growth combined with the growth in the earning

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power of Brazilians and we think that it's a very dynamic story. And in fact, it plays out very well when one looks at the multiples of these different stocks. These would be their global counterparts as we've done on the final and last page of the real estate presentation and on page 27 here, you see the companies that we own in the AWP portfolio, be our malls, multifamily (inaudible) and their Enterprise Value to EBITDA multiples in comparison with a number of mostly US but also large dominant mall companies. And clearly, the growth level is much higher as you can see between 2010, the multiples been somewhat lower and getting significantly lower as we approach 2012. We think the prospects are quite strong for these companies and for the country in general, as you can see, we have 18% of the fund committed to investments in Brazil.

And at this moment, I think I will stop and turn this over to Jill Evans who will take you through the dynamic dividend discussion.

Jill K. Evans – Alpine Funds – Dynamic Dividend Series Portfolio Manager

Great. Thanks, Sam. And thank you to everybody for calling in today.

Our first slide on page 29 illustrates the significant amount of dividends that have been distributed to our investor in each of Alpine's three close-end funds since inception. As a reminder, these dividends need to be added back to our NAV when looking at historical return calculations.

AOD currently offers a dividend yield of 11.7% and AGD 10.6%. We also provided significant premium to the broad market industry like the S&P 500 which is currently yielding 1.9%.

As mentioned, the last time we spoke on June 24 was in response to the extremely difficult decision that the board of Alpine made to reduce our dividend yields to a level that we felt was still attractive to investors yet at the level that we felt was sustainable and allowed us the ability to grow our NAV.

We are pleased to be able to show on the next two slides that we were able to achieve a strong appreciation in our NAV and market price in the third quarter of 2010 which was helped by a nice rebound in global equity markets from their loads in early July.

On page 30, you could see that the total return on AOD's NAV, which is represented by the ticker symbol XAODX in Bloomberg, appreciated by 14.8% with a 13.3% increase in the market price.

Page 31 shows AGD's NAV provided a total return of 14.1% with the market price 15.7%. This compares to an 11.3% increase in the S&P 500 index in the quarter.

We're happy also to report that our strong performance has continued in October. AOD's NAV has provided a total return of 4.3% in the month of October as of yesterday's close and AGD's NAV has appreciated 6.2% in comparison to a 4% increase in the S&P 500. We would attribute our outperformance in Q3 primarily to our international exposure and sector and stock selections.

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So over half of our assets are invested overseas, our funds benefited as the major industries in Europe, Latin America, and Asia excluding Japan, outperformed the S&P 500 in the quarter as the US dollar weakened and European economy stabilized following debt crisis in April and May.

On slides 32 and 33, we showed the performance of AOD's and AGD's NAV relative to the ETF of European dividend stocks and US dividend stocks to reflect the performance of dividend paying stocks in our two largest regions of the world. Now FTD is the First Trust Dow Jones Stock Select Dividend 30 index fund which tracks the performance of a basket of 30 large European dividend stocks with a current yield of about 4% and DVY is the iShares Dow Jones Select Dividend Income Fund which tracks the performance of the select dividend index in the US with a current yield of about 3.5%. As you can see AOD outperformed both ETF for the total return basis in the quarter while AGD outperformed the US ETF and just slightly underperformed the European basket of stocks while we offered dividend yields that are substantially higher than either ETF.

On page 34, we showed the sector breakdown for our two funds as of September 30th. In the third quarter, 7 of the 10 S&P 500 sectors outperformed the broad index with only consumer staples, healthcare, and financials underperforming and we were substantially underweight relative to the index in each of those sectors. While our four largest sectors, industrials, materials, consumer discretionary, and energy, all outperformed the broader market by a large margin in the third quarter. We continue to like these sectors and individual companies that will benefit from strong international and emergent economies and to potentially benefit if the dollar weakens further following any further quantitative easing.

We also look for innovative companies that continue to expand their growth even in a slow growth environment. An example of this is one of our current holdings, which everybody knows, and that's McDonald's. The company has consistently grown earnings 10% annually and recently increased this dividend 11% to provide a current 3.1% dividend yield. It's benefiting from sales momentum and mortgage share gains in the emergent consumer markets as well as improving sales and margins in its mature markets with innovations like McCafe and smoothies and the dollar menu with oatmeal and McRib's coming soon. The stock is up over 26% year to date and trading at an all time high.

With that I'm going to hand it off to Kevin to talk more about our international holdings.

Kevin Shacknofsky – Alpine Funds – Dynamic Dividend Series Portfolio

Manager

Thanks, Jill.

On slide 35 and 36, you can see our global diversification for both AGD and AOD. Exposure is very similar with many differences being AGD can invest in smaller cap names that are generally too illiquid for AOD.

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We have also detailed below the dividends that are available in global markets which are far more attractive than the yield available in the US. This is why we generally have at least 50% of the fund in international names. This exposure hurt us in the first half of the year as the European positions were negatively affected by the European fiscal crisis. However, we've enjoyed the reverse in the second half of the year especially in the Nordic markets where we have focused our European exposure. As the Scandinavian region is not part of the Euro currency and does not share the fiscal and structural problems of Southern Europe.

An example of our Asian exposure is Hyundai Motor Corp. Another top 10 holding also with an outstanding performance this year, Hyundai is not only benefiting from the dramatic growth in car sales in emerging markets, they're also growing market share in the US on the back of missteps by their competitor, Toyota.

Like Sam, we are very bullish on the prospects in Brazil. I just got back from a trip to Sao Paulo and I was very impressed by their energy and optimism I witnessed there. I'm very bullish on the emerging Brazilian consumer with approximately 7 million people a year moving from the subsistence living to a consumer lifestyle.

(inaudible), another top 10 holding which has also had a great year, is a prime beneficiary from this trend. They are one of the leading consumer staple providers in Brazil and are benefiting from the strong employment and wage growth.

With petro (ph) buyer spending \$50 billion a year on CapEx in Brazil as well as infrastructure spending in the World Cup Olympics, Brazil has a lot of tailwinds. Oil started flowing this week in the historic Tupi field and we expect by 2014 Brazil to generate significant oil export revenue.

Brazil, around 12%, is our largest exposure outside the US and in any individual company and with strong fundamentals, it is also has a strong dividend paying market. It's paying a dividend as a listing requirement and we expect strong dividend growth to follow strong earnings growth there.

Back to you, Jill.

Jill K. Evans – Alpine Funds – Dynamic Dividend Series Portfolio Manager

Okay. Thanks, Kevin.

We wanted to end our presentation with a discussion about the outlook for dividends going forward and why we continue to believe that both AOD and AGD are attractive investment alternatives in an extremely low income world right now.

Slides 37 and 38 illustrate how the supply side of available dividends in the US remains historically low. Sam highlighted earlier that yields on US treasuries and many corporate bonds are at all-time lows with the 10-year US treasury yielding just 2.6% today. Well, slide 37 shows that while the S&P 500 Index yield is off the loads experienced during the tech level in 2000, its current yield is about 2% is well below the long term average yield that's closer to 4%. And this chart serves as a reminded that dividends have actually historically been a very large part of total equity return.

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As a matter of fact, since 1928, dividends have comprised over 50% of the market's total return on average and dividends actually provided the only return for stocks in the debt case of 1930s and the 2000s.

If you turn to slide 38, you see that the dividend tax law change in 2003 did result in more companies paying dividends prior to the market crash in '08 and '09. But as Steve mentioned, companies are starting to reinstate dividends in the US as the economy has stabilized; however, we're still very low leveled and dividend growth is still negative.

One of the factors that make us hopeful that dividend payments may increase from this very low level is that companies are sitting on very large amounts of cash. The problem is that CEO's need confidence in future earnings prospects, the regulatory and tax environments in order to commit to dividends which we're hopeful some of these uncertainties will be resolved with the upcoming November elections.

As shown on slide 39, companies still choose to return the majority of excess cash to shareholders in the form of share buybacks which can be viewed as voluntary versus dividends which are viewed as more permanent. As a matter of fact, S&P conducted a study that found that only about 40% of announced buybacks are actually repurchased. So we think corporate confidence is key going forward and we're just not there yet.

While supply remains very low, demand for income is set to significantly accelerate over the next several years. Slide 40 shows the percentage of the US population that will be older than 65 and therefore, the need for income rises. As you can see, that we're just starting to hit the inflection point on the growth in this important demographic.

So where have investors gone to satisfy that demand for income while also looking for relative safety? Investors have flocked to bonds as shown on slide 41. But as Sam has pointed out, we do not believe that bonds offer a good value here relative to the equity markets.

So in summary, page 42 highlights a study done by Bank of America that shows that dividend stocks tend to outperform during periods when earnings profit growth is decelerating and we believe that we are entering this type of period in the earning cycle right now. We also believe that AOD and AGD offer very attractive yields of over 10% for our investors while also providing exposure to the equity markets which appear undervalued relative to bond. And with that, I'll turn it over to Mark for questions.

Marc Rappaport – Alpine Funds – Senior Managing Director

Thank you very much, everyone, and participants, you can click the "Ask-a-Question" link to ask your questions of the portfolio managers.

We have a question from Richard Cox. Given... I guess Jill this is for you and Kevin. Given the rumors surrounding a change in dividend tax rates, how are you gearing up

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for this and a related question, do you feel many companies will pay a special dividend to offset any potential change in the dividend tax laws?

Jill K. Evans – Alpine Funds – Dynamic Dividend Series Portfolio Manager

Actually to answer the second first, we actually have started to see a number of companies announcing special dividends. In the US, a lot of these are the smaller cap companies that have large inside ownership. We are starting to see that and we are participating in those opportunities for your investors.

Back to the tax law change, what's really interesting since the last time we spoke on June 24 is that now it's actually consensus that the Bush tax cuts are going to be extended for one year into next year. So we, at this point, all the Washington consultants that we've talked do not expect the dividend tax rate to be changed heading this 2011. Consensus now is that it's not only going to be extended for middle income and lower income but for everybody including the upper incomes. So we would say that this is obviously positive as we don't want our investors to have to pay more taxes. The other side of that though is that the uncertainty hasn't been eliminated. If you're a CEO, it's only one more year and the uncertainty is still there. Well, we are hearing is that the dividends are going to be rolled into maybe some sort of bigger tax overhaul next year so maybe some of that certainty will start to play out.

So I say overall, it's generally positive heading into the year. The uncertainty is still there but I also want to remind investors that we only get about 30% of our dividend from the US, most of our dividends come from overseas, so this tax policy isn't really going to affect the majority of our dividend income.

Marc Rappaport – Alpine Funds – Senior Managing Director

Thank you. Sam, question about Annaly Capital Management. He's just asking can you give some detail on the security. It's got a 15% yield according to the questioner.

Samuel A. Lieber – Alpine Funds – President and Head of Real Estate Team

Yes. There are a number of mortgage REITs similar to Annaly that has invested in securities, mortgage-backed securities held by... issued by Fannie Mae and Freddie Mac and that these securities typically are available in the marketplace and can be structured in portfolios with companies like Annaly which then has some degree of leverage for the government backed ones, not for those issued by other organizations or not backed by the government. And effectively, they are able to deliver a significant income stream. But these companies tend to be valued more so on a price-to-book basis and so these stocks trade plus or minus price-to-book over about 10%. And right now, there is a very attractive yield curve which these companies can take advantage of and utilize that in their portfolios and deliver a very high dividend. And I would say that right now, we are very comfortable with these companies as we saw from the mortgage purchase data while that reflected a very significant decline in actual purchase of homes, refinances have not grown that much and refinances are the only case in which a long-term mortgage that's seasoned typically, let's say four to seven years old, gets called back and so that would be main threat to the income stream over the near term. And so in this environment, we don't see a significant refinances and refinance happening and we see that as most happened already, refinance at lower levels that wouldn't normally happen and then we also see that with

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the current yield curve providing a very attractive opportunity for these companies. So for now, we're very comfortable with them.

Marc Rappaport – Alpine Funds – Senior Managing Director

Thank you. Jill and/or Kevin, a question about MLPs. There's been a lot of activity with MLPs this year, are MLPs typically part of your investment pool and the same question of REITs?

Jill K. Evans – Alpine Funds – Dynamic Dividend Series Portfolio Manager

We have not historically invested in MLPs for several reasons. Number one is the majority of them are... tend to be low cap and illiquid, particularly for AOD. Second of all, probably even more importantly is that the dividend yields have not been qualified dividend yields so we have refrained from investing in those.

For REITs, a portion of the dividends can be considered qualified dividends so we look for opportunities and we work closely with Sam and Bob Gadsden and the rest of our real estate team to look for opportunities in the REIT sector. So we continue to look for opportunities there but in general, I would say MLPs and REITs are pretty... no MLPs and REITs are a pretty small part of our investment portfolio.

Marc Rappaport – Alpine Funds – Senior Managing Director

This is from Loren Moskowitz. She is noting that the dollar is now falling and wonders, you know, how you weigh that in your calculations in the portfolio and is that material to what you look for as far as dividends.

Kevin Shacknofsky – Alpine Funds – Dynamic Dividend Series Portfolio Manager

You know, speaking of the dividend fund obviously the currency volatility this year has been, you can say, dramatic and it has affected our performance. The way we mitigate currency risks is we diversify our currency exposure and if you look at our international diversification, you'll see we are widely diversified in terms of geographic location but also secondly, though you could say, well, you have a lot of European exposure, generally, our European exposure is also quite diversified being spread amongst the Nordic currencies, the Swiss franc, and as well as the Euro. So we find that diversification does mitigate the currency volatility and on occasion, we will also hedge the currency and we have done so this year to a small degree but because the volatility, you know, it has been very difficult to predict currencies this year.

One thing I would say is how we also mitigate currency risk is also by investing especially in global businesses that themselves benefit from various currency moves and so if you invest in the things in the European business with a very large US exposure, you know, you do self-hedging in a way in that respect. You know, one thing we should say about the US dollar, it seems to be stabilized at this level but with a number of events coming forward such as the US elections and then quantitative easing being announced by the Feds as the market expects, you know, there should be further volatility but we expect our current (inaudible) strategy should mitigate this risk.

Samuel A. Lieber – Alpine Funds – President and Head of Real Estate Team

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If I may just add though, the longer term trend is still one where countries which are growing faster tend to have a little more economic friction, they have a little more inflation, tend to have more consumption, and relative to where they had been and hence, while the US is still the largest economy in the world and will be, we believe, for at least another decade or two or hopefully longer, that there are... there is increased competition from abroad and that that competition is for raw materials and other items and we think that over time, that these countries will be able to maintain higher yield regimes and in fact, are doing so now and hence, that tends to be a longer term draw to currency if investors believe that there is a reasonable stability in those currencies and certainly, moves by some countries to create broader baskets beyond just the dollar or the euro in their... relative to where their currencies are trading, I think means that we will see hopefully more stability over time but also probably a continuation of this longer term trend that we've seen over the last five years.

Marc Rappaport – Alpine Funds – Senior Managing Director

Sam, a question about M&A, apparently good amounts of M&A activity here. Are you seeing it in the real estate space any more so than in other industries and what are your expectations there globally?

Samuel A. Lieber – Alpine Funds – President and Head of Real Estate Team

No, we're really not seeing more M&A in the real estate space yet and candidly, that is largely because real estate has not felt the pain that one would have expected during this cycle in the wake of what happened with the financial crisis and basically that's because money is very cheap. And the European banks have decided not to foreclose on a lot of properties. The securitization of real estate in the US has made it much more difficult and complicated to foreclose and so we've actually seen less pressure on borrowers who have reasonable cash flow to be able to stay with their properties and then gradually try to work themselves out by raising more equity and that's playing out in the cycle we see today; for example, ProLogis, a stock we have a small holding in in AWP, is currently in the market with a billion-dollar equity raise and this is on the heels of having sold a billion-dollar portfolio of properties to Blackstone, all in order to reduce their debt levels and position the company for future growth. So, in fact, we're not seeing a lot of M&A in the real estate space.

Marc Rappaport – Alpine Funds – Senior Managing Director

Steve, you could lead this next question off or maybe the group would want to chime in, too. The elections are a week away here in the US, do you and the team have some thoughts should they turn victorious for the Republicans or the Democrats, you're going to expect the way you and the shop go about looking at different industries.

Stephen A. Lieber – Alpine Funds – Chief Investment Officer

That's a very challenging question. For the moment, I would start by saying that the public press has already conceded much of the election to the Republican Party. It remains to be seen whether that's an accurate concession and obviously, I think it would be imprudent to orient our investments in any one direction. Our only concern is whether there will be enough responsibility in the congress coming out of this election to be able to face the major issues before the nation. As Sam said earlier,

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Quarterly Closed-End Funds Webcast
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there's several evidence that further stimulus may be needed and we wonder whether congress can put their heads together and cooperatively recognize what the economy needs and how they should take action. And if they do, it certainly creates a positive investment bias. But we're here to sit and wait. Therefore, in the noise of political contest, you don't get a clear direction. After that noise, I hope we will.

Jill K. Evans – Alpine Funds – Dynamic Dividend Series Portfolio Manager

I would say that all the data suggests that markets tend to rally after midterm elections. There's lots of data that the market tends to like the fact that usually the incumbent party loses in a midterm election and the new party comes in and that... I guess the outlook is one of either pause or the thought that maybe regulations will come through and the market likes stability. The market doesn't like uncertainties. So all the data suggests that in the third year of a presidential cycle and after the midterm elections, the market historically rallies in the fourth quarter. That's just some clausatative (ph) data.

Marc Rappaport – Alpine Funds – Senior Managing Director

All right. Well, thank you, all. And with that here, we've got an hour into our webcast and we're delighted that you all would participate on our regular quarterly webinars. Our toll-free number for additional questions and information is 800-617-7616. Also the website, alpinecef.com, has that information as well. Thank you all for your time and your attention.

Operator

Thank you. Ladies and gentlemen, this concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

To view AGD, AOD and AWP top ten holdings and factsheets please click on the link below: <http://www.alpinecef.com/literature.html> **Portfolio holdings and distributions are subject to change and are not recommendations to buy and sell any security.**

Price to book: A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Also known as the "price-equity ratio".

Calculated as:

$$\text{P/B Ratio} = \frac{\text{Stock Price}}{\text{Total Assets} - \text{Intangible Assets and Liabilities}}$$

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