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CLOSED-END FUND REPORT

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THE SCOTT LETTER is intended to educate global investors about closed-end funds. Closed-end funds can be a valuable and profitable investment tool. To learn about closed-end funds, visit our web site, www.CEFAdvisors.com, and in particular, read our article, What Are Closed-End Funds.

Feel free to forward this newsletter to anyone who you believe could benefit from information on closed-end funds or global portfolios.

– George Cole Scott, Editor-in-Chief

– John Cole Scott, Contributing Author

IN THIS ISSUE:

Alpine Global Premier Property Fund: Actively Managed Global Real Estate Exposure with Consistent Above-Normal Distributions

Closed-End Fund Advisors interviewed Sam Lieber, Bruce Ebnother and Joel Wells by telephone on July 15, 2013.

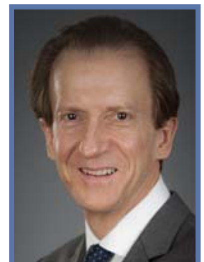
SL: Good afternoon, thank you for your time. We have been looking forward to this interview for some time. We know you have operated an open-end fund with an international REIT/real estate focus since 1989, the same year CEFA was founded. You launched Alpine Global Premier Properties Fund (NYSE:AWP) in April of 2007 and have had a global focus for almost 25 years. When in your career did you decide to go more international in your focus for REIT/real estate investing?

Sam A. Lieber

Lieber: The first fund we launched was back in '89, that was the international real estate equity fund. At that time, U.S. REITs had a market capitalization of about $4.5 billion dollars. REITs in the U.S. were pretty small relative to international real estate stocks. The approach, or the need, was basically liquidity because at that time Evergreen was the second largest investor in real estate stocks in REITs in the U.S. after Fidelity.

We were looking for more liquidity and new interesting total return ideas when I first went abroad in '87. Back then, the top players in the U.S. were private (Simon Properties and Boston Properties) as opposed to Mitsubishi Estate in Japan or Land Securities in England who were public. Many of the best players abroad were public, and there was greater liquidity. The bottom line is that there has always been a universe of real estate stocks, but that universe has evolved considerably, particularly in the U.S. over the past 20 years. Now it's evolving even more internationally.

SL: Thank you, Sam. How about your two co-managers? Could they briefly introduce themselves and tell us about their backgrounds?



Bruce Ebnother

Ebnother: My name is Bruce Ebnother. I joined Alpine in the fall of 2011. While I am the most recent portfolio manager hire, Sam and I go back a long time. I was his first REIT analyst back in the '90's when we worked at Evergreen. Prior to that point, I came from the commercial real estate side, and Evergreen was my first stop on the securities side. I later moved on to the sell side when I was Citi Group's first U.S. REIT analyst from '92 to '95. For the next 15 years at UBS Global Asset Management, I was head of REITs globally and CIO and senior portfolio manager on our global real estate team which we built out during my 15 years there.

Like the team here at Alpine, we were focused on scouting the world for interesting real estate opportunities. I rejoined Sam almost two years ago. I've really enjoyed working with the team here and am excited about the opportunities in front of us.

SL: Great. Joel?

Joel Wells

Wells: I'm Joel Wells. I joined Alpine in 2006 as an analyst. Prior to that I spent close to three years on the U.S. REIT team, on the sell side for Wachovia, covering multi-family REITs as well as health-care REITs. At Alpine, I started as an analyst covering real estate internationally, and now my focus has shifted towards the emerging markets. I'm co-manager of the emerging market real estate fund here and have been working on AWP since inception.

SL: What makes AWP unique vs. other REIT (U.S./International) funds, closed-end or open-end?

Lieber: We have a seasoned and experienced portfolio management team. For the Alpine Global Premier Properties Fund, we try to combine above-average income that closed-end fund investors seek with capital appreciation. Many REIT portfolios focus on just income or growth. We strive to deliver both over a complete market cycle.

SL: What do you like about the CEF structure to carry out your work in the portfolio?

Lieber: More flexibility and options can be found in a CEF structure. However, we may use leverage or take positions in smaller-cap, less liquid securities is more flexible in a CEF. Also the lack of inflows and outflows affords us more flexibility to stay fully invested.

SL: Can you put the Fund's use of leverage into perspective? How has it changed over time? What would cause you to increase or decrease your leverage?

Lieber: By prospectus, there is a fundamental restriction that limits borrowing for investment purposes to up to 10% of managed assets.

SL: Regarding the closed-end fund structure, please tell us about when you've raised cash, why, and for how long. How have you used cash management at AWP which isn't needed for redemptions like in an open-end fund? How has it worked at the Fund historically and more recently?

Lieber: It varies. There are times when we find a greater cash need for dividend investing. There are times when we're focused on capital appreciation ideas, and there are times when we're leery of both or don't need to do either as much. The one key thing about the closed-end fund structure is that it really enables a longer-term investment focus in a way that's different from an open-end structure, where flows are coming in and out.

We can time it a little better in AWP, but fundamentally I should point out that the closed-end structure here was utilized primarily because we wouldn't have the volatility of flows which would impact the timing of positioning for dividends. There's seasonality in dividends globally. There are dividends paid quarterly, as they typically are in the U.S., and there are some monthly, semi-annual and annual payers. A fund's payout schedule tends to be determined by which country they're listed in. We have to be mindful of that in our capital allocation process.

Fundamentally, I think the key distinction between what we do with a closed-end structure and what some peer funds do is instead of leveraging the portfolio by a third, which is typically the case, we focus on maintaining a view of being fully invested and are up to 10% leveraged if we're looking for more investment ideas. This could be for income or for capital appreciation. At times we're very cautious; we can raise the cash position to 5% or so, or more, depending on market conditions.

"We look for situations where … we're getting a bargain on the real estate two or three years from now."

SL: How does the Board of Directors go about setting the dividend policy? What is the portfolio manager's input on this factor, and what are your concerns for maintaining the dividend based on recent market movement in the REIT/mortgage REIT markets?

Lieber: Management works closely with the Board in determining what we believe is the appropriate distribution rate. In July 2011, we announced a new level distribution policy of $0.05 per share, which may be adjusted from time to time depending upon current market conditions and the projected performance of the Fund. The policy is subject to regular review by the Board of Trustees. The Fund seeks to manage its monthly distributions to include amounts that have otherwise been paid through a year-end special distribution. In an effort to maintain a stable level of distributions, the monthly distribution may consist of net investment income, net realized capital gains and/or a return of capital. Distributions can also include long-term capital gains, but they have not yet. We do not foresee that in the near future. Final determination of the federal tax characteristics are calculated at the end of the calendar year on the investors' Form 1099.

SL: How would you classify the Fund's management style – fundamental, tactical, value-based or technical?

Lieber: We have a top-down perspective that influences our bottom-up analysis and security selection. Generally, we have a valuation bias and will look across all market capitalizations for opportunities.

SL: So, you really come through as more of a value manager overall?

Lieber: Yes, we definitely do have a strong valuation bias. Sometimes there are stocks where we see that growth is significant, especially relative to the universe of opportunities. If the stock looks expensive today but we can see potential for growth coming in terms of cash flow relative to the enterprise value of the company, then we might pay up for a company. We look for situations where our view is that we're getting a bargain on the real estate two or three years from now. That's really the way we view paying up for growth.

SL: What is your approach on keeping the portfolio diversified but not over-diversified? What is considered "too many positions" for a fund of your focus and size?

Lieber: The Fund limits its investments in countries that are considered emerging markets to no more than 35% of the Fund's managed assets at any one time. Under normal circumstances, the Fund expects to invest between 20% and 80% of its managed assets in the securities of non-U.S. issuers and among the securities of issuers located in approximately 10 to 30 countries. However, during any period when the adviser believes the non-U.S. market is unattractive, the Fund may temporarily invest up to 80% of its managed assets in the securities of U.S. issuers as a defensive measure.

SL: As a portfolio manager, how do you balance the need for NAV performance with payments of earned dividends to shareholders? Is it income of for total return growth?

Lieber: The Fund has a level distribution plan, but the manager has discretion. Distributions may consist of net investment income, net realized capital gains and/or a return of capital. We do not generate dividends simply to meet the distribution rate, but rather seek to maintain flexibility to also pursue capital appreciation when the market provides favorable opportunities.

SL: Has the Fund ever paid investors dividends that are classified as return of capital that was principal? Or is this one of two other options, either an accounting issue or evidence of pass through Return of Capital (RoC). I see 29% RoC in the past 90 days and 41% RoC in the past 12 months?

Lieber: The Fund has, from time to time, paid out distributions in excess of what it has earned, meaning a portion has been a return of capital.

SL: What are the major differences in the advantages of REITs vs. other equity income sectors?

Lieber: REITs are not just a U.S. security and are not as common in many foreign markets – emerging markets in particular. When investing outside the U.S., we focus on sectors that give exposure to real estate such as developers, builders, property owners and service providers. Certain companies and securities deliver returns in earnings while others pass through earnings as dividends. It is important to understand both the business model and security profile based on the exposure you seek.

SL: What are the best indices to track your Fund's relative performance?

Lieber: Our benchmark is the FTSE EPRA/NAREIT® Global Index.

SL: You talked about a lot of work that needs to be done on the research or the differences in the interest rates responses to the U.S. REIT market vs. the non-U.S. Can you touch on the other countries that have REIT or REIT-like structures? Seeing other country's markets grow and develop, do you think more markets might bring out the tax beneficial REIT structure?

Ebnother: Yes, REITs started in the U.S. in 1960, and as we mentioned earlier, they really took hold here in the early '90's. Since then, variations on REITs have been created by many countries around the world. I believe the tally is up to 26 countries that have created REIT structures.

While REITs differ in each country as they are a product of local legislation, what REIT vehicles around the world have in common is that they are, in almost all cases, paying out a large percentage of their taxable earnings, typically 90%-100% to shareholders as dividends. In return for that, they're typically not paying corporate taxes. They operate under a number of restrictions, for example, the requirement that they have a certain percentage of their assets in real estate.

> ***"I think the first stop we make in our analysis would be based on macro fundamentals."***

REITs have now spread to all the continents; the trend has been embraced in emerging markets as well as developed markets. Mexico is the latest country to see its REIT market blossom. The first Mexican REIT IPO was in 2011, and today there are six publically listed REITs there, with a seventh on the way, totaling over $8 billion in equity market capitalization. While we're very positive on the growing universe of REITs around the world, it's important to point out that we're not exclusively investing in REITs. In AWP today we're around 40% REITs with the balance primarily real estate operating companies, real estate developers and home builders.

The way we look at it, real estate is really the last major asset class to become public. Obviously it's a very large asset class. The portion of it that is represented in the public markets, while still small, has grown dramatically. The investable universe is far larger than the benchmark (FTSE EPRA Global Index) for this Fund. If, for conversation purposes, we use the benchmark as a proxy, the total market capitalization of the companies in the benchmark has grown over 300% to around $1.1 trillion over the last decade. We believe there is considerable room left for growth in the public real estate universe and expect there to be more countries to adopt REIT structures as well as potentially more utilization of the structure in some countries that already have REIT legislation. Germany is a good example of a major market that has a REIT vehicle but where, for a variety of reasons, it has yet to be utilized much.

SL: How do you research and follow the numerous countries you invest in with the portfolio, both with the capital markets themselves and also when researching individual holdings?

Wells: To a certain extent we are top-down driven. I think the first stop we make in our analysis would be based on macro fundamentals. It's a truism in real estate, but I wouldn't want to own the best house in the worst neighborhood. The first stop is we're looking out for good neighborhoods.

SL: Regarding the portfolio and having a clear driver for growth, can you give us an example?

Lieber: We start with the macro perspective; that's key. The quality of location and a building's design and construction are important. We're looking at literally the dirt, or the bricks and sticks, as very fundamental, but beyond that, as Joel said, you don't want to have just the best looking house or the fanciest address. That only gets you so far, even if it is in the best neighborhood. What you really want is a fundamental economic backdrop that's very favorable. There are a lot of factors that go into it, whether it's demographic or other economic variables, but what really counts is the long-term supply and demand equation for real estate, the economic value of that real estate. After assessing the value of the property, we evaluate management and the company's financial capacity and performance.

SL: We look at the earnings coverage for various closed-end funds, the average earnings vs. dividend policy, and we look at the historical classification of dividends when we review a closed-end fund. From your perspective as a REIT/real estate manager, when a closed-end analyst like ourselves sees 41% return of capital and earnings coverage of 53%, is this something we should or shouldn't be worried about? Or is it normal for the sector?

Lieber: Fundamentally, we designed this Fund so that we wouldn't be locked into a construct which could be difficult to deal with in terms of dividend and capital appreciation potential. We didn't want to have to be in stocks that are strictly big dividend payers but don't have much upside potential in terms of capital appreciation. Nor do we want to be in stocks that are growth-oriented but don't have dividends. We really wanted that flexibility.

One of the reasons we limited our use of leverage to 10% is that we don't want to be caught in a situation where you have to be leveraged in a rising interest rate environment or a difficult economy or a negative stock market.

Selectively, we find that there is seasonality in dividends as I mentioned earlier. We do go out and capture dividends. We're not doing that full-time. It's not necessarily the key driver of dividends, but it's a variable driver.

What we've done is to incorporate a level distribution policy, and we set that distribution rate at a level we're comfortable with. Not all distributions made are income by the way, some are returns of capital.

SL: Return of capital as an accounting designation vs. actual principal ... we are aware of that in the REIT world.

Lieber: Fundamentally, we said this is important because investors in these stocks tend to be in a couple of different camps. They tend to focus on maximum dividend yield, or in some cases, they look for participation in a certain theme or certain kind of investment. Universally, all of them have a demand for income or relatively high income. What we try and do is figure out, "Okay, how can we grow the NAV at the same time as being able to provide that level of distribution?" There are times when we think it's a more favorable environment to grow the NAV than it is to capture the dividend. Right now, we've been in a period where we think there is more NAV growth potential than there is income potential growth.

SL: One way we look at a closed-end fund is to back out the impact of leverage on yield and use NAV vs. market price to get a sense of what the manager has to do to meet the current distribution level. AWP, as of Friday's close (July 12, 2013), is about 6.9%. Does that sound like the number you think of for the portfolio as you manage the positions?

> ***"There are times when we think it's a more favorable environment to grow the NAV than it is to capture the dividend."***

Lieber: That's pretty close, but the number is going to be variable. It was different six months ago and will probably be different six months from now. Perhaps not even in ways I fully appreciate yet, but it depends on what opportunities the market shows us. A lot of the portfolio is still relatively long-term holdings, but we make changes over time. I'm not going to go into specifics. We have a couple of stocks which we think have really done very nicely for us on the share price appreciation front and where the dividends that they pay are more modest than they were when we bought them.

In some of those cases, we may choose to harvest gains and re-allocate to stocks that actually have a faster growing dividend component. It is a bit of a balancing act. That's why we're flexible. Since there's a variance there, we came up with a distribution level that we felt was one that would accomplish two things: (1) it would give shareholders a strong distribution on a relative basis, and (2) it was a level that we felt we could maintain solely through income distributions or through income distributions with capital gains or return of capital.

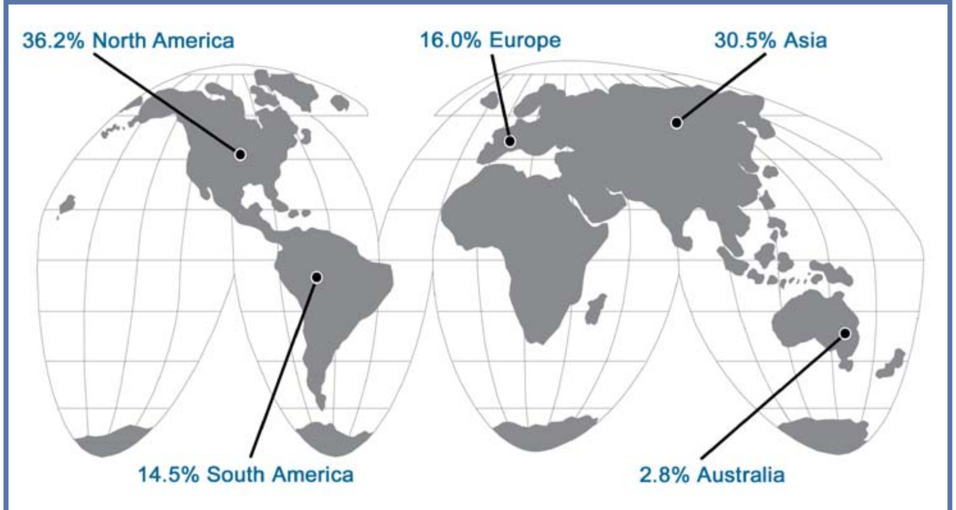
We want shareholders to understand that we're sensitive to the discount that the shares have traded at when we were coming out of '08, '09, where many funds had cut dividends. We decided upon a blend at a level that the board and Alpine felt was an acceptable level.

SL: Thank you. Earlier you talked about the drift in the portfolio being opportunistic. In what ways have you shifted, more recently, the overall exposure of the underlying portfolio's holdings?

Ebnother: I guess Japan probably would serve as a good example of that. Not long after I joined in late 2011, we noted that Japan had dramatically underperformed. For the calendar year 2011, Japan was down about 20% which was about 10% more than the global benchmark. We noted that the valuations were attractive by a number of measures and that real estate fundamentals, while not robust, were benign, and the direction of change was strengthening. While we didn't expect to see dramatic growth in Japan, we did see what we believed was an attractive level of mispricing in the securities.

At the end of 2011, we only had 1% of AWP in Japan. By the end of the first quarter in 2012, we had increased our exposure in Japan to nearly 8%, and we were then roughly neutral relative to the benchmark. Since then, we've added further to our exposure. We're now nearly 14% in Japan. Initially, the Japan increase was largely valuation driven, but this shifted when Haruhiko Kuroda took over as the new head of Bank of Japan and adopted quantitative easing. This was a major policy shift which, if accompanied

Regional Allocation*
As of April 30, 2013 (unaudited)



*As a percentage of total investments, excluding any short- term investments.

by widespread reform, we believe may make Japan a very interesting market. The point is we've gone from a major underweight to a modest overweight in Japan, and it started out because of valuation reactions but, then it shifted to macro reasons.

That's a good example of a major portfolio shift we have made. I should add that Japan has been the top performing market globally year-to-date, so this weighting shift was fortunate. Similarly, we more recently had a significant underweight in the U.S., but we believe the underweight in the U.S. has begun to look a lot more attractive to us on a risk-adjusted basis. Today, we're about 3% underweight in the U.S., but that's come down dramatically from a year ago when we had an 11%-12% underweight in the U.S..

SL: What is the one thing advisers and investors always seem to misunderstand about your Fund or sector?

Lieber: That the U.S. economy drives real estate globally. Real estate is a local asset class and reflects local economies, demographics and lifestyles. We believe the diversification benefits of a global real estate fund needs to be viewed as representing distinct business conditions which requires a keen understanding of local risks and rewards.

SL: Could you expand on that – the U.S. economy vs. global real estate – the disconnect, and maybe summarize the information you pass along to folks when they call your firm?

Ebnother: I'd say there are quite a number of misunderstandings about real estate securities funds in general. A common misunderstanding is that people often lump together housing and commercial real estate into the same asset allocation buckets. This leads people to conclude that because they may own their house that they already have ample exposure to commercial real estate. We would argue that the two investments have very distinct risk/reward characteristics and are totally different.

A second misunderstanding is the assumption that real estate securities are synonymous with REITs and that AWP is thus a REIT fund. As we have talked about already, we invest in REITs, real estate developers and operating companies as well as home builders.

A third and final common misunderstanding about this sector is that it only does well with either falling interest rates or very low absolute interest rates. That's certainly a question we're getting currently as investors prepare for the potential tapering of the Fed's quantitative easing policies, the prospect of rising rates and contemplating what this means for real estate stocks.

Actually, over the years, the sector has shown that it can perform reasonably well with rising rates. The key issue is really how is the U.S. economy doing? If rates begin to rise because the economy is doing well, the real estate sector should benefit, and this should translate to real estate stocks. It's not simply a question of "are rates low or are they falling", but rather how are real estate fundamentals and can these companies make an attractive return on their investments?

Lieber: John, if I could just amplify that. There is quite a bit of variation in business models, in the type of company or the type of asset. Even the lease structure, the way the business is run, varies from company to company and country to country. It's important to understand that these companies may have very different outcomes depending on what happens with interest rates or with inflation. Certain types of properties provide very stable income but little upside potential, potentially over a long period of time. There are other companies which offer tremendous upside potential, particularly if there's inflation and if inflation is a product of strong economic growth.

I think that one has to realize that real estate stocks are not homogenous. After learning about countries, cities and submarkets, investors have to understand market trends in supply and demand. One has to understand the companies and their management capabilities. Fundamentally, this is something that I think we have long experience looking at and can, over time, balance the portfolio accordingly.

SL: What parts of the real estate sector is more likely to be cash flow, non-capital appreciation? Which ones are more likely to be capital appreciation, less income focused?

Lieber: The ones where we think there will be less growth potential are those that are locked into long-term leases without upside additions. There are either no bumps prebuilt into the lease or step-ups in rent, no adjustments to capture CPI, or no rent adjustment factors to bring it up to market level over a long period of time. This can happen sometimes with anchor tenants in shopping malls. It can happen with industrial properties and office tenants, and it varies around the world. It is often seen in healthcare. It can happen in so-called net lease type facilities. It varies … not all of it is structured that way.

However, some leases are structured with upside potential for a few healthcare companies and in some of the net lease deals, so one really has to look under the hood of the car and see what the potential is. Short-term leases, such as hotels, in effect have nightly or weekly rent adjustments, based on supply and demand load factors, and are often perceived to be more readily able to adapt to rising income levels with rising rents. However, they also are more susceptible to rising costs. It's a variable business, and one has to look at the nature of the companies.

SL: Thank you, that's very helpful. How would you say Alpine deploys its human capital to cover all the different countries and the different sectors that are covered in AWP? Let's start with your research department and its structure.

Wells: The research effort is not necessarily fund-specific so we are able to leverage the experience and the perspective of our analysts and portfolio managers across the various real estate funds. Team members spend considerable amounts of time traveling in the local markets. We often take a "divide and conquer" approach when we are in a country where our research team will disperse across a number of cities and then meet up to exchange overall themes and impressions. We have some local speakers on staff, and we fully appreciate the importance of visiting these countries in order to get a better understanding of the investment case. This emphasizes one of the main strengths of Alpine's team, besides its depth of experience, that is, the depth of the local experience, we have in the various markets where we invest.

I joined Alpine in 2006 and since that time our team has been to every market where we have investments multiple times. We are extremely actively examining things at the local level … not only meeting the management teams there, meeting government officials and the local people, but also kicking the bricks. By that I mean looking at locations, looking at various asset types and quality, and then making meaningful comparisons not only within those countries but, for instance, looking at malls in Brazil vs. malls in the Philippines vs. malls in Indonesia, Thailand, etc.

We're able to make global comparisons of localized markets. I think that gives us a very strong comparative ability to analyze the quantitative and qualitative benefits of these investments.

Ebnother: To round that out, our global team has six people focused on real estate. Our newest team member just spent three weeks in China, visiting eight cities, meeting with the companies we invest in and looking at some of the projects they have underway. Fortunately, she is a native Mandarin speaker. The objectives of these visits is (1) to find out if what the companies are telling us is true, (2) to better understand the progress, quality, risks and potential of the projects, and finally (3) to better understand the markets and submarkets where the companies are active. Knowing the markets and the projects is the only way we can be credible with the company management teams, and it is essential in assessing the risks and opportunities that each company faces.

"… we fully appreciate the importance of visiting these countries in order to get a better understanding of the investment case."

When we're meeting with an Indonesian developer of industrial assets, we've been there. We visited those assets, and we can understand how they compare with the next companies. I just met on Friday afternoon with a Japanese developer who is building a small part of their portfolio in Indonesia, and they were surprised to understand that I'd actually been to the town where their Indonesian assets are located. They were somewhat flabbergasted. They weren't expecting to talk about that part of their portfolio. Our team does have considerable experience; we probably have 500 to 700 meetings a year.

Wells: Some meetings with companies take place in New York, others in their home markets. A lot of our discussions with managements are about specific assets, specific markets, how they are doing, their strategy, how\they are competing with the mall down the street, etc. It really is a fairly granular business, and through travel and many years in these markets, we are able to have enough understanding to track progress and figure out which investments make sense.

Lieber: By the way, John, just to amplify, we also have team members here who speak everything from Portuguese to the other romance languages – more traditional ones like Spanish, Italian and French, to a little bit of German. Also, almost everybody speaks English, and for English speakers such as me, that helps. After travel, we sit down, we talk about the investments, talk about their trip, get a download, and then we try to spread the sense of what's going on in the world amongst us. We don't keep it compartmentalized.

We don't have a Singapore office or a Tokyo office or an Amsterdam office as some folks do because then it becomes a different animal, one in which you have to manage the offices themselves. You have to manage the communication and assignments, and to a degree, we think there's not as much cross-fertilization of ideas and discussion. You tend to get more of a report on, "I saw this company and this happened." I think it's a little bit tougher to run it that way, so we choose to run it this way.

It is about cross-fertilization of ideas, and that's really the bottom line. We really want to try and understand, why did someone make an investment? Why did company A buy an asset? Why did they buy an asset in China, in Beijing, on a 3.5% yield? Do they think it can be 7%-8% in about three years? I'm not sure that's really what we're looking for though in three years' time. Maybe I'd rather buy a mall that's being developed in another part of the world where they're going to generate 8.5% or 9% yield day one.

There are ranges of opportunities, and we have to understand the rationale behind choosing one over another. What are the competitive pressures and the competitive opportunities? In some cases, we don't have to be in those countries if we don't wish because we don't run an index-focused portfolio. We will have an index-aware portfolio, but fundamentally, we're stockpickers. But we'll take those macro tailwinds when we can get them.

SL: I see Brazil dropped in size from 17% to 12% in AWP's portfolio. Can you comment on that change? As you know, it has been a rough year for Brazil.

Lieber: Regarding Brazil, we had a big position there, and it worked out very nicely from '09, particularly through '11. It was a little rocky last year due to currency weakness, but we had some great returns.

In our last semi-annual report, we discussed how we have actually been reducing Brazil for a while now. We've probably just been a little slow in doing so. We didn't expect to see basically the currency fall off the table and then the problems with protests in the streets. It's fascinating how this spontaneous eruption occurred and gained momentum. My sense is that some of the property stocks are really very inexpensive right now, but the catalyst for better share performance is probably not near term.

We think we own some of the premier real estate companies in that marketplace. We particularly like shopping malls. You can read about it in AWP's semi-annual report. We do a comparison with Simon Properties which we think is illustrative.

Even though we think the long-term opportunity is great, right now Brazil is raising interest rates, and there aren't too many countries in the world where they're doing that. We think Brazil will be a more interesting story probably next year than it is at this time.

SL: Please give us your perspective on the last 30-60 days as NAVs for REIT/real estate funds have had challenges. Were there any ways you took advantage of the volume and volatility of trading?

Lieber: There were a couple of countries where we saw stocks which were sometimes overvalued in our view. We recently exited some in Japan that had really significant share price appreciation in a matter of six months. We thought they were too expensive. We had some stocks in the U.S. that we had not been in for over a year, which we started to buy again because the growth prospects for those companies are starting to be realized and prices fell over 20%.

Basically, our focus now is that in a rising interest rate environment, you have to buy growth. You have to buy opportunities for growth because if you don't have it, the NAV is going to stagnate or deteriorate, even if the income may be growing.

SL: What is your outlook for the global REIT/real estate for the next six months?

Ebnother: I think we are cautiously optimistic which, while admittedly, is an overused term is an accurate description of our views. We are very focused on fundamentals. The fundamentals in a lot of our markets look pretty decent and are improving in far more markets than not. Admittedly, a lot does hinge on the success of the efforts of the central banks. If we start with the developed markets when we look at the real estate supply and demand dynamic, the supply picture is so positive for these markets that we're starting from a very strong position.

The new supply of real estate is low. In the U.S., for example, the aggregate level of supply of new commercial real estate bottomed in 2010, when it was at 30-40 year lows. We've come off the bottom since then and supply is increasing gradu-

Alpine Global Premier Property Fund (NYSE:AWP)

Performance
As of 6/30/2013

		YTD	3 Month	1 Year	3 Year	5 Year	Since Inception
Alpine Global Premier Property Fund (Inception Date: 4/26/2007)	NAV	0.59%	-7.84%	18.62%	14.50%	4.02%	-3.48%
	Market	8.53%	-6.46%	30.31%	22.90%	4.29%	-4.53%
FTSE EPRA/NAREIT® Global Index (Inception Date: 4/26/2007)		1.27%	-4.32%	14.19%	14.96%	4.31%	-1.31%
MSCI U.S. REIT Index Gross USD (Inception Date: 4/26/2007)		6.36%	-1.58%	9.03%	18.28%	7.64%	1.55%
S&P® Developed Property Net TR Index (*Inception Date: 46/26/2007		2.71%	-3.86%	14.68%	15.71%	4.19%	-1.79%

Sector Allocation
As of 6/30/2013

Financials	21.24%
Retail	19.98%
Residential	15.49%
Diversified	13.21%
Office	11.18%
Lodging	7.76%
Industrials	7.56%
Other	3.08%
Mortgage/FInance	0.50%

Top 10 Equity Holdings
As of 6/30/2013

AREA Asset Management, Ltd.	4.60%
Simon Property Group, Inc.	3.43%
REgus PLC	3.40%
Colony Financial, Inc.	2.88%
Ocwen Financial Corp	2.47%
MFA inancial, Inc.	2.21%
Global Logistic Properties, Ltd.	2.17%
Invesco MortgageCapital, Inc.	2.13%
Nexity SA	2.09%
Mitsubishi Estate Co., Ltd.	2.06%

ally, but we're still well below the 30-year average for new supply. What this means is that any incremental new demand as the economy strengthens goes straight to the bottom line. In other words, the leverage of landlords strengthens vis-à-vis their tenants, and they are more likely to be able to gain occupancy and push rents up. That's a pretty good position to start from because historically most problems with real estate have been supply-driven, rather than demand- driven.

In the emerging markets, obviously it's quite different. We enjoy in most cases stronger macro-economic conditions, even if less robust than in recent years. However, we also have considerable concern over governmental policy issues as governments in a number of countries attempt to dampen the strong underlying demand for real estate. This is the case in China and Singapore.

Wells: We also see it in Indonesia. We've seen restrictive loan-to-value measures put in place and heard talks about it in Thailand. Really, the other side of the coin here in emerging markets, even though right now, global sentiment for emerging market equities is certainly dampened by uncertainty with the Fed policy and China growth outlook, we still are seeing strong, underlying fundamentals. Interest rates will probably drift up along with the U.S. When you're talking about real estate, you have to factor in real interest rates as well and those who play a significant role in the ultimate analysis of the supply and demand equation in emerging markets.

Short term, we would anticipate some volatility due to uncertainty around Fed policy, and for that matter, ECB policy, Bank of England policy and BOJ policy. We think the growth prospects over the medium to longer term are certainly more favorable in the emerging markets than they are in the developed world. Then you have the tailwinds of urbanization trends and demographics. All of those pushing the demand side of the equation in emerging markets.

Lieber: I'll just follow up and say that investors must understand that opportunities really vary from country to country. The U.S. is growing the fastest among developed markets, but even in Europe, there are opportunities. Look at Oslo, for example. They have home price appreciation going through the roof there, so we are a little cautious on it. But it's been on a great run there, and there's still good economic strength in Norway.

Over the intermediate term, we're focused on companies which we think are positioned to deliver growth in other markets as well. Another example is Mexico where the "tail is being wagged by the dog," and the U.S. is the big dog. Mexico is a good place for production, particularly auto plants. We think Mexico is a great market, particularly for industrial property.

"They [REITs] are equities wth income characteristics, and they have real estate fundamentals that, over the long term, drive their performance."

The key issue from our perspective is growth plus income. We have to remember that REITs in particular are hybrid investments. They are equities with fixed income characteristics, and they have real estate fundamentals that, over the long term, drive their performance.

All three of those markets have different impacts over time, depending on the overall state of the investment climate. Of late, the fixed income component has been a big driver of performance. I would suggest that longer term, we think over the next few years, real estate will be a more important component driving the return of these stocks. We think that this, in part, will start to differentiate these stocks as they become viewed more as liquid alternative asset investments. We believe that is fundamental to what we think will be part of the continued evolution and expansion of the sector globally over the next five years.

Ebnother: I'd like to add one more item before we go. We mentioned earlier that we are index-aware but not index-focused in the management of AWP. It may be helpful to know that the Fund's Active Share is in the mid-80% year-to-date. Active Share is similar to tracking error and is a relatively new statistical measure that we're being asked about with greater frequency.

It simply compares a fund's holdings to its benchmark and a measure of 0% to 100% is derived, where 0% reflects a totally passive fund whose holdings exactly match the benchmark. Measures of 60% to 100% indicate actively managed funds. At Alpine we believe in active management, and AWP strongly reflects that.
Yes, in a constrained universe, like real estate, even if it's global real estate, you have a lot of managers whose numbers … the active share numbers have come down. The fact that we're still in the 80s supports the fact that we are very much an active manager.

SL: How often do you update investors on the Fund's financials/holdings?

Leiber: Information can be found on our website [www.alpinefunds.com]. We update statistics monthly and provide complete portfolio holdings quarterly.

SL: Sam, as we wind down the interview, what is a recent book you have read and what did you learned from it?

Lieber: We talked about limited resources, right? I read a book not too long ago called *Four Fish.* It is about how people have changed the historic relationship with the natural bounty from the sea, through industrialized fishing and farming, including genetic modification. We have imperiled natural populations of wild salmon by damming rivers, polluted the coastal habitats of bass, depleted offshore banks of cod and hunted down blue fin tuna, formerly the dominant nomadic global predator of the deep.

The point of all this is we've plundered our resources from the sea and struggled to produce more, but at what cost?

I pause when I look at what we're doing going forward, whether it's China's urbanization policies, deforestation in Africa, Asia and the Amazon, or mining and fracking both here and abroad. Instead of using technology to extract more, we have to do this in a thoughtful way. We need to realize that we don't want to mess up the world's supply-and-demand balance or the holistic equilibrium, whether it's from a real estate investment or, of course, from the environment in which we all live and hope to continue to thrive. I think there are fundamental views that can link back to this book.

SL: Thank you, I appreciate all three of you being able to join us this afternoon.

Lieber: Thank you, John. ■

For those looking for more information on the Fund, please call (800) 617-7616 or visit www.alpinefunds.com.

Disclosure: CEFA's clients and employees own shares in AWP but will not trade in the security until 72 hours after the release of this *Scott Letter.*

Portfolio Managers' Reviews

Despite talks that we are close to a major market top, that doesn't necessarily mean we are peaking. A pause, however, is understandable.

According to a recent report in *Barron's,* the consensus is that "U.S. markets over foreign, stocks over bonds, and the U.S. economy is revving up." By the end of July 2013, U.S. stocks rallied 27% to new highs: "Zero interest rates, stagnant wages, and rallying stocks help profit margins and reward capitalists, but frustrated workers and savers – one reason this bull market has many more fans on Wall Street than on Main Street."

Michael O'Rourke, Jones Trading chief market strategist, says: "It seems every time the 10-year Treasury yield rises above 2.6%, the Fed makes a statement or says it will continue to promise low rates for a long time. Yet the economic data should continue to improve, and yields can't go much lower. The Fed's games are only intended to suck more investors into their bond bubble."

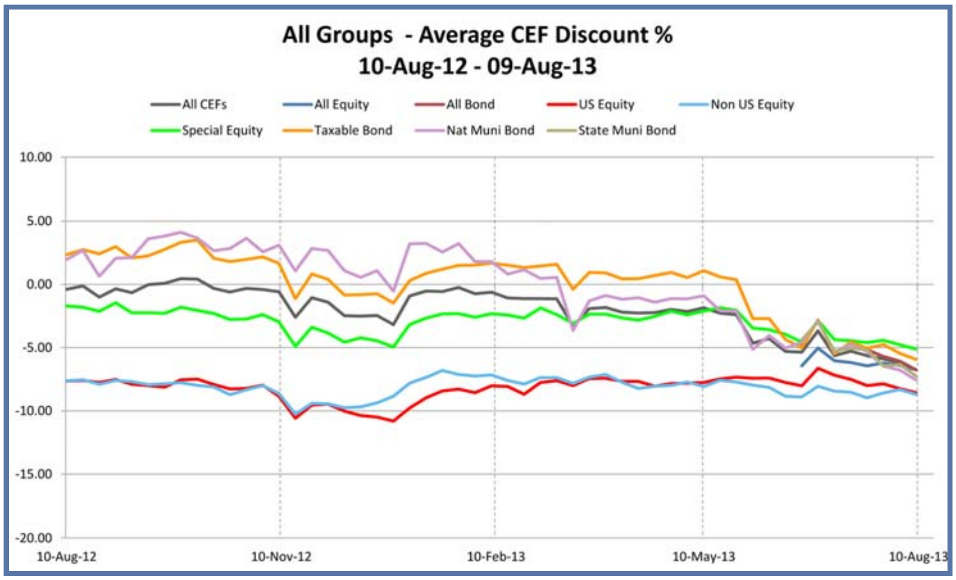
At Closed-End Fund Advisors, we are always looking for opportunities to buy the best quality funds at bargain prices with proven investment records. This has lowered our bond-to-equity mix. We are now carefully adding to high quality global bond funds that have performed well. Despite this, we expect equity funds will continue to outpace bond funds and are selling funds that have narrowed their discounts in exchange for funds of the same quality.

For growth-oriented clients, we reinvested the cash into high-yielding real estate and healthcare funds, selling at deeper discounts that have consistently showed good performance and distributions over the long term. We also reduced exposure to Source Capital, one of our premier funds, because it was trading at a narrow discount.

Many of the emerging markets are deeply oversold and are starting to recover; so we are taking another look at them. CEFA plans to interview Dr. Mark Mobius of Franklin/Templeton later in the year regarding two of his funds: Templeton Emerging Markets Fund and Franklin Frontier Markets Fund that have been lagging the U.S. markets. Dr. Mobius pioneered investing in the rapidly growing frontier markets, although the latter is a mutual fund, not a closed-end fund. We are disappointed that Franklin/Templeton no longer issues closed-end funds.

We have increased our holdings in the Asia Tigers Fund, managed by Aberdeen, which has a good long-term record and holds semi-annual tender offers. It is also a regional fund that invests throughout north and south Asia, including India. We exited Aberdeen Latin America Equity Fund due to weak markets in that region but plan on returning to this fund later.

The U.S. economy is continuing to show signs of growth. Brian Westberry, chief economist at First Trust, regularly comments we have a "plow horse" economy vs. a "race horse" economy. Industrial production was unchanged in July 2013, while the Consumer Price Index for all items increased 0.2%. We saw modest gains in retail sales numbers, up 0.2%, and the Producer Price Index was unchanged during the month of July 2013. This gives us reason to believe the equity



Portfolio Managers' Review (cont'd)

markets will continue to grind higher, even though it has been a good half for equity markets with the S&P 500 showing gains of just over 18% year-to-date on a total return basis, as of August 15, 2013.

We understand that some investors think the U.S. markets have gone too far and are overvalued; but we like to look at the current price-to-earnings (P/E) ratio in context. If you look as Robert Shiller's P/E level of 23.8 vs. a 10-year average of 23.7, it suggests that stocks are only trading at average valuations. For example, in 2000, the S&P Shiller P/E ratio hit an all-time high of 44.2. So stocks today are not as inexpensive as they were in the spring of 2009 but are still reasonably priced.

We believe bond yields should continue to drift higher. If the pace of the rise is reasonable, the impact to long-term bond holders, especially those in closed-end funds due to their fixed capitalization, should not be as pessimistic as some headlines have suggested.

We suggest investors own closed-end bond funds that meet the following three criteria:

1. Solid net asset value (NAV) performanc, – the reason you buy active management.
2. Show the ability to meet current dividend payments based on earnings coverage and UNII levels.
3. Are priced to themselves and peers as "cheap" compared to fairly valued vs. overpriced. This can be either a narrow discount or small to significant premium.

Buying funds after a dividend cut of 5%-15% can be a great chance to buy into a good manager at "cheap" prices. We have no idea where bond markets will go in the short-term, but in our experience, this is the best way to keep a bond allocation and manage it through the future on-going rise in interest rates.

During the second quarter 2013, we reduced bond allocations by approximately 5% across our portfolios. This has been part of a planned reduction in bond exposure to an underweight position from a previous overweight in past few years for our clients.

There are currently 602 closed-end funds available to investors with a total combined net assets of $250 billion. It is worth noting that approximately half of all closed-end funds trade about $500,000 to $2.5 million in liquidity per day, which means closed-end funds require more patience and diligence for trade execution.

All the closed-end fund sub-groupings are currently trading at discounts, according to our CEF Universe data except Master Limited Partnership (MLP) funds. Equity discounts have been relatively unchanged the past few months, while bond discounts have widened on average -5% for taxable bond funds and -9% on average for municipal bond funds. We have been fortunate to avoid dividend cuts across our portfolios, even though there have been some across many bond sub-groupings.

Our advice is to continue to watch your funds' NAV movements, updated financial reports and make opportunistic trades based on inefficient pricing. We expect activist activity to pick up substantially in the third quarter as they will probably want to take advantage of current discount levels. Look for updated SEC 13 D/G notices for funds as a potential catalyst to narrow fund discounts.

For our next issue of *The Scott Letter,* we will be interviewing General American Investors. It will be published in October 2013. ■

George Cole Scott

George Cole Scott
Founder and Editor-in-Chief
Portfolio Manager

John Cole Scott
Contributing Author
Portfolio Manager

Leslie Jane Daniels
Copy Editor

Mamie Woo McNeal
Production Editor

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Global Investment Counsel
7204 Glen Forest Avenue, Suite 105
Richmond, Virginia 23226
(804) 288-2482
www.CEFAdvisors.com

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