



## **Transcript of Alpine Funds Quarterly Closed-End Funds Webcast June 24, 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 and welcome to the Alpine Quarterly Closed-End Funds Webcast. A brief question and answer session will follow the formal presentation. To ask a question, please type it up in the question box at the bottom of your console and hit submit. As a reminder, this conference is being recorded.

It is now my pleasure to introduce you host, Marc Rappaport, Senior Managing Director of Alpine. Thank you, you may begin.

#### **Marc Rappaport – Alpine Funds – Senior Managing Director**

Thank you, Dave. 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'll 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 from our Chief Investment Officer, Stephen Lieber; our President and Head of 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, 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 analyst and managers to navigate portfolios through periods of great challenge and opportunity. Steve has himself managed portfolios for over four decades now including the country's first ever dividend income fund back in the 1970s. Here with us to start our call with his view is Steve Lieber.

**Stephen A. Lieber – Alpine Funds – Chief Investment Officer**

Thank you, Marc, and thank you all for participating in this discussion. We're speaking to you today after a most challenging two months impacting investment management notably by the precipitous decline in the euro economy. This proved costly for Alpine Dynamic Dividend Funds which have usually benefited from the higher dividend payout policies characteristic of European incorporations. Further from an accounting point of view, our European holdings tend to be high in the months of April and May when typically those holding have their highest payouts. This has historically been a very successful strategy helping us to sustain a high level of income for our dividend rotation strategy. Now, it has had a significantly adverse effect with a 17% decline of the euro from the beginning of year to June 15th. In fact, most of the decline and most of the negative impact was after the end of the first quarter, precipitously in April, May, and early June, which had a negative effect on the asset values of the Alpine Dividend Funds.

In order to protect that asset values and potentially grow assets, we have elected to change the dividend level which will result in a reduction of the dividend payout going forward. The Board of Trustees of the Alpine Total Dynamic Dividend Fund and the Alpine Global Dynamic Dividend Fund announced that they had modified the Fund's dividend policies which will result in reduced dividends going forward. Currently, the funds pay dividends to common shareholders equal to a fixed amount; we're now moving to \$0.055 per share for June and \$0.06 per share on AOD and \$0.06 per share for AGD beginning in June.

We believe the new dividend policy is sustainable for the balance of the fiscal year. Further, the payment rate will be reevaluated on a regular basis and could be increased or decreased as conditions warrant. This development in no way changes the Fund's basic strategies which remain that of providing a high level of dividend income and secondly, seeking long-term capital appreciation. It is a reset and a building asset value and yield capacity.

This currency crisis has been fast moving and radical in its effects. Just this last weekend, a significant new and potentially positive development occurred when the Chinese Central Bank announced that it would allow greater flexibility in the value of its currency. The New York Times reported, "The statement by China Central Bank was the clearest sign yet that the country would allow its currency to appreciate gradually against the dollar." Treasury Secretary Geithner reacted with this statement, "China's decision to increase the flexibility of its exchange rate is a constructive step that it can help safeguard the recovery and contribute to a more balanced global economy." It is widely recognized that China has kept its currency value low since mid 2008 by pegging it to the dollar and not letting it fluctuate to support China's export-based economy. This strategy has, as is well known,

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negatively impacted the US manufacturing economy but it has also severely impacted Europe which is China's largest customer and significant competitor.

It is important to note that the currency volatility has been in both directions. The euro was launched in January 1999. First, it fell in value against the US dollar by 28%... 28.8% to be exact to 2001. Then it began to rise in value gaining 88.4% in dollar terms to November 2008. Since then it has fallen 24.2% with a most rapid fall in the past few weeks as the euro went from \$1.52 to below \$1.20.

Let me be clear, the recent euro decline was an important factor in the change of dividend policy and the reduction of the dividend but not the only factor. What all this means for the Alpine Dividends Funds is that in recent weeks we've sustained declines at mid asset values due primarily to our sizable European currency commitments and the side effects in other currencies and other factors. It also suggests that our task now is to officially address this challenge with a combination of superior dividend yield and capital appreciation.

We are already shifting to a more intense focus on companies with a cyclical history of strong current dividend payments. We have broadened the base of our selection to include some mid-sized companies with significant dividends and good growth prospects. Our research effort in this area has been accelerated. This should be particularly timely as over the next few weeks many US companies and others abroad will report very strong earnings comparisons as against their results a year ago. These comparisons will reflect the recovery of demand, the much reduced overheads, and this notably stronger financial position after the retrenchment of early 2009.

Another point I want to mention about the reduction is about the reduction in the QDI, that is qualified dividend income, component of AGD's dividends. Historically, a significant portion of AGD's dividends have been comprised of income benefiting from lower federal tax rates called the QDI. The use of swap transactions and more rapid rotation of holdings to increase income and reduce risks due to market volatility has resulted in a reduction in the percentage of QDI distributable by the Fund. The Fund's investment advisor has informed the AGD Board that the amount of QDI may continue to be adversely affected by these strategies. Nonetheless, the new dividend policy and related dividend reduction is in part designed to enable AGD to achieve its objectives of generating income, a significant portion of which is QDI. I would note that the tax benefits are set to expire on December 31, 2010 unless Congress changes its position.

Potential changes in tax laws are also an important factor in our portfolio strategy planning. Reverse tax cuts expire next January. We do not know what new tax rates will be proposed or to the degree to which present ones may be contained and continued. However, it is widely assumed that the current 15% rate for dividends held 61 days or longer may be increased. If this is to occur and a significant rate increase replaces the present rate then we believe that many corporations with excess cash will rush to provide enlarged or special dividends before the calendar year end. While there's no clarity on such a development, at this point, we do think that it is important to focus more of our stock selection on companies which would meet the criteria with such larger dividend payments.

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In summary, I would say that over recent months, we hit serious headwinds but with our new dividend policy and a dividend that is more consistent with peers and market conditions, we expect to continue to provide income and capital growth to our investors. Financial volatility will continue as evidenced by the potential impact of the latest Chinese move but efforts to restore confidence of the world financial system are clearly still underway. The vigorous effort of the US and of the UK of banks to clean up their balance sheets is yet to be seen in the euro zone, but the pressure to do so is increasing from the European Central Bank and it may well be helped by the Chinese move.

Before introducing our next speaker, I would just like to note that many fund managers in our... like many fund managers, we, in our organization, see the recent market condition as a challenge and in many ways presenting particularly difficult challenges for funds like ours that seek to generate high dividend income. We feel strongly that it is important that we respond prudently and appropriately to these current challenges even if it requires tough choices to be made. Thus today, we wish to discuss the impact with you of these factors.

We thank all of our listeners and our investors for their continued support.

Now, I'd like to introduce Sam... Sam Lieber.

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

Greetings. The next three pages provide performance data which is part of the required standardized recording period. However, those periods are quarterly, this data is as of March 31st and it's not as pertinent to today's discussion. So we encourage you to review the June end data which should be available in just a little over a week and with thus, let's move forward to page 4, if you will, and we can commence further discussion of the topic of the day.

On page 4, we showed the historic progression of cumulative dividend distribution per share for the three closed-end funds. Now, for AGD and AOD, we are taking difficult steps to reset the base to build a new pattern of capital growth and income. Now in AWP, this is exactly what we did last January... January of 2009. And we have been able to actually begin the growth of dividend this year.

Page 5 begins the discussion of what had happened over the past couple of years. If you look at page 5, you'll see that we have AOD and AGD NAVs per share plotted from when AGD... shortly after AGD became public. And you'll see that as comparing the yields that were generated by these funds versus the dividend yields provided by the universe of closed-end funds, equity income closed-end funds, that would be roughly comparable. Effectively, you could see that these two funds generated superior income. That is AOD and AGD provided superior income in the order of 3% to 5% superior to the closed-end fund universe. But we can see that during the break in the market during '08 and '09 that obviously accelerated much more to a very high level and all funds moved higher. But in particular while things start to stabilize and we saw this as an improving trend through the first quarter of this year, we, unfortunately, were impacted by the events in Europe with our dividend exposure



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there and you can see that the dividend yield shot up and in fact, the spread between the closed-end fund universe yield, many of which are domestic, some of which have other strategies to generate income, effectively shot up to the low 20% range and a 15% spread. This became extremely difficult.

Now, let's talk a little more and we'll talk about that in particular in a few minutes but let's talk a little more about what exactly happened in Europe. You could see it on page 6. Not only was our portfolio stressed by events in Europe but you can see the stress factors themselves dealt with budget deficits and gross government deficits... debt levels rather, relative to GDP. So the percentage of GDP you can see that the companies in the upper right quadrant of this slide, courtesy of JPMorgan, show that Greece is in a very difficult position, would someone say untenable, with debt levels of about 115% as a total gross government debt, the GDP, and a -14% of their current budget deficit as a percentage of GDP. A large hurdle to overcome, a lot of austerity measures will have to be put in place to be able to bring this down over the next few years to a gross debt level that is, let's say, under 80% or 90% and obviously, a budget that is more in line. You can see also that Ireland, Spain, Portugal have similar problems. While the US, UK are in this quadrant, I've to point out that we do not have the level of... well, we're in a position where we can control our dividends and thus, as a result, our... I'm sorry... dividend... we can control our currency for... pardon me, the next slide (ph). So where the currency, in fact, is a major mitigating factor and is a major factor in the US. With regard to these small countries, they are in fact driving the currency down not necessarily France or Germany which are they control roughly two-thirds... over two-thirds of the total GDP of Europe. So these bad zone countries impacted the currencies.

You can see on the next slide, page 7, where the currency declined as we can see from October of '09 which was the fiscal year end for the funds through June of just last week where we saw a decline of 16.4% approximately.

Now mind you, this has not just impacted the currency but, of course, impacted the euro stocks 50 price index which declined by 23.25% year to date. So clearly, there has been considerable disruption throughout the world of equity investing in European stocks.

If I may for the next slide, let me turn it over to Jill Evans who will address a number of other aspects of the dividend performance.

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

Okay. Thanks, Sam. Thank you, everyone, today for being here.

On Slide 8, we wanted to show the performance of the European dividend basket versus the US dividend basket and AOD to continue on what Sam was just talking about in Europe and also to show this because our funds are a blend really of these two different regions. And on page 8, we showed or we picked actually a European dividend basket called the First Trust Dow Jones Stock Select Dividend 30 Index that tickers FTD. It's really was one of the first dividend international baskets that we can find and its inception date is August 30, 2007. That's why we started on date, which is actually a pretty interesting date to look at because that was right before our markets

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really started to go down in both the Europe and the US back in '07. So we plotted these together and you can see that AOD has really had a total return almost right between these two baskets of US and European dividend paying stocks and we have now performed the international portion but we've lagged on the US and this is on total return.

If you turn to the next slide, we just want to highlight though that despite the fact that we've been able to beat these European performance basket, our yields are significantly higher so they're not really true peers. We're just pulling them out because they're closest things that we can find on a basket on an ETF basis in the US and Europe but we just wanted to show you that these two ETFs have had yields that have also gone down substantially with the GDY now yielding about 3.8% and the FTD about 3.6% and yet you could see where AOD's yields are right now. Before the cut today, we were yielding 26%. With the new dividends that take effect in July, our yields on our NAV is still going to be about 12% which we think is still extremely attractive relative to the other closed-end funds and these other basket indices that are out there in the market.

If you turn to page 10, what we wanted to do here is that we thought it would be helpful to show our investors exactly by region where we're actually getting our dividend dollars. We literally scan the globe on a daily basis to find the best dividend opportunities for our investors to generate our high yield. And despite the dividend cuts worldwide, we've continued to find attractive growth opportunities and significantly larger dividend payouts in Europe and overseas than we see in the US. Now, we laid this out to show you that in 2008, we generated a significant amount of our dividend dollars out of Europe with only about 16% coming from the US. In 2009, as the global markets were depressed, we were able to diversify away from Europe and found cheap stocks globally with inflated dividend yields. Bringing us 2010, this was just as of the end of May. As the markets have rebounded, we've not seen the same level of inflated dividends as in 2009 and we were again directed to Europe as our most important source of dividend income. Unfortunately, as Sam was just referring to, the timing of the escalation of the concerns in Europe in April and May occurred at really the worst time for us as we had our highest dividend capture opportunities in the region for our annual dividends. And you'll see in the semi-annual reports that are coming out in April 30th that we actually had approximately 38% of AOD's assets in Europe at the end of April. We brought that down now to a little bit less than 20%.

I want to say thank goodness we did not had any BP in any of our portfolios at all in 2010 but we do get hurt across the board from our European portfolio even in companies that we thought would be defensive like utilities and telecoms. And actually all the international markets were hit including Brazil and China and they have the same sharp declines in May as investors lost to the US dollar per relative safety.

So where are we today? We continue to have our core international holdings as we strive to find the best in class dividend-paying companies anywhere in the world for our investors. And again as you'll see in our semi-annual report based on our April 30th holdings that we still chase these bottoms up approach to finding these best in class companies and I just want to highlight, you'll see in our top 10 for example in

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Europe, one of our top holdings of both AOD and AGD is Nestle based in Switzerland. This is a global packaged food company that is growing very nicely because in economic downturns, people still tend to pay for things like chocolate and coffee and pet food and Nestle has about 35% of its revenue coming from emerging market. So that's one of our top core holdings that we're continuing to see and like in Europe.

In the Middle East, as a region, our top holding of both AOD and AGD is Teva Pharmaceuticals which is based in Israel. And Teva is the largest generic drug manufacturer in the world and its benefiting from significant patent expirations in the pharmaceutical industry over the next several years. Under the new health care reform in the US, generics should do well as more people are covered under the health care bill and there is a push towards cheaper drugs.

In Asia, our number one holding in AOD on April 30th was also a top performer in 2010 and that's Hyundai Motor Company. Hyundai is based on Seoul, South Korea and is actually now the world's fifth largest auto manufacturer. It's been benefiting from its push towards global expansion and higher quality and it's really been doing that at a perfect time. It has been taking substantial market share from Toyota recently during their problems and that's been a very strong performer for our portfolio.

And in Latin America, our top holding in AGD on April 30th and also a top performer is a company called Hypermarches which may not be a household name here but it is the largest consumer products company... independent consumer products company in Latin America. It's like the Proctor & Gamble in Brazil. It sells more than 200 different brands of personal care products, home care, OTC pharmaceuticals, and it is really a great way we think for our investors to participate in the secular growth story of the emerging market consumer.

So again, I just wanted to highlight that. Despite the turbulence in the international markets, we continue to look for these really best in class high quality dividend paying companies for our investors. And with that, I'm going to turn it over to Kevin.

**Kevin Shacknofsky – Alpine Funds – Dynamic Dividend Series Portfolio Manager**

Thank you, Jill.

The next two slides provide real insight into the headwinds for our different types of programs which have lead to the right sizing of the dividend. The key risk management disciplines, we use dividend (ph) capture is that we'll generally not into the position that cannot be liquidated quickly in the event of company specific or market specific news flow.

On slide 11, you can see that in one of our important dividend markets, Europe, not only have dividends fall under 39% but the liquidity of the average daily value traded has dropped 63% since the peak of the market around the same time AOD went public in 2007. This combines to a 77% decline in available dividend capture market.

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On slide 12, it shows our other dividend capture market, the US, also declined but to a lesser degree. Dividends have declined 20% from the peak in 2007 and the liquidity has fallen 42%. This combines to a 54% decline in the available dividend capture universe. As the US universe decline less than the European, it becomes the biggest share of our dividend capture activity.

With that, I'll like to pass it back to Sam.

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

Thanks, Kevin.

Slide 13 shows an important aspect of these funds... these dividends that we have created through these funds. And in comparison in particular to the S&P 500, we're looking at the yield spread between the yield on NAV generated by AOD and AGD relative to the S&P over time again going back to when we started paying dividends for the Alpine Total Dynamic Dividend Fund back in May of '07. You could see that from that period in '07 through the period of through May of '08 and even a little bit further on that spread relative to treasuries was roughly 1000 basis points, 10% plus or minus. Now that was fine. We will generate that and participate in the growth of the markets. The downturn with the spread almost up to 30% briefly and which still has been under considerable deric (ph) in the high teens through this year is critical and that again while we saw an improving trend into the beginning of this year and a stabilization for a little while during the first quarter, it's very clear that as treasuries move down here, yields move down here, the spreads did not moved down in Europe. People flew with the bonds here and bond yields are historically low but what happened with the stress in Europe, which has indeed stressed the portfolio considerably, started to rise and raised the yield spread that we have, these treasuries here. And we need to reset this. We need to bring it back in recognition that we are in a new cycle, a cycle where we can see growth in different markets, even here in the US, over the next couple of years and where we think that we can establish a new trend for growth in capital and income.

Let me show you an example of how this may work. Page 14, this would be Alpine Global Premier Properties Fund compared with the S&P BMI Property World Index and the US REIT Index from MSCI. And this shows a period from March 9, 2009, which was the bottom of a cycle, through the present... through yesterday. And what you can see here is that AWP performed pretty darn well. Now, we took advantage of the aspect of the cycle in which we felt that dividend growth will come but dividend growth tends to come after capital appreciation comes first. And it's important to realize that real estate is a little different from some of the other sectors that we invest in. That is real estate, of course, was very much at the epicenter of the problems. In fact, the capital markets which froze up, the bank crisis was really... was what brought Lehman down, of course, meant that there was less capital available for real estate which is a very intensive requirement for real estate. And without bank capital, we saw major REITs in the US, top performing REITs such as Simon Property Group and Vornado, eliminate cash dividends and pay stock dividends instead. Now that was where we were in '09. We saw that and we realized we had to bring the dividends down and we did that. But that also provided an opportunity. We were able to buy stocks like General Growth Properties which owns top malls including the Ala Moana

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Mall in Hawaii; companies like Brookfield Properties which owns the World Financial Center; Songbird which owns Canary Wharf in London; and a number of Brazilian stocks which have tremendous growth potential and in future years, tremendous dividend potential. And we were also able to buy other yield-oriented stocks that have maintained their dividends and had very high yields such as CBL and Macworks (ph) Estates. So we were able to do this in part because we did not have the stress of paying outside dividends.

Now, I should highlight one last point and that is at this year, Europe, of course, and the emerging of other foreign markets that performed very well last year for us have been impacted. And you can see that the REIT index has outperformed particularly from early February. And in our view, that's representing the future potential for real estate recovery here which is partially in the market. We don't have that in the market in Europe, we don't have that in some of the other markets around the world, but I think they will come with time and that's an important factor to look for as this cycle develops.

Now, let's just talk about the potential for this cycle because here we have on the next slide something very different, the tax spread. And this indicates the stress that the system, the financial system was under. Starting back in August of 2007 when commercial paper markets froze up. And we saw that spike in the tax spread there. This tax spread I should mention measures the differential between LIBOR, which is the London Interbank Borrowing Rate or basically the cost that banks charge for lending to each other, less the treasury yields for a similar duration. And so you can see that we had from this period from the commercial paper freeze up on '07 through Bear Stearns in March of '08 and ultimately, through the Lehman Brothers bust in late... in September of '08 that we had tremendous disruptions here. But the tax spreads have normalized. The banking system is stabilizing. Now banks, in general, have not resumed significant dividend payments but we think they will. We take that it's going to start earlier in the US with the dividends from the bank but it'll also come from European banks which have eliminated or minimized dividends. Where right now Chinese banks are paying big dividends but a lot of other banks aren't yet. A lot of banks are still cautious and we're in the restructuring phase but this is the beginning of this cycle. And again having looked at real estate stocks for over 20 years, we've seen a few cycles, and I think we see how they tend to evolve.

The next page shows a little more of the cycle here and it's an early indicator. The National Association of Purchasing Managers Business Activity Index has recovered significantly. Now mind you that a 14-year trend as shown by this regression line is a downward trend and perhaps things are changing now. But we don't know that long-term pattern. We do know the short term though and that's clearly showing very strong relative performance to what we've seen in the past and we'll see how this develops over the next couple of months but certainly the pattern is promising and we think that the businesses as we start to see the earnings come through for this quarter, in the next few weeks, and in the next few months over the summer for the rest of European and Asian companies, we expect to see positive results.

Page 17 shows another interesting dynamic to this particular cycle. And that is the change in global GDP. The change in leadership in global GDP. In the past,

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developing countries, emerging and others, Brick (ph) and others had 40% of global GDP approximately... the growth of GDP. But they've been growing at a faster pace and the industrializations have been growing at a slower pace over the past decade. Now, 2008 and 2009, which is similar to '08, show clearly that an extreme example that, in fact, some of the industrialized countries had been negative during this period. So we would expect going forward that the percentage of global GDP would revert a little more back to the center but we don't think it's going to go back below the two-thirds, one-third level in terms of growth. We do believe that much of the growth in the world economy over the next 5 to 10 years is going to be from these developing countries.

The next slide, page 18, puts a little bit of meat on the bones in specifics from the GDP projections for both global G10 and emerging markets, courtesy of Bear Stearns, but with a wrinkle and that wrinkle is we're showing both bold case, bear case, and the base case. And clearly, a key factor of all these is that there is no double dip in at least Morgan Stanley's estimations and frankly that from many other observers in the markets, but we thought these were useful slides to show and in that they do give one a sense that there will be greater opportunity for both capital growth and income growth and where this dividend reset that we have undertaken is going to allow the funds to better participate in those opportunities on a global scale, we believe.

Marc, let me turn it back to you and we can open this up to the audience for Q&A and we invite your questions.

**Marc Rappaport – Alpine Funds – Senior Managing Director**

Thank you, everyone.

And the first question here is Brian Overton at Janney Montgomery Scott. He asks, "Going back to the slide in which you showed the dividends' sources broken down by region, can you clarify if that breakdown was specifically for AOD or AGD or both?"

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

Yes, thank you. It's actually for all of the income that we earned across our three dividend funds. It actually includes ADVDX as well but AOD was the vast majority of those numbers.

**Marc Rappaport – Alpine Funds – Senior Managing Director**

David Hale from DNH Capital asks, "In the European portfolio, does the fund buy ADRs or direct foreign currency shares?"

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**Kevin Shacknofsky – Alpine Funds – Dynamic Dividend Series Portfolio Manager**

We buy both depending on liquidity. ADRs have lower transaction cost. So if we have the opportunity and liquidity is available, we do ADRs as well.

**Marc Rappaport – Alpine Funds – Senior Managing Director**

This seems to be common question. This one is from Tyler Harden from Burnsand and I think he's asking this of all three closed-end funds. Are the new dividend levels... actually, it's the two dynamic dividend funds? Are the new dividend levels still paid strictly from income?

**Kevin Shacknofsky – Alpine Funds – Dynamic Dividend Series Portfolio Manager**

Yes.

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

That was released at 4 o'clock today on our website for the open-ended funds and since this is a closed-end fund call, we weren't putting that in one of the presentation, but today, we announced it and that was adjusted on a similar level to \$0.042 per share per month.

**Marc Rappaport – Alpine Funds – Senior Managing Director**

Thank you. Eric Kaplan of Ameriprise asks, "Does the European markets still need to be a major allocation of the fund going forward?"

**Kevin Shacknofsky – Alpine Funds – Dynamic Dividend Series Portfolio Manager**

I think it'll continue to be part of our dividend capture program though we will not have a high level of the fund on a continuing basis. As you can see from slide 10, you can see we have diversified our dividend sources in 2010 and we have in 2010 also diversified more our geographic exposure. We have a high level at Latin America that we've had, primarily Brazil, than ever before. We've found a 6% GDP growth expected, it was obviously very attractive, and the emerging consumer there is also a great source of opportunities for us. And we also found great sources of dividends in markets such as Hong Kong and Taiwan. So we will be more diversified on an ongoing basis than historically we have been.

**Marc Rappaport – Alpine Funds – Senior Managing Director**

Thank you. Here is a question that seems to be coming up related to the euro, this time from Hunt Dalton, an investor. He asks, "Thanks for your report. If the dollar-euro relationship goes from a \$1.24 currently to par a dollar, will these reduce the dividend necessarily?"

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

I think the answer is no, in part because we've gone through a seasonal high point over the last couple of months in terms of our exposure to the euro. So we have really already started to reduce our position significantly there. And so I think that won't happen in all likelihood.

**Marc Rappaport – Alpine Funds – Senior Managing Director**

Okay. This is from George Coleman (ph) at Wells Fargo Advisors. He writes, "My clients are more concerned about growing the NAV than the actual cash dividend. How are you balancing the growth versus dividend payout with this new policy?"

**Stephen A. Lieber – Alpine Funds – Chief Investment Officer**

I think that were trying to position the portfolio just for that, for growth in capital and as the growth in capital comes, we'll have growth in income just as we've demonstrated with AWP we've been able to do. I think that we can make no promises but that is really our focus and while we will have greater flexibility in the countries and places we select with this level of dividend, we're not going to be stressed by being in specific locations at specific times in order to capture the dividends irrespective of what the growth potential is, and that's really what our focus is with this fund now... these funds now.

**Marc Rappaport – Alpine Funds – Senior Managing Director**

Okay. Then there's just some kind of like macro questions that seems to keep popping up. One is Russia. This is one from Catherine Gregory Chase. Are we keeping an eye on Russia in the near future and she seems to be quite bullish?

**Kevin Shacknofsky – Alpine Funds – Dynamic Dividend Series Portfolio Manager**

We definitely are keeping an eye on Russia. Historically, we had exposure there in the top coast (ph) but we do not at these times. Russia generally is a great beneficiary of strong oil prices and oil prices have been stuck in a range right now but emerging market consumer continues its strong growth in demand for energy. We do see Russia being a strong beneficiary from that. Historically, how we generally like to pay the Russian market is to own non-Russian companies that have exposure and we generally find these mostly in the Scandinavian countries like Finland or Sweden.

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

Kevin, I just want to add that we typically have had low exposure to Russia as a percentage of the overall portfolio. Russia does have some anomalies that make it a more difficult country in which to get very comfortable. So we're not going to take a 5% or a 10% position in Russia. However, we do think there's growth there and in fact, I was just in Europe just a little over a week ago and we met with a couple of Russian companies and the prospects are indeed improving and the consumer is coming back. So we do see some opportunities there from a very well base.

**Marc Rappaport – Alpine Funds – Senior Managing Director**

Tax question comes up again. This year is the sun setting arguably of the 15% rate on dividend tax for investors in the US and that was the major impedance of this

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**Transcript:  
Alpine Funds  
Quarterly Closed-End Funds Webcast  
June 24, 2010**

strategy initially. Could you comment on how if that does indeed sunset or change, how it might impact the funds on the dividend side?

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

Sure, Marc. I'll take that. We are working very closely with several Washington consultants and keeping on the pulse of this issue since it is important to us. Right now, the tax benefits are going to expire at year end unless Congress passes an extension. Right now, since we're running out of time ahead of the midterm elections, it looks less likely that that's going to be able to happen. The Obama Administration has proposed in their budget for next year that families earning less than \$250,000 a year would get an extension of these tax benefits. People earning more than \$250,000, they would have it going from 15% to 20% is what the Obama Administration is proposing. But we just don't know if that's going to be able to get passed or not as we're running out of time and Congress has so many issues on its plate right now which we understand are the most important from a tax perspective is the AMC tax on the middle class which is a bigger proportion of people. So it's still very much up in the air. We are hopeful that it seems that both the Democrats and Republicans understand that it's very beneficial to have capital gains and dividends at the same rates. It sounds like both sides don't want that rate to stay at ordinary income; it likes some sort of lower rate. So we're hopeful that we're going to get maybe something in the 20% to 28% maybe the ultimate tax rate for dividends which again would be better than ordinary income.

As it refers to our funds and our strategy, we will not be changing our strategy based on the tax rate as we believe that the aging population of the world is going to continue to create dividends and we want to be able to provide those dividends to our investors. So the strategy of the fund is not going to change, we're just going to have to wait and see how corporations will respond to maybe a higher tax fund dividend but there's so much cash out there on the balance sheets that we're hopeful that companies will continue to return cash to shareholders as dividends and we'll be able to continue to get those for our investors.

**Marc Rappaport – Alpine Funds – Senior Managing Director**

Excellent. And this now about an hour into our call and we want to thank everyone for joining us once again. Any questions could be directed on our website. We have a lot of the information available under the [alpinecef.com](http://alpinecef.com) literature tab as well as an 800 toll-free number. This has been our quarterly conference call and we're delighted that all of you would be joining us and thank you very much for your interest in our strategy.

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