



## Transcript of Alpine Quarterly Closed-End Fund Webcast January 26, 2010

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### Participants

Marc Rappaport - Alpine Woods Capital Investors, LLC- Senior Managing Director  
Samuel A. Lieber - Alpine Woods Capital Investors, LLC - President & Portfolio Manager  
Stephen A. Lieber - Alpine Woods Capital Investors, LLC - Chief Investment Officer  
Jill K. Evans - Alpine Woods Capital Investors, LLC- Portfolio Manager  
Kevin Shacknofsky - Alpine Woods Capital Investors, LLC- Portfolio Manager

### Presentation

#### Operator

Greetings and welcome to the Alpine Quarterly Closed-End Fund Webcast. At this time, all participants are in 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 of Alpine Funds. Thank you, you may begin.

#### Marc Rappaport – Alpine Woods Capital Investors, LLC– Senior Managing Director

Thank you, Jen. Good afternoon everyone. This is Marc Rappaport, Senior Managing Director of Alpine Funds and the host of today's call. We're committed to regularly keeping you informed of what our thinking and strategy is at Alpine and that is 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 advisors.

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 a high current income and long-term appreciation and Global Premier Property strategy for growth and current income.

As a reminder of what these funds are and are not, these three funds are diversified in over 90 companies. The funds are global with exposure to over 22 countries. Global Premier Properties' Fund does not invest directly in any real estate properties but rather in a listed security of real estate-related companies. The 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



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hearing from our chief investment officer and portfolio managers, we'll respond to some of the more popular questions you present via the 'ask a question' link on the Webcast page.

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 now 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 on how we stand poised at the onset of a new decade is Steve Lieber.

### **Stephen A. Lieber – Alpine Woods Capital Investors, LLC – Chief Investment Officer**

Thank you, Marc and thank you for everybody for joining us today. I want to start by noting that the Stock Congress worldwide has moved from the "Great Recession" mentality, which brought prices down sharply through early March 2009, to a new assessment of recovery which took hold over the summer. Now the focus is on the rate of recovery and the stability of trends. Unemployment still remains the central challenge to the United States' economy. It is highly probable that the level of stimulus and the recovery of financial institution capital may aid in bringing up employments, but the rate of increase may be low. If the return of jobs and new jobs are only slowly forthcoming, then we think it's highly likely that further government stimulus action will be taken. New stimulus may not be in the near future, but if necessary, may appear well before the November 2010 Congressional elections. Present and prospective members of Congress, we believe, will not want to run for office without demonstrating to the voters that they've done everything necessary to restimulate employment opportunity.

Similarly, time is running out on the foreclosure-housing issue. Already, protests in various communities throughout the nation are condemning both governments and financial institutions for allowing people to be literally thrown out of their houses. Short of a general economic surge which could reinflate home values and thus restore equity of existing owners with mortgages, a more meaningful foreclosure relief plan must be devised. Several promising proposals have been suggested, none has yet been adopted.

Signs of new strengths in the business picture have already been seen early in the fourth quarter earnings releases as many companies had so drastically reduced their overheads that their profitability was beyond expectations, notwithstanding lower levels of sales. With the economy showing signs of improvement across many sectors, we would expect the industrial profits should begin to demonstrate at least modest recovery in many industries, over the coming quarters.

Forecasters are already predicting renewed corporate policies of dividend growth and even stock buybacks. After the unprecedented level of dividend cuts in 2009, even impacting shareholders of such major companies as General Electric and Pfizer, as well as the leading banks, we think pressure could develop to have any meaningful improvement in profits directly shared with the stockholders who have taken the pain of recessionary conditions.

In viewing the American economic outlook at the beginning of 2010, we must emphasize the international interdependency. China is now our great trading partner, and leading creditor. Already, economic recovery has been in part dependent on the effectiveness of the stimulus enacted by the Chinese government to move their economy forward. Deep concern, however, exists that China has deliberately kept its

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currency priced below its fundamental competitive level in order to stimulate exports. This issue will surely reappear in the months ahead. Concerns also exist as to whether China can sustain its present world leading growth in a manner so that it sustains demand with the basic commodities which it imports from South America, the U.S., Canada, Australia and Indonesia, among others.

In summary, the U.S. economic challenges and the consequent outlook for the investment markets have shifted from focus on decline to planning for a healthy recovery.

Now as the nation enters 2010, all awaits improvement in our end market. The recovering stock market expects it, industry awaits it and the government should try to stimulate it.

I think it's important to look at historical trends as we go through this very unusual period of readjustment. Therefore, we have enclosed or include in a chart here which shows dividends grow when employing and grow when employment rises. You will notice, as you look at the slide, that in the entire period of 1962 through 2009, there has been a remarkable correlation between the year-to-year change in employment level and the year-to-year change in dividends as measured by the S&P 500, and the recent period was no exception. You saw the beginning in December 2000; we have a significant rise in employment and a much sharper rise in dividends. Similarly, when the market begins to taper up in '07, '08, there was a remarkably sharp fall in employment, but an even sharper fall in dividends. There is short, a somewhat of a lagging trend. One can expect that corporate directors will wait to be sure that trend is in their direction before they move one way or the other and we hope that with rising employment in the months and years ahead, corporate directors will bring back the dividend growth which was characterized by the long-term trends you see in this chart. Thank you.

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

Thank you, Steve. Sam Lieber.

**Samuel A. Lieber - Alpine Woods Capital Investors, LLC - President & Portfolio Manager**

Well, I have only to say to that – those comments regarding the dividends is only that let's hope it happens sooner rather than later. I think the keys to the success of the Alpine Global Premier Properties Funds last year, you can see our performance on, flip the chart on page 4, is due to the fact that we had a good representation across strongly recovering markets. We, as you can see, outperformed our benchmark index, the Citigroup, that Citigroup World net property index and we outperformed, in fact, not only domestic region from the S&P 500 in general in the MSEI, EP index. We also outperformed all other close-end real estate funds in terms of NAV. We had a very strong NAV performance last year and we're delighted by that but not to rest on our laurels, there's a lot to be done this year. We did this also, I might add, without permit leverage, which some other funds have used anywhere from a third to up to 50% in special circumstances last year and we have had no return of capital on our dividend distributions.

If you look at page 6 which follows, I think that the page in that is out of order but none the less AWC NAV price premium discount share, you'll see that we traded for an extended period of time last year on average at approximately a little over 20% average discount and we're pleased to say that this year, that discount is under 14% as of earlier this morning and I think that is partly attributable to the fact that



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we did have - see such a strong recovery in real estate shares last year, we would expect that as the real estate recovery continues, that this trend will be intact. Mind you, this is also the pattern for other closed-end real estate funds, which has higher discounts by and large last year and smaller now. We think that discount may indeed even shift if the market perceived that we are truly on a longer term established upward trend. And we think that last year is an indication of the bottom and the real reason as to why we think that, it's clear on the next page, which shows the major global real estate countries in terms of their recapitalizations for 2009. As you can see, we've done a list here of all global recapitalizations. This does not include IPOs. This does not include certain follow-on offerings for companies which were clearly used more aggressively. But one thing is important to note is that of the \$69 plus billion that was raised from real estate stocks to shore up their balance sheets, to pay down debt, to stabilize, in fact, the companies, and which did in fact contribute to performance in the mind of investors who were looking for certainty that the company would survive. It's very clear that the majority of that capital, 82% went through the developed market countries, or so over \$57 billion of that 39%, almost 40% came - went to the U.S., 72 different recaps took place last year. Some of these recaps were very diluted to shareholder's equity, some were very important that the companies did this; some may have been a little too early as the companies rushed in to do so. But it's clear that these trend which, there was quite a bit of discussion about last year, particularly during the second quarter when much of the activities took place. In fact, started previously in Australia in the fall of '08, followed by the U.K. in the spring of '09 and this actually went to get a turnaround in the performance of those sectors, you know, investors went from fear to comfort that there will be sustainability for these company and now, we think the market is looking for companies that will be able to position themselves to expand in the years ahead.

The next chart, speaking of expansion in the years ahead, tells probably of some of the difference now. We're looking at gross domestic products per capita in different countries and you can see two sets of Ys. This is going back in 2000. We want to give a little sense of history. The thicker lines are for emerging market countries. The thin lines are for developed countries and you can see which one, those on the right. What's fundamental about this is that the emerging market countries effectively came through last year intact with all the two of them even approaching roughly flat or 0% GDP.

By comparisons, the major developed market economy had very poor years and we think that this is very important in terms of how these markets are perceived by investors having come to a very rough year and in fact, frankly having remained decoupled by and large, despite the pressures that they were able to maintain or stimulate through their own stimulus plans enough domestic consumptions to maintain growth in those domestic economies.

Now, we developed this team a little more on the following page. From where we look at it, by annual percentage, and what's relevant here I think is summarized down below and that is that from 2000 through 2008, the developed markets grew up 1.50% (ph) emerging markets at 5.1% and through 2009 through 2011, they're projected - and these projections are of via Citigroup, mind you, are projected to be basically flat, that is, all those declines last year will basically be absorbed or made out over or counter balance the growth of the following two years. And that by comparison, the emerging market countries will continue to grow and perhaps, even at a somewhat faster rate. So, I think that this is certainly something that underpins our view of investing abroad and is one of the reasons why we have had analysts in 21 countries last year, sometimes on multiple visits in cases where we had in some cases, four, five, or six different analysts visiting at different times over the year. And it's very important for us

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to kick the tires to see the companies on the ground to understand how the economies operate and we've been very, very focused on this as we move forward.

Speaking, which is the next page, the economic forecast overview, just for your perusal shows again Citigroup's optimist (ph). We think they're reasonable although we're not necessarily endorsing them as being to where we are expecting to do, but they're close enough.

I should just point out that the U.S. has still fared reasonably well on this analysis, over that of Australia, New Zealand, Norway, and Sweden. So, there is going to be growth outside of the emerging market. It's just that we think there will be more growth within those markets. And we want to highlight this on the next page with comparative returns and we think the market understands that implicitly in looking at the returns since the day before Lehman Brothers collapsed and AIG and Merrill Lynch, et al – it's good. And so as of September 12, 2008 through the end of last year, the Brazilian real estate sub index of the Bovespa index is actually up 52% and has went down and came back, and back. The Hang Seng index which includes the Chinese H shares is up 32%. The Morgan Stanley REIT index of the U.S. is down 22.15%. We think this reflects the market's expectations for performance, not only this year but over the next couple of years.

Speaking of the performance of the real estate sectors in general, it's relevant to look at the U.S. a little bit more fairly, I think. And we look at the comparative returns of the two indices in front of you, you can see the Moody's/REAL commercial property index, nationwide index, of all commercial properties and also on the same page, building permits for single family homes and both of these are since the end of 2001. And what's most important about this, I think, is not that it shows the decline of building permits down over 80% now - now, it's only about 73% from the peak from back in 2005 nor the decline from the peak in the commercial index about 44% from back in 2007. What's most interesting is that it is showing commercial property on this index at level's equivalents to where we were at the beginning of last decade. And we think that, in other words, much of the loss of the fervor, much of the liquidity-induced growth or excess has been taken out of the system for commercial properties, and for that matter, has been more than taken out of the segment for residential and we think this is very, very well in going forward.

One last look back in history even further at the 10-year treasury yield and this takes us back to 1980, 1981 when Paul Volcker purged inflationary expectations from the economic mindset of this country and we've had a tremendous steady decline since in rates.

We don't know where inflation is going from here, but we don't expect to see a lot of inflation over the next couple of years. However, if one is to take a view that, over the next three to five years, we will start to see greater economic growth, greater capacity utilization, and job creation, then we think that there probably will be some uptick in inflation over that time period. And if that happens, then we're likely to see the 10-year treasury yield forced higher. Obviously, there are other inputs such as currencies, the relative growth evaluation and so on, inside the deficits. In fact, the only time the dollar has really been materially stronger was when we had that declining deficits, as you may recall, back in the late 90s. And of course the currency, the sort of bond yields also did fairly well during that period.

I think that the - what's relevant here is that dividend investors and bonds may be under pressure over the next three to five years if the treasury yields rise, whereas, equities will provide some measure of participation in the growth of the economy if that is what is

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forcing yields higher over the next few years. And that you can see what is starting to happen when our dividend - we believe that the greater liquidity in real estate over this past year, in which will continue to improve over the coming years, will lead to company's ability to create dividends, sustain dividends in their payments and over time, as that first chart we saw today showed, should start to respond as in a like fashion to job growth, and if you need more information on the funds, of course, we also have the general information on our quarterly (inaudible).

Let me turn over to Jill at this time.

**Jill K. Evans - Alpine Woods Capital Investors, LLC- Portfolio Manager**

Okay great. Thank you, Sam. And thank you to our investors for calling in today. Since our last call in October, we're happy to report that we've been able to continue to achieve both of our investment objectives for AOD and AGD, which is high current dividend income and capital appreciation. Within our primary objective of dividend income, we worked very hard in 2009 to provide an industry-leading dividend yield for equity closed-end funds despite a very challenging dividend environment to say the least. AOD paid out a total of \$1.57 per share in 2009 to include a small special dividend of less than a penny in December. In AODs, our current dividend per share per month of \$0.12 provided annualized dividend yield of 16.2% on our closing price on Friday and a 21.5% yield on our underlying NAV of \$6.70.

AGD paid out a total of \$1.50 per share in dividend in 2009 which included a special dividend of \$0.63 in December. AGD's monthly dividend payment of \$0.11 results in a 13.3% current annualized dividend yield on its price and an 18.4% yield on its NAV of \$7.17. And if you turn in the package to the chart of page 17 and 19, you'll see that AOD and AGD had each distributed over \$6 in dividend income through since inception and then to remind you if these dividends needed to be added back to our NAV, we're looking at historic return calculations.

As Sam mentioned, with yield still close to historic loads on 10-year treasury than money market funds, we believe that our dividends offer a very attractive alternative for income-oriented investors.

Now, if you want to know that, in order to maintain our current monthly dividend objective during the market volatility in 2009 we at Alpine made the decision to increase the velocity of our dividend capture program. Now, this impacted the funds in two ways. One is that we reduced the average holding period of our stocks in order to increase our dividend rotation and therefore, we decreased the percentage of our dividend that will be qualified for the reduced U.S. Federal tax rate. Our current estimates for the amount of annual yield in fiscal 2009 dividend that will be classified as qualified dividend income is approximately 45% which is down just slightly from 49% last year. Our current estimate for AGD's fiscal 2009 dividend that will be classified as qualified dividend income is approximately 41% and that's down from 77% last year. The other effect of the increase in our dividend capture rotation has been an increase in our portfolio turnover which adds to the fund trading expenses. And we declared our current dividend payments for both funds through February 2010 and we're going to continue to monitor these challenging dividend markets as we head into our busiest spring dividend capture season.

Turning to our secondary objective of capital appreciation, at slide 21, we show you that in 2009, AOD's price preceded by about 78% versus the S&P 500 of about 27% or our NAV improves 28%. On slide 22, we show you our performance since our last conference call. We had a strong fourth quarter of 2009 with our price up about 3.5% and our NAV up 7% versus the S&P 500 of 6%. Slide 23 shows that AGD's price are



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preceded by 72% in 2009 and the NAV grew by 37.5% and slide 24 shows an even stronger fourth quarter with AGD's price up close to 11% and an NAV of 12.3%. Our NAV performance is also outperformed relative to similar-sized equity income closed-end and I would note that our funds have current yields that rank up among the highest in the closed-end equity income fund category.

At this point, I want to take a minute like I did last quarter to highlight the distinctions between AGD and AOD to help explain the relevant performance of AGD's performance in 2009. If you turn to slide 25, you can see that the primary difference between the funds is the asset size, with AGD at \$187 million in assets versus AOD at \$1.5 billion. This allows us to invest in more small-cap ideas in AGD as illustrated by the average market capital to holdings and the funds at year-end is about 40% smaller in AGD. We've continued to focus both funds in global dividend opportunities as illustrated by our high international exposure, but AGD size led us to invest in more small-cap emerging market dividend stocks which has had shown performance in '09 and Kevin could talk about that more in a minute.

Lastly, in AOD, we were less restricted to generate qualified dividend income which had allowed us to invest in countries that have non-tax qualified dividend and we're now restricted by the 60-day holding period so we're able to generate a bit of a higher yield in AOD.

So, turning to slide 26, I wanted to summarize the sector performance of the S&P 500 as well as our waiting in the sectors are our average dividend yield. What's interesting is that only three sectors outperformed in 2009 and those were three of the lowest yielding sectors being technology materials and consumers discretionary.

This is a reflection of the challenges we've faced at dividend investors in 2009. In addition, the research firm, ISI compiled numbers that showed that in 2009, the S&P 500 dividend payers provided a weighted average return of 21% versus non-dividend payers of closer to 57%. So despite this, we remained true to our middle name and we were dynamic for our investors and we were able to put close to 40% of our assets to work in this outperforming sectors at year-end, '09. This reflects our barbell approach that we continue to employ heading this 2010. I believe by that as we continue to look for opportunities in cyclical industries where we feel there is still strong growth and value in 2010, but we also maintain more defensive positions in sectors like healthcare, staples, utilities, and telecom which should perform well as global economic growth flows and we can capture higher dividend yields. Our approach during these uncertain times is to remain broadly diversified within the dividend-paying universe while actively scanning the globe for undervalued opportunities and high-quality cash flow generators. If you look at the fact sheets on slides 18 and 20, you can see how we're positioned by sector heading into 2010 as well as our top ten holdings in each fund which we believe our collection of high quality and diversified global company. We remain confident that we're going to be able to continue to distribute attractive dividend payments and capitalized on the opportunities that we see going forward. And with that, I'm going to turn it over to Kevin.

### **Kevin Shacknofsky - Alpine Woods Capital Investors, LLC- Portfolio Manager**

Thank you, Jill. As you can see on slide 25, you'll find that AOD has invested approximately 61% internationally. Last year, we had reduced our international exposure to 36% during the year due to liquidity squeeze in international markets and now that the global financial crisis has stabilized, I would expect our international exposure to continue to increase over time.

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In AOD, we're about 10% in emerging markets diversified between Brazil, China, South Africa and Russia, amongst others, and I would also expect this exposure to grow over time due to the high growth rates of these markets.

We're also seeing stronger dividend trends in the emerging markets, a strong GDP growth in these markets translating into higher revenues and cash flows.

Just in the last two weeks, we have invested in two special dividend stocks in Brazil and we expect these tradings to continue.

AGD which is 65% international is also up from around 36%, international exposure to around 69% now. We also have around a high-emerging market exposure in AGD at around 23%. This is higher than AOD because we have low exposure to merging consumer marketplace that was too liquid for AOD to invest in as it is a much larger fund.

To our best performance last year included (inaudible) Brazil which is our leading Procter and Gamble partnership stable company in Brazil and another one is Synutra (ph), a leading Chinese infant formula company in China is benefiting from the rising demands for quality and safety in China following the recent melamine incident.

It is our view that the U.S. economy still faces significant challenges, especially in regards to consumption as intended by the deleveraging of the over-loaded consumer. But we expect that the U.S. Federal will maintain as a common monetary policy and China will maintain its stimulus program. I recently visited Beijing and it is very bullish on the emerging Chinese consumer. A Chinese also have informed us that the current lending (inaudible) measures are the likes to slow down the too aggressive lending our banks in January but are meant to smooth expansion and are halted. They are still bullish on emerging markets and commodities that are outperformed and potentially into bubble to that territory.

New companies exposed to emerging market growth and those who have cut cost and who have strong margin leverage and rising revenues show an outperform. In this large interest rate environment, companies who have strong and growing dividend yield shows an outperform.

As evidence in the past week, the key market risk is a restrictive policy bounding the U.S. or Chinese government or potential sovereign default such as Greece. We will also be paying very close attention on potential increases in capital gains of dividend tax rates as the Bush Tax Cuts expire. 2009 was a great challenging year to generate active new yields. Large-scale dividend tax hindered our efforts. According to Goldman Sachs, our key dividend market in Europe as represented by the Euro Stock 50, cuts dividends on average of about 27%. During that 2010 dividends are paid at 2000 earnings, which are particularly tough earnings, the year ahead will remain challenging. We expect dividends will grow with earnings from 2011 onwards. One thing that I am pleased to report is that we are still having success with our special dividend strategy. On the close slide on page 27, you'll find an example of (inaudible), the company announced a 20% special dividend on September 24th and by the time it went ex-dividend it generated a 16% return. While it should be noted that the number of special dividend that we participated in has decreased substantially from about 16 in 2007, to 30 in 2008, down to 16 in 2009. This decrease we think has bottomed and the amount of special dividends declared in the future will grow alongside the economic growth that we see coming off the bottom.

And with that I'll pass the call back to Marc.



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

Thank you very much Kevin. I'll encourage everyone to ask questions via the web. We're getting a lot of questions. We're going to hope to cover some here in the remaining minutes of the call, also, if you could add your name. It just adds something to the quality of the call, to familiarize ourselves with our audience. Kevin, one of the more popular questions that you just mentioned, China, people is wondering if you're thinking in the Chinese market would be bubble-like? And what concerns do you have along those lines and what do you think the government is doing regarding this?

**Kevin Shacknofsky - Alpine Woods Capital Investors, LLC- Portfolio Manager**

Well, it's very interesting. What you saw happen in China in January was that in the first week of January, Chinese banks lent out \$700 billion worth of loans. Now, this was an extraordinary amount mainly because of that restrictive lending in Q4 and there was a lot of pent up to mar (ph). Now last year, they lent close to \$10 trillion and this year, they said, well, you know, we want to slow things down a bit or we're going to cut it down to \$7.5 trillion and they put a quota. Now, all the banks have a lot of excess capacity and as soon as January 1st happened, they rushed out of the gates to try to get their market share. So, as you can see this is not very conducive to a smooth and stable economic growth so the Chinese government has stepped in aggressively to slow down this lending. Now, you've got to remember that still there are \$7.5 trillion dollars, so 50% higher than the level they were in 2008. So, it's still very accommodative, simulative policy and we expect it to be, you know, positive for their economy and to the market. When you look at evaluations of many companies in China, we still don't think they are stretched. When you look at the growth rate and the evaluations, we think they're very reasonable and when you compare them to what we did as bubble-type evaluations in 2007 beginning of 2008, we still think that they have a very far way to go before they reach that level.

So, from that perspective, you don't see the current fallback as continuing and we see a positive trend going towards the end of the year.

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

Sam, you just had some of the members of the real estate team I think in China as well. Would you like to add something to this?

**Samuel A. Lieber - Alpine Woods Capital Investors, LLC - President & Portfolio Manager**

Recently, we did and we'll probably have them back in a couple of months again and I think the key thing to look at is the scale of China. There are certain markets that have certainly been overheated more than others and they're somewhere they're absorbing the high level of activity and capital. A part of what's going on, though, is not just prices rising but its actual production and the scale of what's going on. The Chinese government is, in fact, endorsing the expansion of affordable housing. This is a priority for them as it is indeed for many countries which are entering this sort of range of per capita income roughly between \$2500 and \$4000 per year and so we're seeing that happen and, again, efforts to encourage that. So, the scale is one important issue.

However, prices have been going up, and nationwide prices are up, I believe about 24% but, mind you, which is obviously very, very rapid, but mind you, prices were flat the year before. So, if you look at the prior four or five years of activity, you know, roughly about 10% to 11% growth is not abnormal in an economy that is growing at roughly 10% per annum, in terms of GDP. And that's what's happened in China. So



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they actually had a flat year and they did double time last year as so much has been pumped into the economy. Prices moved a little too quickly, it is, you know, twice as fast as normal but in line with what happened with the growth of economy and in line with all of the liquidity they got pumped in. So, China is now just pulling back the proverbial punch bowl and by increasing reserve ratios at banks and as Kevin described earlier, they're trying to extend the flow of liquidity to slow things down a bit, but we don't think it's going to stall things out. We think it's just going to slow them down.

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

Thank you gentleman, Thank you. Jill, lots of questions on the dividend tax law. Could you comment here on the outlook here?

**Jill K. Evans - Alpine Woods Capital Investors, LLC- Portfolio Manager**

Sure Marc. We've been working with several licensing consultants on this very important issue for us here at Alpine and as recently as the conversation I had an hour ago was really up in the air on what's going to come out this year and most consultants do not really have a good read. I'll tell you what we're hearing when Obama started the year, his budget committee had the dividend tax rates, the highest level going from 15% to 20%, that was what was in the budget and that is what we were expecting. Now, what we're hearing last week was that they were floating the idea of actually maybe keeping or extending the Bush tax cuts, keeping the 15% tax, but I would say, at this point, they're probably seems like a low probability. Worst case scenario is that Congress continues this turmoil this year and the tax incentives expire at yearend and that means the top income levels will go back, dividends will go back – dividends will go back to ordinary income at top brackets. So, that would be the worse case scenario. We're going to actually hope we'll hear something about this at the State of the Union address on Wednesday. So I would say, basically, everything we've talked to, I think it is very likely that this good news is that dividends and capital gains will remain at the same level which is very important that they remain at tarry and likely that the top level goes from 15% probably anywhere up to 20% to 28%, but we're hopeful that Congress will not allow it to go back to the highest levels of ordinary income, but really, still up in the air, still being dumped throughout around Washington as you know, as soon as today really.

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

Stephen Lieber, speaking of Washington and taxes, there's some talk about taxing the banks and I know that's the group that you're very familiar with over the last several decade. Do you have any comments there?

**Stephen A. Lieber - Alpine Woods Capital Investors, LLC - Chief Investment Officer**

Well, I think they've been rather casual, ill-shaped projections or proposals, in the last week or so, on taxing banks and thus far I just considered political noise.

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

Jill, this question is from Fred Lisky (ph) on AOG, he asked, what percent of the distribution was from earned dividends and what percent was from reclassification of capital gains?

**Jill K. Evans - Alpine Woods Capital Investors, LLC- Portfolio Manager**

Well, 100% of our dividends that we earned have been earned dividend income.



**Transcript:  
Alpine Quarterly Closed-End Fund Webcast  
January 26, 2010**

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

Thank you.

We have – Sam, some questions regarding real estate and the government pulling out of the mortgage markets, I guess it is domestic housing and mortgage question, can you comment there?

**Samuel A. Lieber - Alpine Woods Capital Investors, LLC - President & Portfolio Manager**

Well, the government really hasn't pulled out yet. In fact, you can argue the government has assumed the role of, dare I say, subprime. You know, if you look back in history, the FHA used to be responsible for the most affordable loans and of course, there's something that's – was long in place prior to subprime. Subprime actually took the market share away from FHA and FHA dwindled to very little market share for a decade and a half or two and now it's back and I think combined, FHA is the most aggressive lender right now although they are changing their standards a little bit and becoming a little bit harder to obtain loans from and a little bit more down payment required and then we're also seeing Fannie and Freddie still active and they're of course, are controlled by the government so basically, the bank is just doing virtually nothing in a way of originating new loans. It's very difficult to get jumbo mortgages these days. It's a very, very tight market. The non-agency, that is non-GSE, loans are very difficult to come by. And they've been bit up progressively in the market by mortgage investors and in part because there's such a little supply. So, we think that it's - the government has not stepped back, hasn't figured out how to step back in part because they haven't figured a way to get the banks to step up.

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

Thank you. Next question is from Scott Chapman from Raymond James and he asks if we could comment on the outlook on the large premium on AOD.

Yes, may be that question is for me since I tend to take the kind of generic closed-end questions. You know, Scott and everyone, we, really just manage money. We don't know why the closed-end market place trade funds at premium and discounts specifically. We never really know, but we do know how we manage our money. We look at this all the time, and it is of interest to us and we could go around here but I think in general, we've kind of looked at how AOD has at NAV, better than a 20% yield and it's paid monthly and its all income versus a return of capital. By that; you know, it's very attractive in and of itself to a marketplace that often does look for income and yield, and obviously, competing yields in other income-oriented securities, they're much lower, so that it trades at such a high premium, I would imagine is largely due to the high current monthly income that it consistently generates even through the eye of the storm of 2008 and today. So, that's probably why the premium is as large as it is. Maybe there are other factors too, but that's probably been the big driver here. And so, perhaps the premium stays large as long as the yield is very great relative to other fixed income choices that investors have and that's something that's going to be whatever happens in the marketplace. What we're interested in doing is really managing the funds so that's of our abilities given the objectives toward dividend paying stocks or real estate securities.

We've also got a question, Sam; I guess I can ask you similarly, they're asking if Alpine has a view on return of capital enclosed in. The question actually came in kind of a nice compliment thing that Alpine was recently cited in a conference regarding return of capital that the Alpine Funds had zero return of capital historically, and so the question



from Whyte Swagger (ph) is does Alpine has a policy/principle about the use of return of capital to sustain dividend?

**Samuel A. Lieber - Alpine Woods Capital Investors, LLC - President & Portfolio Manager**

Well, thanks Whyte (ph). I didn't know about that conference so, we'll have to find out about it, but certainly, our goal is to create dividend income and not to do that with through capital gains. So, again for the two income worries at funds, that is our principal focus. For AWP, the focus is on total return albeit from capital appreciation or from income and that will depend on the markets over time and in terms of where we see the greatest opportunity. But as a rule of thumb, we are focused on income first and capital appreciation second or in combination of two and not focused on returning capital shareholders.

**Marc Rappaport - Alpine Woods Capital Investors, LLC- Senior Managing Director**

Thank you. Jill, several questions about one of your sector areas of expertise, as many of you know, Jill came to Alpine from JP Morgan as a security analyst on the shipping industry. So, we always get some shipping questions and this one is from Clem, do dividends come these days from dry bulk or tanker markets, and if so, how do you feel about dividends in the coming year from that area?

**Jill K. Evans - Alpine Woods Capital Investors, LLC- Portfolio Manager**

That is an interesting question actually. Recently, we've had very little exposure to the shipping industry Clem, because if you've been following the sector at all, there's really a tsunami of ships that are coming into the market on both dry bulk and the like, and so it's putting a lot of pressure on the supply side and pushing down rates so we've been a little cautious. The other thing is that it used to be one of the highest yielding sectors in addition to financials and both of those sectors are now dividend-challenged. Most of these dry bulk shippers have cut their dividends and a lot of the oil tankers that had variable dividends have been cut in line with their earnings. So, it has not been a sector we have been focusing on. Looking up 2010 what is interesting is we've recently actually had a big spike in oil tanker rates recently. So, there is a lot of expectation or talk that maybe OPEC will actually have to raise production on the second half of the year, which is usually a good indicator for tanker rates. They tend to move on OPEC raises, so we're going to keep an eye on that, also, seems like some of the earnings are starting to look better so the variable dividends they look better. So, I'd say, right now, it's still a challenged market, but you know, something we're keeping our eye on because the second half of the year could look a lot more interesting in the sector that tends to have paid very high dividends. So, we're keeping an eye on it.

**Marc Rappaport - Alpine Woods Capital Investors, LLC- Senior Managing Director**

When AOD was at a 5% and 6% premium here and you know, here the premium has expand so, again, we never really know where the premium in this is going to go, but we do know, you know, what we can do is control how we manage the money. And that hopefully, you all have been very happy understanding a little bit more, how we do manage money and what we're thinking here going into 2010. We are happy to continue to do these calls. We've done this since inception every single quarter, through good times and bad, we will be in front of you. This call will be available for a replay in about a week and a half to two weeks once it goes through compliance and we're happy also to remind you that [www.alpinecef.com](http://www.alpinecef.com) will host all of the fact sheets, annual reports, semi-annual reports, press releases on the funds as well as our 800 number that you can get more information, and from all of us here at Alpine, belated Happy New Year to you and thank you for joining us.

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