

ALPINE TOTAL DYNAMIC DIVIDEND FUND
Form N-CSR
January 08, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21980

Alpine Total Dynamic Dividend Fund
(Exact name of registrant as specified in charter)

2500 Westchester Avenue, Suite 215, Purchase, NY
(Address of principal executive offices)

10577
(Zip code)

Alpine Woods Capital Investors, LLC

2500 Westchester Avenue, Suite 215

Purchase, New York, 10577
(Name and address of agent for service)

Registrant's telephone number, including area code: (914) 251-0880

Date of fiscal year end: October 31

Date of reporting period: November 1, 2008 - October 31, 2009

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW,

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

Item 1. **Reports to Stockholders.**

**INVESTOR
INFORMATION**

1(800) 617.7616 | www.alpinecef.com

TABLE OF CONTENTS

| | |
|---|----|
| Alpine View | 2 |
| Manager Commentary | 5 |
| Report of Independent Registered Public Accounting Firm | 14 |
| Schedule of Portfolio Investments | 15 |
| Statement of Assets and Liabilities | 17 |
| Statement of Operations | 18 |
| Statements of Changes in Net Assets | 19 |
| Financial Highlights | 20 |
| Notes to Financial Statements | 21 |
| Additional Information | 26 |

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

ALPINE VIEW
October 31, 2009 (Unaudited)

Dear Investor:

What a difference a year makes. Last year we were afflicted by a crisis of confidence which compounded a financial contraction with potentially catastrophic consequences. The speed, depth and global breadth with which wealth and capital was vanishing increased fear of a prolonged downturn. The panic in financial markets paralyzed corporate, municipal and individual investment activity. Fortunately, unprecedented government and central bank efforts around the world prevented a widely feared depression. The Federal Reserve led the way, pumping liquidity into the capital markets to unfreeze money markets and stimulate investment. This has partially offset the economic repercussions flowing from massive layoffs and plant closures, which is how corporations responded to collapsed consumption and decreased global trade. After falling over 45% from the Friday before Lehman Brothers' collapse (September 12, 2008) to the market low on March 9, 2009, the S&P 500 rebounded over 55% through October 30, yet remains more than 34% below the October 2007 index peak.

From March of this year, investor psychology began to shift from depression to hope, from fear of economic collapse towards expectations of recovering cyclical activity. Along the way, some have focused on whether this recovery could follow a V shaped temporal pattern or would trace a U, L or W shape. Irrespective of the form and time it takes, recognition that a new cycle was approaching has been transformative for risk/return pricing. Inevitably, economic and corporate evidence of normalizing activity has encouraged market participants to believe that this downturn, perhaps the worst in two generations, would not cripple the structural underpinnings and operation of our economic institutions, despite continuing bank closures and consolidation. In fact, signs that increased capital availability is expanding beyond equity recapitalizations in the capital markets to include bank line extensions to well capitalized companies. Limited initial public offerings (IPOs) are also coming to market and prices bid for businesses, real estate and selected assets are on the rise. Although the appetite for taking more risk in the search for higher returns reignited the rally in stocks during midsummer, transaction volumes remain a fraction of previous years' levels. Even though banks are gradually beginning to lend, they are not yet including many of the small to medium sized companies that historically have fueled economic expansion. While all is not rosy, it is apparent that we have turned the corner.

Are Happy Days Here Again?

For the 2009 Fiscal Year ended October 30th, Alpine is very pleased with the overall strong level of comparative returns provided by our family of funds. Unlike 2008, diversification across investment categories, geographic regions, business sectors and financial structures enabled managers with flexible mandates to outperform relevant or benchmark indices. Alpine's different fund managers make it clear in their respective shareholder letters that many investment opportunities emerged from the risk reducing panic selling of last year. Due to the forward looking nature of the capital markets, it is not surprising that recovery in share prices began well before the upturn in the economy, as measured by Gross Domestic Product (GDP) for the third quarter. Over the next few quarters, we should see employment gains, hopefully by the middle of next year. Tentative signs are numerous, if not major. For example, recent reports of advertising spending during the early weeks of October suggest that retailers have increased such spending by close to 35% year-over-year in anticipation of a more hopeful Christmas selling season. Recent global mergers and acquisition (M&A) announcements within the first weeks of November show a dollar value greater than at any time since May of 2007. The Conference Board's U.S. Leading Economic Indicators (LEI) Index has been positive for seven months. The LEI's most recent consecutive monthly positive period was back in the Fall of 2006, and the previous extended period of continuous gains was in 2003-2004. Adding to these hopeful signals are more concrete data points such as job recalls at John Deere and Cummins Engine to make agricultural equipment and truck engines. Nonetheless, investors remain cautious about excessively valuing future growth in corporate earnings despite near record non-farm productivity and net positive third quarter corporate earnings reports surpassing analyst estimates.

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

Where Have Investors Placed Their Bets? Income And Growth

According to AMG Data Services, bond funds have attracted over \$290 billion so far during 2009, while \$22 billion has flowed out of equity funds. Historically low interest rates fueled by the Federal Reserve's Quantitative Easing, negligible inflation and excess economic capacity have propelled bond returns during the past year, especially for economically sensitive high-yield bonds. Another area which enjoyed strong performance, were the emerging markets and, in particular, emerging market funds. Even though China and Brazil have resumed rapid economic growth after a weak

October 31, 2009 Annual Report | 1(800) 617.7616
www.alpinecef.com

fourth calendar quarter of 2008 and first quarter of this year, skepticism remains regarding the long term sustainability of their high relative growth rates. Beyond strong earnings trends, their potential capacity to become dominant engines of global growth has yet to be realized, but their abilities to drive domestic demand without growing exports to the U.S. or Europe are now apparent. Their fiscal situation is another contrast to budgetary deficits among many of the world's major economies. These countries also share dramatically different demographic profiles which will also influence economic growth rates and challenge economic imperatives. However, modernizing infrastructures, improving inefficiencies in distribution, upgrading health and education availability and maintaining stable capital costs still need to be addressed in order to compete and provide rising standards of living. Such issues will no doubt impact economic and corporate growth expectations for years to come, and hence, influence long term investment patterns. We believe these dynamics will continue to favor global stock portfolios in 2010.

U.S. Economic Focus Will Be On Jobs, Income and Growth

Alpine's fundamental long term concern is growth in GDP per capita, which encompasses employment growth and sustainable income levels. Both influence the overall standard of living and, more importantly, influence consumption patterns. Income growth plays a critical role not only in the demand for imported goods, which influences both the balance of trade and the collection of tax revenues, impacting the government's ability to provide services and make-up past budget deficits. However, possible secular changes to our economy may shift job opportunities and with them population distribution for future generations. This could impact state and local politics and might even alter our national priorities, away from the pattern established following World War II.

In this light, the level of unemployment is critical. Historic recoveries from recession between World War II and 1982, where the typical impact on employment was a decline of 2.5% on average, would see a return to previous employment levels in roughly 12.5 months*. (*Data based on Bureau of Labor Standards and Credit Suisse). Following the recessions of 1991 and 2001, the U.S. took longer to generate new jobs, and hence the term "Jobless Recovery" was coined. It was particularly appropriate for the 2001 recession which then took 36 months to return to prior employment levels. Please see Chart A showing U.S. continuing jobless claims over the past 30 years.

Chart A U.S. Continuing Jobless Claims

Source: Bureau of Labor Statistics, Bloomberg

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

This down cycle has seen a drop in employment of almost 5% of the workforce, or seven million people. Since the magnitude is far greater than prior cycles, it may take several years to recover lost jobs. The concern is that businesses which have grown cautious about revenues and underlying demand and, hence, their competitive position, will refrain from adding new jobs, emphasize temporary workers or outsource overseas. The impact on income levels could likely be limiting at best and perhaps even contribute to an overall deflationary trend in our economy. If incomes decline, the nation's debt burden may exceed tax revenues, pressuring the dollar. If imported goods and materials rise in price, then the danger of stagflation could emerge. Policy makers must be diligent to prevent stagflation, which would be corrosive to our standard of living.

These are just a few of the challenges which our leaders face. While they may not be able to perfectly navigate the complexities of the evolving global economy, we should not be overly bearish. Even if it takes over four years to recover the employment levels of 2007, we will likely have historically cheap money as an offset which will facilitate the stabilization of the banking sector, providing a period through which long term capital can be invested at advantageous costs. This four or five year window could provide corporate America, and indeed much of the world, with the capacity to enhance productivity, create new jobs and expand the economy on a stable footing. Even moderate inflation would be welcome for all sorts of assets, most especially housing. If such an optimistic scenario occurs, then corporate earnings and stock prices have a long way to run.

Global Expansion And Productivity Trends Have Fueled Income And Growth

Perhaps the most influential underlying economic trend of the past generation has been the uneven decline in interest rates since 1982. Please see Chart B, showing the yield of the 10-Year U.S. Treasury Bond over 30 years. Over this period,

many medium term trends focused on enhancing corporate profitability were also important drivers of growth.

Chart B 10-Year U.S. Treasury Bond Yield

Source: Bloomberg

The global economy has evolved since World War II through several stages of regionally focused activity which have contributed to lower prices and higher standards of living. The so called Developed Countries in Western Europe, North America and Japan rapidly rebuilt or modernized infrastructure while populations expanded during the 1950 s. Gradually, the globalization of production jump-started the industrialization of Latin American and Asian countries beginning in the 1970 s. During the 1980 s, inflationary pressures began to stabilize as wage and goods price pressures were mitigated by an acceleration of the global manufacturing trend. The 1990 s experienced increased need for expanding global capacity of goods producing and extraction industries which helped to lower the cost of commodities. Finally, the productivity enhancements heralded by enhanced computer systems and communications capabilities, including the internet, created opportunities for disintermediation of goods and services from large economic or institutional aggregators to broadly distributed individual investors, producers or users. Today, you or I can buy an inexpensive product from a Japanese design or distribution firm which sources components from manufacturers in Malaysia or Taiwan for assembly and packaging in Mexico and finally, sale in the U.S. This type of business activity has lowered the costs of goods and services for many of us in the developed world and enabled many in the undeveloped or emerging countries to begin to enjoy some of the advances which have enhanced our standard of living. Taken to a different extreme, Wall Street firms, through their global offices, could sell to residents of a town in Norway, partial interests in an aggregation of mortgages underlying homes in Cape Coral, Florida and Stockton, California. So what is next? At Alpine we are investigating how this unfolding new business cycle will fit into the evolution of economic activity, through which our investments, be they regional, sectoral, or company specific, may benefit. In a similar vein, we have to investigate whether the long term economic or socio-political changes brought about by this continued economic evolution, will create future trends for investment.

Where To Next?

We have no doubt that 2008 and 2009 will be remembered for being amongst the most challenging periods for both investors and investment managers over the past several generations. Future comparisons should be favorable, but that is not to say that 2010 will be an easy year. However, we do believe that the U.S. and Global economies will continue to transition in a positive fashion towards a multi-year cycle of relatively directional positive returns mirroring prospective global growth. We would expect economic activity to accelerate as the next decade unfolds. As the business cycle matures, Alpine will continue to look for opportunities to provide our investors with both income and growth. We appreciate your support and interest and look forward to communicating with you in the new year.

Sincerely,

Samuel A. Lieber

President, Alpine Mutual Funds

Mutual fund investing involves risk. Principal loss is possible.

The letter and those that follow represent the opinions of Alpine Funds management and are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security.

Cash Flow measures the cash generating capability of a company by adding non-cash charges (e.g., depreciation) and interest expense to pretax income.

Please refer to the schedule of portfolio investments for fund holding information. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. Current and future portfolio holdings are subject to risk.

This notice is provided to you for informational purposes only, and should not be considered tax advice. Please consult your tax advisor for further assistance.

Forward-looking statements are based on information that is available on the date hereof, and neither the fund manager nor any other person affiliated with the fund manager has any duty to update any forward-looking statements. Important factors that could affect actual results to differ from these statements include, among other factors, material, negative changes to the asset class and the actual composition of the portfolio.

The Funds' actual results could differ materially from those anticipated due to various risks and uncertainties. Alpine Global Dynamic Dividend Fund, Alpine Total Dynamic Dividend Fund, and Alpine Global Premier Properties Fund are closed-end funds and do not continuously offer or redeem shares. The Funds trade in the secondary market and investors wishing to buy or sell shares must place orders through a financial intermediary or broker.

MANAGER COMMENTARY
October 31, 2009 (Unaudited)

The Alpine Total Dynamic Dividend Fund (AOD) completed fiscal 2009 by achieving its primary objective of distributing a high level of current dividend income for our investors despite a very challenging dividend environment and severe volatility in global equity markets throughout the year. In addition, we are pleased that in the second half of fiscal 2009, AOD returned to strong growth in its NAV. The Fund's primary objective is high current dividend income that is not restricted to tax-qualified dividend distributions and its secondary objective is long-term growth of capital. In addition, our goal is to provide global diversification and flexibility, with no limitations on the percentage of holdings that can be in either international or domestic U.S. companies.

AOD Provided an Attractive Dividend in a Difficult Investment Income Environment

AOD paid out total dividends of \$1.68 per share during fiscal 2009, which represents a trailing twelve-month dividend yield of 19.83% on AOD's closing price on 10/31/09 of \$8.47, and a 25.15% yield on AOD's closing NAV of \$6.68. AOD's market price appreciated by 32.76% in fiscal 2009 and our NAV grew 8.71% including dividend reinvestment during the year, which included the challenging investment environment in the first half of 2009 when the S&P 500 Index declined by 8.53%. For the six months ended 10/31/09, AOD's price appreciated 41.63% and its NAV including dividend reinvestment grew by 18.76% as global equity markets responded to extensive fiscal and monetary stimulus policies enacted in countries around the world to counter the worst global recession since the 1930s. Since inception on 1/26/07, AOD has paid out total dividends of \$5.82 per share, which was 100% earned dividend income. These dividends paid need to be added back to NAV when looking at historical total return calculations.

Fiscal 2009 encompassed the third worst bear market on record in the U.S., with a 57% decline for the S&P 500 Index from its peak in early October 2007 through the market lows on March 9, 2009. Only the 1930s recorded worse equity market performance. The S&P 500 Index has rallied by over 55% from the March 2009 lows through fiscal year end 2009, but the Index is still 34% lower than its October 2007 highs.

Within this challenging investment environment of economic recession and a near collapse of the global financial system, it is not surprising that we have also seen an unprecedented amount of dividend cuts. Companies across the globe have either cut or eliminated dividends in order to conserve cash amidst declining earnings and tight capital markets. Some of the most well-known dividend-paying companies in the U.S. across different sectors have slashed their dividends in 2009, including GE, Pfizer, Dow, JPMorgan, Macy's and CBS. A recent analysis by Standard and Poors is forecasting a slightly more positive outlook for U.S. dividend payments next year, potentially a 6% increase, but this is skewed toward the second half of 2010 and is dependent on market conditions.

Internationally, we have experienced even more severe dividend cuts than we have seen in the U.S. This has been particularly challenging for us since Europe has become one of our primary dividend markets. Our internal study completed in May 2009 analyzed a universe of approximately 1,000 liquid, high yielding companies outside of the U.S. and found that on average these companies cut their dividends by over 40%, with the weakest markets being Italy, France and Norway. Futures markets for the Euro Stoxx 50 Index are currently predicting a further 6% drop in dividends in 2010, which is reasonable as many of the annual dividends in Europe are being paid out on the weak 2009 year end results.

Within this very challenging environment, we are pleased that we have continued to achieve our primary objective of providing a high level of 100% earned dividend income for our investors. However, we did make the very tough decision in February 2009 to reduce the amount of our monthly dividend payment from \$0.18 to \$0.12 per share in AOD. This new annualized dividend payment of \$1.44 still represents a very

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

attractive annualized dividend yield of 21.56% based on the 10/31/09 closing NAV of \$6.68 and an annualized yield of 17.00% based on the closing price of AOD on 10/31/09 of \$8.47. While this decision was extremely difficult, we felt it was in the best interest of our investors in the long term to make this dividend cut in order to preserve capital in these challenging times.

We have declared our current \$0.12 per share dividend payment amount through February 2010. In order to achieve our current monthly dividend objectives, we made the decision to increase the velocity of our dividend capture program in fiscal 2009. This has resulted in the reduction in the average holding period of our stocks and therefore a decrease in the percentage of our dividend that will be qualified for the reduced U.S. Federal tax rates. Our current estimate for the amount of AOD's fiscal 2009 dividend that will be classified as qualified dividend income is approximately 45%, down slightly from 49% in fiscal 2008 (this amount is still subject to change). The other effect from the increase in our dividend capture rotation has been a substantial increase in our portfolio turnover in AOD, which adds to the Fund's trading expenses. However, we are actively monitoring the global dividend universe and we will continue to work hard to find the best dividend opportunities in these tough markets.

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

The Financial Sector Was the Biggest Challenge in Fiscal 2009

While we were pleased with the appreciation in AOD's stock price during fiscal 2009, the total return on our NAV underperformed the broader S&P 500 Index by 109 basis points. We would attribute this primarily due to the fact that the rally off the March lows in the S&P 500 Index was driven by the dramatic rebound in financial stocks. We had been underweight financials through the first nine months of fiscal 2009 as so many financial companies substantially cut or eliminated their dividends. Therefore, we were limited in our ability to participate in a financial rally based on the fulfillment of our dividend objective and income requirements. Financial leaders such as Citigroup and Fannie Mae completely eliminated their dividends in 2009 and Bank of America, JP-Morgan and Wells Fargo cut their dividends by over 50% and as much as 98% since 2007. These companies were averaging well over 4% dividends yields in 2007 and the global financial sector had traditionally been one of our largest in our dividend capture and U.S. pair trading strategies.

Throughout the first four months of fiscal 2009, we made the decision to underweight the financial sector stocks because of their rapidly deteriorating dividends and fundamentals as the threat of bank nationalization took us to the March 2009 market lows. The financials actually surpassed the 83% decline in the technology bust from 2000-2002 by declining 84.6% from the intra-day peak on the S&P 500 Financial Select Sector Index (IXM) on 5/23/07 to the low on 3/6/09. From the first trading day of fiscal 2009 on 11/3/08 through 3/6/09 the IXM Index declined by over 60%. Interestingly, three of our worst performing stocks in fiscal 2009 were not banks, but companies that were dragged down by the financial crisis due to the freezing of credit markets and their need for financing and leveraging for their operations. These included Macquarie Infrastructure Co. with an 87% decline, General Electric with a 47% decline, and State Street Corp. with a 45% decline.

However, on the back of the aggressive fiscal and monetary policy actions taken by governments around the world to stave off a global financial meltdown, the IXM financials subsequently rallied a dramatic 78% in just the 55 day period from 3/6/09 to 4/30/09. It was during that time that we lost our performance advantage. Our strategy during this extreme market volatility in the financial sector has been to add to higher quality companies on dips where valuations have become appealing and potential opportunities exist for dividend increases in 2010. For example, we have added some global asset managers like Man Group in London which still pay attractive dividends and have benefited from a rebound in asset values, money inflows, and higher performance fees. We also bought a selected portfolio of Chinese banks and Chinese real estate companies with attractive yields as we seek to participate in their economic rebound and we continue to hold the high quality U.S. industry leaders, like JP-Morgan, Goldman Sachs, and Morgan Stanley.

Throughout Fiscal 2009 We Stayed Our Course and Remained Flexible To Achieve our Objectives

Throughout these highly dynamic markets in fiscal 2009, we have stayed on our course and strived to achieve the best combination of dividend income and capital appreciation potential for our investors. For example, the best performing sector in the S&P 500 in fiscal 2009 was Technology, however it is also the sector with the lowest average dividend yield of 0.9% versus the S&P 500 Index at 2.2%. Despite our continuous dividend challenges in the technology sector, we found attractive opportunities to put close to 10% of AOD's assets into this high performing sector. Our top three technology performers produced total returns ranging between 25-37% for AOD during fiscal 2009. These include Microchip Technology which has a 5% current dividend yield and bellweathers Microsoft and International Business Machines with almost 2% yields. These tech leaders have high quality balance sheets with strong earnings and cash flow growth outlooks in this global economic rebound.

Although the still small dividend universe in tech keeps us largely underweight relative to the S&P 500, we were able to be overweight the second best performing sector in fiscal 2009, and that was the materials sector. We are seeing a strong recovery in material stocks based on the recent rebound in global economic growth, particularly coming from China. We are being selective in our investments and look for materials and commodities that are characterized by structural deficits in supply, where China is short, and where demand has clearly been improving, like copper, met coal, iron ore, and platinum. We are less favorable in the sub-sectors with ample supply and uncertain demand trajectories like

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

aluminum. Two of our current top holdings are Mitsubishi in Japan and Teck Resources in Canada, which we believe are inexpensive ways to participate in the attractive metallurgical/coking coal industry, and we also like copper and zinc producer Vedanta Resources in the UK. Some top performers in this sector in fiscal 2009 were BHP Billiton with a 71% total return, Steel Dynamics with a 65% total return, and Israel Chemicals with a 33% total return.

The similar investment thesis can be applied to the energy sector as materials, where we have favored the oil services group. Deep water drilling company Seadrill was our best performer,

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

having more than doubled this year. Other strong performers in fiscal 2009 were Petrobras with a 71% total return and Anadarko Petroleum with a 47% return. This was balanced with some weak performers in the energy sector that were hit as crude prices made a low of \$38.51 in February 2009 before rebounding to close the fiscal year at \$77.75. These holdings included Transocean with a 33% decline, Peabody Energy with a 25% decline, and Schlumberger with a 21% decline.

In the context of the high beta rally from the market lows, it is not surprising that some of the underperforming sectors in fiscal 2009 have been the more defensive sectors represented by Telecom, Utilities, Health Care, and Consumer Staples. Those are also some of the highest dividend yielding sectors as well. Some of our worst performing stocks in these sectors included Medtronic with 30% decline, Kroger with a 21% decline, utility Entergy with a 17% decline, and France Telecom with a 12% decline. But we have also tried to be dynamic within these sectors to look for the attractive total return opportunities. Top performers in fiscal 2009 were Avon Products with a 77% total return, Alcon with a 68% total return, Swedish telecom company Tele2 AB with a 39% increase, and utility ITC Holdings with a 35% total return.

Throughout fiscal 2009, we have strived to balance our portfolio to weather the economic uncertainty. With the tides and undercurrents changing rapidly, it has been an extremely difficult environment to be a long-only dividend investor that has to have a significant portion of assets invested at all times in order to generate our high dividend yield. However, we feel we have positioned the portfolio to be diversified and balanced to handle the turbulence with a barbell approach. By this we mean that we kept our cyclical names where we felt the stocks offered tremendous value and were positioned to benefit from a better outlook for growth in 2010. We also maintained our more defensive positions in sectors like healthcare, consumer staples, utilities, and telecom which should perform well if global economic growth stalls.

International Markets May Offer Dividends That Are Much Higher Than the US, Plus Attractive Growth

When we commenced AOD, our goal was to provide our investors with global diversification within the dividend investment universe. Our intention was to be able to be opportunistic and flexible, hence our middle name being *dynamic*. Despite significant dividend cuts around the globe, we have continued to find attractive growth opportunities and larger dividend payouts overseas than we see in the U.S. AOD has a larger exposure to overseas markets in comparison to the S&P 500 Index and many of our equity income peers.

In addition to our multi-strategy and multi-cap approach, we invest on average approximately 40-60% of AOD's assets in international equities. We do not actively manage our country weightings - we pick our holdings on a stock by stock basis based on dividend potential and total return. We search for attractive total return opportunities in the U.S., Europe, Latin America, and Asia. This bottoms-up approach had taken a large portion of our international holdings to the Euro region, as the dividend payout ratios have remained higher than any other region including the U.S. And compelling growth and income stories have led us to invest more in Asia and Latin America.

As of October 31, 2009, AOD had invested 56.4% of net assets in international companies and 40.8% of its value in domestic U.S. based companies, with the remaining 2.8% in cash and short term equivalents. Although the Fund did not have any outstanding leverage on 10/31/09, AOD does have the flexibility to take on leverage of up to 33% of the Fund's value if management believes that there are extraordinary opportunities for either dividend capture or capital growth.

We are continuously doing our homework and we have the flexibility in AOD to move our investments to where we see the greatest combination of value, growth, and dividends. AOD is currently invested in equities based in 23 different countries, the majority of which would be considered mature countries. However we do have about 10% of the portfolio invested in emerging market countries like Brazil, China, South Korea, Russia, and South Africa. Following the United States, our current top five countries as of 10/31/09 were Japan, Switzerland, United Kingdom, Australia, and Norway. The average dividend yield for the major indices in these five countries is currently 2.9% versus the yield on

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

the S&P 500 Index of 2.2%.

Our Distinctive Investment Approach Combines Four Sub-Strategies: Dividend Capture, Special Dividend, Growth and Income, and Value / Restructuring

Our number one priority continues to be to provide our investors with an attractive dividend yield and to improve and grow our capital returns. We believe AOD offers a distinctive and balanced approach to achieving both dividend income and long-term growth of capital while offering investors diversification through international equity exposure. We scan the globe looking for the best dividend opportunities for our investors, employing a multi-cap, multi-sector, and multi-style investment approach. The Fund combines four research-driven investment strategies: Dividend Capture, Special Dividend, Growth and Income, and Value / Restructuring to maximize the amount of our earned dividend

income and to identify companies globally with the potential for dividend increases and capital appreciation.

Our *Dividend Capture Strategy* and *Special Dividend Strategy* Seeks to Enhance the Dividend Income Generated by the Fund

We run a portion of our portfolio with a *dividend capture strategy* and *special dividend strategy*, where we invest in typically high dividend yielding stocks or in special situations where large cash balances are being returned to shareholders as one-time special dividends. We enhance the dividend return of this portfolio by electively rotating a portion of our high yielding holdings after the 61-day ownership period required to obtain the reduced qualified dividend tax rate. The number of special dividends that we participated in has decreased substantially, from about 60 in fiscal 2007 to 30 in fiscal 2008 and down to 16 in fiscal 2009, as companies hoarded cash in association with a deterioration in earnings and credit availability during the global recession. However, we were still able to be selective and successful in our special dividend research in identifying attractive opportunities for our investors.

For example, one of our top 10 holdings in fiscal 2009 that provided a 40% total return was Endesa SA (ELE SM). Endesa is one of Spain's largest utilities that generates and distributes electricity throughout countries in Europe and Latin America. A controlling stake in Endesa was sold to Italy's biggest utility company, Enel, in February 2009. As part of the sale, shareholders of Endesa received a \$5.89 special dividend, or approximately 30% of the equity value of the company. We remained owners of Endesa following the dividend payment as we believed there was additional upside value to be realized. By our fiscal year end on 10/31/09, the stock price had regained the entire 30% dividend payment and more. We continue to be holders of Endesa as we are hopeful of an additional attractive dividend payment in first quarter 2010.

Another strong performer in AOD during fiscal 2009 that announced a special dividend was the U.S. clothing company, The Buckle (BKE). The Buckle is a youth-oriented, casual apparel retailer that we held in the fund due to its solid earnings growth outlook in the consumer discretionary sector plus its attractive 3% dividend yield. In September 2009 the company announced an additional special dividend payment of 6% to distribute excess cash to shareholders. By the time the company went ex-dividend on 10/13/09, it had appreciated by approximately 22% in the 22 days after announcing the special dividend and we have since taken our profits and sold the shares.

Our *Growth and Income Strategy* Targets Capital Appreciation in Addition to Yield

Our third strategy identifies core *growth and income* stocks that may have slightly lower but still attractive current dividend yields plus an outlook for strong and predictable earnings streams that should support additional future dividend increases. We would categorize three of our top ten holdings as industry leaders with strong growth in their categories and the potential for attractive and rising dividend payouts: Microsoft, Nestle, and Petrobras.

Our largest holding in AOD on 10/31/09 was Microsoft Corporation (MSFT), based in Washington. It is the world's largest software producer for a wide range of uses including operating systems, business applications, internet search, and entertainment. The technology sector has experienced a strong rebound since the market lows in March 2009, with MSFT providing a 27% total return for AOD in fiscal 2009. We see several positive drivers for MSFT heading into 2010 including a strong desktop and server product upgrade cycle for its new Windows 7 operating system, a potentially significant corporate replacement cycle after several years of underinvestment, meaningful cost control efforts that will provide operating margin leverage, and accretion from its stock buyback program. This could drive double digit earnings growth through 2013 plus a 1.8% current dividend yield. In addition, MSFT's balance sheet and cash flows have remained strong throughout the economic downturn which should support dividend growth in 2010 and beyond.

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

Another top 10 holding is Nestle (NESN VX), based in Switzerland. Nestle is a global packaged food company that is growing revenues by focusing on emerging markets and Health and Wellness products. Their broad range of food products include chocolates, coffees and pet food. Many households consider Nestle's products as staples and therefore the company was able to experience solid demand throughout the economic downturn. In addition, Nestle is improving margins through its cost reduction efforts which is supporting solid earnings and dividend growth. In February 2009, Nestle raised its annual dividend by 15%, currently offering an attractive 2.8% yield, and we estimate another 6% increase in its dividend in 2010. Nestle produced a 25% total return for AOD in fiscal 2009.

Petroleo Brasileiro S.A. or Petrobras (PBR), based in Rio De Janeiro, has been controlled by the Brazilian government since its creation in 1953 and is Brazil's national oil company. It is also one of the largest integrated oil and gas companies in the world. Brazil has one of the most prolific, yet-to-be

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

discovered oil provinces in the world and therefore Petrobras is now considered to be the global leader in current proven reserves and potential production growth of any of the major oil companies. In addition, PBR has a dominant position in the upstream, refining, gas station distribution and pipelines industries in Brazil. We believe it is well positioned to benefit from the strong economic growth forecasted for Brazil and is leveraged to the rising price of oil, with earnings estimated to grow 20% annually in 2010 and 2011 plus a small dividend yield. Petrobras was one of our best performing stocks in fiscal 2009, providing a total return of over 70%.

Our *Value/Restructuring Strategy* Looks for Attractively Valued or Restructuring Dividend Payers

Our fourth major strategy is what we call *value with a catalyst or restructuring strategy*, where our internal research points to under-valued or mis-priced equity opportunities for companies with attractive dividend yields. We also look for turnaround situations or depressed earnings where we believe there is a catalyst for an earnings recovery or a restructuring or major corporate action that is expected to add value. The key characteristic for this strategy is low valuations relative to historical averages and above average dividend yields for a combined objective of capital appreciation and high dividend income. With many companies having responded to the global recession with significant corporate restructurings or actions, it is not surprising to find that six of our top 10 holdings at the end of fiscal 2009 fall into this strategy including Seadrill, Hyundai Motors, Mitsubishi Corp, Avon Products, Teck Resources, and JPMorgan Chase.

Our best performing stock in fiscal 2009 was also one of our largest holdings in the value/restructuring strategy, and that was Seadrill with a total return of over 120%. Seadrill Ltd. (SDRL NO), based in Bermuda and traded in Norway, is Europe's largest offshore driller. Its aggressive newbuild program and acquisition strategy has given it one of the world's youngest and most sophisticated fleets which includes 42 offshore drilling rigs, 14 floaters, 11 jack-ups and 17 tender rigs. Seadrill is a leader in the high-growth and technologically advanced deepwater and ultra-deepwater rig markets which are experiencing strong demand in regions like Brazil, West Africa, and the US Gulf of Mexico as oil is getting harder to find and exploration is moving further out to sea. We see a positive catalyst in first quarter 2010 when Seadrill expects to list its stock on the NYSE. This will open the company to a wider range of investors, improve liquidity, and also provide a vehicle for future stock-based acquisitions in the US. Seadrill reinstated its quarterly dividend in early November 2009 providing a very attractive current annual dividend yield of 8.1% and yet the stock is trading at only 8 times forward earnings.

A top value holding in our portfolio is Hyundai Motor Company (005380 KS). Based in Seoul, Hyundai is the largest auto maker in Korea. It also owns 38% of KIA Motors, the second-largest auto maker in Korea, which combined have over 80% of the domestic Korean market and are the world's fifth-largest auto manufacturer. Hyundai has begun to reap the benefits of its global expansion strategy started in 2002, such as its movement toward greater penetration of its dealers into smaller China cities. In addition, its marketing efforts and quality improvements have helped Hyundai gain share in its key China and India markets in addition to the US, where its market share has improved from less than 1% in 1998 to over 4% in 2009. A JD Power's study showed that Hyundai's quality improved to an overall ranking of #4 in 2009 out of 37 brands, beating out Toyota at #6. Also, its new Genesis sedan received the 2009 North America Car of the Year award in the mid-luxury segment. Although auto subsidies by most countries will expire in 2009, auto demand is still expected to grow in 2010 based on continued strong growth out of Asia and a recovery in the US and developed markets. Hyundai currently trades at 11 times forward earnings which is a deep discount to its Japanese and European peers and its historical peak multiple of 17x in 2005, yet analysts forecast pre-tax profits to more than double from 2008 to 2012.

Another top value holding in AOD on 10/31/09 is Mitsubishi Corporation (8058 JP), which is a diversified conglomerate and trading company based in Tokyo. The metals and energy divisions are each about 35% of operating income with the remaining businesses of industrial finance, chemicals, machinery, and living essentials representing less than 10% each. The machinery unit has operations in Asia relating to Mitsubishi Motor and Isuzu but growth in production rights of iron ore and coal are the focal point for growth. We are positive on the outlook for a strong rebound in earnings in 2010 and 2011 at Mitsubishi's key coking coal, iron ore, copper and energy operations based on tight supply-demand fundamentals while the non-resource divisions appeared to have bottomed and offer additional upside. We believe Mitsubishi's valuation looks attractive based on expectations of a strong turnaround in profit growth yet the stock is trading at only 10 times forward earnings and 1 times book value plus a 1.6% dividend yield.

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

A top performer and top holding in fiscal 2009 was Avon Products, with a total return of over 76%. Avon Products (AVP), based in NY, manufactures and sells beauty, fashion and accessories, and home products directly to consumers worldwide through its global workforce of 5 million independent sales representatives in 120 countries. Avon has been able to aggressively grow its distribution network over the past few years as the high unemployment rate attracts workers

to the flexible Avon network. There is a strong correlation with representative growth at Avon and future earnings growth. They also have very high exposure to the emerging market consumers with about 75% of their profits being generated from emerging economies such as Brazil and Russia which are forecasted to have average growth in gross domestic product (GDP) of 7% in 2010. In addition, they have recruited over 1 million representatives in China in just the last three years. Management also initiated a cost restructuring and product simplification plan in 2006 that has yielded over \$600 million in savings and it expected to top \$1 billion by 2013. AVP is a strong cash flow generator and has a growing 2.4% dividend yield.

Teck Resources (TCK), based in Vancouver, is one of Canada's largest integrated natural resource companies with mining activities in Canada, Peru, Chile, and Alaska. Based on the company's improving financial position and our outlook for strong commodity prices, we believe that Teck is on its way to becoming one of the top diversified resource mining companies globally. It owns the world's second-largest metallurgical coal business which is experiencing strong demand from Chinese steel mills. In addition, it has leading positions in copper, zinc, lead, and gold and we believe these commodities have some of the best global supply-demand fundamentals. In light of expected tight markets for high quality hard coking coal, TCK has recently increased its production targets for 2010-2012 and we expect upside to the 2010 price for met coal contracts. With its successful efforts to reduce its debt in 2009, we believe that TCK will look to reinstate its dividend in 2010 and it is trading at attractive multiples based on its strong earning outlook. Teck Resources was a top performing stocks in AOD in fiscal 2009, providing a total return of close to 45%.

Lastly, we believe that New York based JPMorgan Chase (JPM) has emerged from the recent financial crisis as one of the premier global financial services companies to own for the long term. We saw an extreme value opportunity in February 2009 when we began accumulating additional shares for our investors at less than \$20. Although JPMorgan did reduce its dividend by 87% in February 2009 to \$0.05 per share, we wanted to take advantage of what we saw as a mis-priced equity valuation and we were able to accumulate an attractive capital appreciation with the stock closing at \$41.77 at fiscal year end 2009. With JPMorgan succeeding in repaying its TARP (Troubled Asset Relief Program) loan from the government and writing down impaired assets, it is now forecasted to offer substantial earnings growth of over 50% annually through 2011 with anticipated solid double digit growth in 2012-2013. In response to its improved earnings outlook, the bank is expected to raise its dividend throughout 2010 beginning potentially as early as the first quarter, and we expect the stock could appreciate further.

Outlook for First Half 2010: We Remain Optimistic About Global Growth Opportunities

Looking to the first half of 2010, we remain encouraged about the outlook for the equity markets and for AOD's investment strategy. This is based on our view that the global economic data is going to continue to improve, albeit in a potentially choppy manner, from the current levels. Granted, the S&P 500 Index has rebounded by an astounding 55% from the March 2009 lows through fiscal year end 2009. It can be assumed that some of the future improvements in economic conditions are already priced in to current equity values. We may be entering a period of consolidation or more muted increases but we continue to see potential opportunities for our investors, particularly in emerging and growing economies outside the U.S.

We expect the U.S. economy will experience solid but potentially tepid growth in 2010 as two key engines of growth remain sluggish. One is that overall consumption in the U.S. is expected to remain weak as a result of the continued deleveraging of the average U.S. household from the credit binge of the mid 2000's. Secondly, small businesses are being hindered by rising taxes and healthcare costs and tight credit conditions from the still fragile U.S. banking system. Consequently, it looks like employment growth will remain subdued and the unemployment rate may remain stubbornly high relative to traditional economic recoveries and in comparison to the 4.7% rate that the U.S. experienced in January 2008. The U.S. government has made tremendous efforts to avert a financial meltdown, but in the end, the key to revitalizing household cash flows and driving sustainable economic growth must be centered on solutions for housing and unemployment.

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

Within the context of this potentially tepid growth outlook in the U.S., it is likely that inflation will remain subdued through 2010, which is positive for equity valuations. There is still a significant output gap in the U.S. with excess capacity in the labor market, industrial utilization, and rental properties which make up the majority of the inflation rate. We do anticipate upward pressure on commodity and energy prices in 2010 based on tighter supply-demand fundamentals driven by stronger global growth and we continue to look for opportunities to invest in these areas. So even if the Fed begins to raise rates in 2010 from its historically low level of 0.25 basis points, we expect the overall interest rate environment should remain accommodative throughout 2010 and this should be positive for the U.S. equity markets. Early in an economic recovery it is traditional for long rates to rise as money comes out of treasuries and into higher risk alternatives.

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

We are more optimistic about the outlook for economic growth outside of the U.S. and we continue to look for a combination of growth and income opportunities for our investors that have the potential to capitalize on this growth. We believe the two biggest drivers for our positive outlook are coming from the strong economic outlooks in China and Brazil. China is expected to maintain its substantial stimulus spending program and Brazil has benefitted from strong consumer growth and the infrastructure buildouts heading into the Soccer World Cup games in 2014 and the summer Olympics in 2016. Therefore, we expect that global companies that are exposed to the emerging market consumers, commodities, and energy could be outperformers in 2010. In addition, U.S. companies that have exposure to these strong global markets should also outperform as the dollar is expected to remain relatively weak and these companies have also benefitted from cost cutting efforts and strong margin leverage on rising revenues.

We are aware that there are still many identifiable risks to a solid global growth outlook in 2010 that need to be balanced and monitored. We believe one of the key risks for low inflation and sustainable economic growth is a policy mistake by Central Banks that withdraws the current accommodative monetary actions too soon. For example, we will be closely watching the impact on the credit markets when the U.S. Fed begins to withdrawal its quantitative easing programs, such as the expected wind down of the buying of mortgages in early 2010. This could result in an unwarranted rise in mortgage rates amidst an expected wave of continued foreclosures in 2010 and could further damage our still fragile financial system. Another risk is that that European Central Bank's deep-rooted fears of inflation may result in actions to raise rates too quickly which would put pressure on banks in the weaker areas of Europe, such as Poland, Spain, Ireland or Greece. Lastly, if China moves to restrict bank lending and thereby slowing its growth, that could be a risk for equities.

We Will Maintain Our Balanced Approach In 2010

The volatility over the past 18 months in global equity markets has provided challenges and opportunities. Our goal is to keep our portfolio balanced and maintain our barbell approach to our stock selections. What we mean is that a portion of the portfolio will continue to be invested in more defensive companies with strong and sustainable earnings and cash flow growth with the potential for increasing dividends. These are companies in sectors like healthcare, consumer staples, telecom, and utilities where earnings and dividend growth should be more resilient in economic downturns. On the other end of the barbell, we are searching for attractive value opportunities in some strong companies in the more cyclical sectors like energy, materials, consumer discretionary and industrials where prices had been punished during the economic downturn and where we believe long term growth prospects are still attractive.

We are on watch for continued headline risks particularly in the financial sector in first half 2010 as the recent problems in Dubai, Greece and Spain remind of us lingering debt issues and still inflated global asset valuations. However, we remain optimistic that these risks can be contained and that global economic growth will continue to improve in 2010. In addition, we are hopeful that 2010 will be an attractive environment for AOD's investment strategy as fundamental investors focus on high quality and attractive dividend payers. With real global interest rates still close to zero, we would expect capital to search for sustainable yield opportunities in equities which was the case coming out of the bear market in the mid-70's.

In summary, we see both catalysts and risks in 2010. Our approach during these uncertain times is to remain broadly diversified within the dividend-paying universe while actively scanning the globe for undervalued opportunities and high quality cash flow generators. We are confident that we will be able to continue to distribute attractive dividend payouts by capitalizing on our research driven approach to identifying value opportunities as well as through our active management of the portfolio. We are hopeful that equities will continue to be an attractive asset class relative to bonds and cash in 2010 and that AOD will continue to offer strong capital appreciation and total return potential for our investors.

Thank you for your support of AOD and we look forward to a prosperous and peaceful year in 2010 and beyond.

Sincerely,

Jill K. Evans and Kevin Shacknofsky

Co-Portfolio Managers

Mutual fund investing involves risk. Principal loss is possible.

The letter represents the opinions of Alpine Funds management and are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security.

Cash Flow measures the cash generating capability of a company by adding non-cash charges (e.g., depreciation) and interest expense to pretax income.

Please refer to the schedule of portfolio investments for fund holding information. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. Current and future portfolio holdings are subject to risk.

This notice is provided to you for informational purposes only, and should not be considered tax advice. Please consult your tax advisor for further assistance.

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

PERFORMANCE (1) *As of October 31, 2009*

| | Ending Value as of 10/31/2009 | Six Month | One Year | Since Inception (2)(3)(4) |
|--|----------------------------------|-----------|----------|---------------------------|
| Alpine Total Dynamic Dividend Fund NAV | \$ 6.68 | 18.76% | 8.71% | (17.66)% |
| Alpine Total Dynamic Dividend Fund Market Price | \$ 8.47 | 41.63% | 32.76% | (11.81)% |
| S&P 500 Index | | 20.04% | 9.80% | (8.72)% |

(1) Performance information calculated after consideration of dividend reinvestment. All returns for periods of less than one year are not annualized.

(2) Commenced operations on January 26, 2007

(3) Annualized

(4) IPO price of \$20 used in calculating performance information

To the extent that the Fund's historical performance resulted from gains derived from participation in initial public offerings (IPOs), there is no guarantee that these results can be replicated in future periods or that the Fund will be able to participate to the same degree in IPO offerings in the future.

Performance data quoted represents past performance. Past performance is no guarantee of future results and investment returns and principle value of the Fund will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. Call 1(800)617.7616 or visit www.alpinecef.com for current month end performance.

The Standard & Poor's 500 Index (S&P 500) is an unmanaged index containing common stocks of 500 industrial, transportation, utility and financial companies, regarded as generally representative of the U.S. stock market. The index return reflects the reinvestment of income dividends and capital gain distributions, if any, but does not reflect fees, brokerage commissions, or other expenses of investing.

PORTFOLIO DISTRIBUTIONS v

TOP TEN HOLDINGS v

| | |
|------------------------|--------------|
| Microsoft Corp. | 2.3% |
| Nestle SA | 2.3% |
| Hyundai Motor Co. | 2.2% |
| Seadrill, Ltd. | 2.2% |
| Mitsubishi Corp. | 2.1% |
| Avon Products, Inc. | 2.1% |
| Endesa SA | 2.0% |
| Teck Resources, Ltd. | 2.0% |
| Petroleo Brasileiro SA | 1.9% |
| JP Morgan Chase & Co. | 1.9% |
| Top 10 Holdings | 21.0% |

v As a percentage of net assets

REGIONAL ALLOCATION^v

Top Five Countries

| | |
|----------------|-------|
| United States | 40.8% |
| Japan | 6.8% |
| Switzerland | 6.4% |
| United Kingdom | 5.9% |
| Australia | 4.7% |

^v As a percentage of net assets, excluding any short-term investments.

NAV, MARKET PRICE, AND TOTAL RETURN [*Year ended 10/31/09*]

(1) Total return is calculated assuming a purchase of a common share at the opening on the first day and a sale at closing on the last day of each period reported. Total return on market price reflects a \$20.00 opening IPO price per share for the period ending October 31, 2009. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested.

Past performance is not a guarantee of future results.

REPORT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

October 31, 2009

TO THE STOCKHOLDERS AND BOARD OF TRUSTEES OF ALPINE TOTAL DYNAMIC DIVIDEND FUND:

We have audited the accompanying statement of assets and liabilities, including the schedule of portfolio investments of Alpine Total Dynamic Dividend Fund (the Fund), as of October 31, 2009 and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2009, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Alpine Global Dynamic Dividend as of October 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Milwaukee, WI

December 30, 2009

SCHEDULE OF PORTFOLIO INVESTMENTS

October 31, 2009

| Description | Shares | Value (Note 1) |
|--|------------|-------------------|
| COMMON STOCKS (96.5%) | | |
| <i>Australia (4.7%)</i> | | |
| AXA Asia Pacific Holdings, Ltd. | 2,610,900 | \$ 9,964,819 |
| BHP Billiton, Ltd. | 314,400 | 20,618,352 |
| Santos, Ltd. | 803,632 | 10,923,139 |
| Westfield Group | 2,362,000 | 26,087,818 |
| | | 67,594,128 |
| <i>Belgium (1.8%)</i> | | |
| Anheuser-Busch InBev NV* | 558,900 | 26,324,255 |
| <i>Brazil (4.4%)</i> | | |
| Banco Santander Brasil SA* | 326,900 | 3,877,034 |
| Cia Brasileira de Distribuicao Grupo Pao de Acucar | 144,900 | 4,373,486 |
| Cia de Bebidas das Americas | 47,700 | 4,296,816 |
| Cia de Concessoes Rodoviaras | 671,800 | 13,210,236 |
| MRV Engenharia e Participacoes SA | 195,700 | 3,677,151 |
| PDG Realty SA Empreendimentos e Participacoes | 743,200 | 6,201,771 |
| Petroleo Brasileiro SA | 605,700 | 27,995,455 |
| | | 63,631,949 |
| <i>Canada (3.4%)</i> | | |
| Suncor Energy, Inc. | 644,900 | 21,294,598 |
| Teck Resources, Ltd.* | 984,700 | 28,477,524 |
| | | 49,772,122 |
| <i>China (0.0%)(1)</i> | | |
| Sinopharm Group Co.* | 129,700 | 471,928 |
| <i>Denmark (1.0%)</i> | | |
| A P Moller-Maersk AS | 2,100 | 14,450,541 |
| <i>Germany (3.3%)</i> | | |
| Fresenius Medical Care AG & Co. | 388,362 | 18,769,125 |
| HeidelbergCement AG | 233,750 | 13,952,554 |
| Siemens AG | 166,700 | 15,026,085 |
| | | 47,747,764 |
| <i>Hong Kong (0.8%)</i> | | |
| Glorious Property Holdings, Ltd.* | 24,806,300 | 10,914,490 |
| <i>Ireland (0.0%)</i> | | |
| Anglo Irish Bank Corp. PLC*(2) | 4,570,000 | 0 |
| <i>Israel (1.6%)</i> | | |
| Israel Chemicals, Ltd. | 634,893 | 7,560,364 |
| Teva Pharmaceutical Industries, Ltd. | 300,500 | 15,169,240 |
| | | 22,729,604 |
| <i>Japan (6.8%)</i> | | |
| Aisin Seiki Co., Ltd. | 624,400 | 16,474,477 |
| Denso Corp. | 520,700 | 14,779,631 |
| Fast Retailing Co., Ltd. | 34,100 | 5,727,845 |
| Marubeni Corp. | 2,893,000 | 14,783,980 |

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

| | | |
|--|-----------|------------|
| Mitsubishi Corp. | 1,411,000 | 30,989,802 |
| Toyota Motor Corp. | 383,000 | 15,572,738 |
| | | 98,328,473 |
| <i>Luxembourg (0.2%)</i> | | |
| ArcelorMittal | 80,200 | 2,728,404 |
| <i>Netherlands (1.3%)</i> | | |
| Heineken NV | 440,756 | 19,533,733 |
| <i>Norway (4.4%)</i> | | |
| DnB NOR ASA* | 1,196,950 | 13,786,279 |
| Seadrill, Ltd.* | 1,510,700 | 31,554,815 |
| Stateoil Hydro ASA | 627,800 | 14,900,369 |
| Storebrand ASA* | 540,100 | 3,694,741 |
| | | 63,936,204 |
| <i>Russia (2.4%)</i> | | |
| Mechel | 933,755 | 16,023,236 |
| Vimpel-Communications OJSC* | 1,083,500 | 19,427,155 |
| | | 35,450,391 |
| <i>South Africa (1.0%)</i> | | |
| Impala Platinum Holdings, Ltd. | 663,417 | 14,805,837 |
| <i>South Korea (2.2%)</i> | | |
| Hyundai Motor Co. | 352,100 | 32,611,503 |
| <i>Spain (2.0%)</i> | | |
| Endesa SA | 887,300 | 29,628,463 |
| <i>Sweden (2.7%)</i> | | |
| Atlas Copco AB, A Shares | 664,100 | 9,129,649 |
| Hennes & Mauritz AB | 234,400 | 13,484,465 |
| Tele2 AB | 1,136,200 | 16,837,339 |
| | | 39,451,453 |
| <i>Switzerland (6.4%)</i> | | |
| Alcon, Inc. | 191,700 | 27,372,843 |
| Julius Baer Group, Ltd. | 355,149 | 13,369,582 |
| Nestle SA | 701,200 | 32,684,846 |
| Syngenta AG | 82,383 | 19,577,908 |
| | | 93,005,179 |
| <i>Taiwan (0.1%)</i> | | |
| Chunghwa Telecom Co., Ltd. | 82,123 | 1,427,298 |
| Taiwan Semiconductor Manufacturing Co., Ltd. | 6,478 | 61,800 |
| | | 1,489,098 |
| <i>United Kingdom (5.9%)</i> | | |
| Antofagasta PLC | 903,700 | 11,442,902 |
| Barclays PLC* | 3,754,500 | 19,841,930 |

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

| Description | Shares | Value (Note 1) |
|---------------------------------------|-----------|-------------------|
| <i>United Kingdom (continued)</i> | | |
| Man Group PLC | 2,709,051 | \$ 13,783,351 |
| Reckitt Benckiser Group PLC | 326,800 | 16,278,587 |
| Rio Tinto PLC | 42,900 | 7,637,487 |
| Standard Chartered PLC | 90,200 | 2,221,358 |
| United Utilities Group PLC | 1 | 7 |
| Vedanta Resources PLC | 401,100 | 13,778,370 |
| | | 84,983,992 |
| <i>United States (40.1%)</i> | | |
| Abbott Laboratories | 85,400 | 4,318,678 |
| Anadarko Petroleum Corp. | 293,800 | 17,901,234 |
| AT&T, Inc. | 597,500 | 15,337,825 |
| Avon Products, Inc. | 942,429 | 30,204,850 |
| Bank of America Corp. | 904,300 | 13,184,694 |
| Chevron Corp. | 109,100 | 8,350,514 |
| Colgate-Palmolive Co. | 191,800 | 15,081,234 |
| CSX Corp. | 157,900 | 6,660,222 |
| Diamond Offshore Drilling, Inc. | 115,937 | 11,042,999 |
| Fluor Corp. | 363,400 | 16,142,228 |
| Foot Locker, Inc. | 645,800 | 6,767,984 |
| FPL Group, Inc. | 142,900 | 7,016,390 |
| Goldman Sachs Group, Inc. | 120,800 | 20,556,536 |
| Halliburton Co. | 727,400 | 21,247,354 |
| Hewlett-Packard Co. | 341,100 | 16,188,606 |
| Intel Corp. | 1,350,000 | 25,798,501 |
| International Business Machines Corp. | 117,600 | 14,183,736 |
| ITC Holdings Corp. | 322,200 | 14,312,124 |
| ITT Corp. | 210,900 | 10,692,630 |
| JP Morgan Chase & Co. | 661,700 | 27,639,209 |
| Linear Technology Corp. | 655,300 | 16,959,164 |
| Lockheed Martin Corp. | 333,900 | 22,968,981 |
| McDonald's Corp. | 252,200 | 14,781,442 |
| Microchip Technology, Inc. | 1,085,900 | 26,018,164 |
| Microsoft Corp. | 1,179,400 | 32,704,762 |
| Molson Coors Brewing Co. | 304,300 | 14,901,571 |
| Monsanto Co. | 282,000 | 18,944,760 |
| Morgan Stanley | 335,200 | 10,766,624 |
| Norfolk Southern Corp. | 153,500 | 7,156,170 |
| Pride International, Inc.* | 122,200 | 3,612,232 |
| QUALCOMM, Inc. | 18,600 | 770,226 |
| Regal Entertainment Group | 1,699,527 | 21,431,036 |
| Schlumberger, Ltd. | 298,800 | 18,585,360 |
| Starwood Property Trust, Inc. | 133,200 | 2,681,316 |
| Terra Industries, Inc. | 628,400 | 19,964,268 |
| Time Warner Cable, Inc. | 1 | 39 |
| TJX Cos., Inc. | 193,600 | 7,230,960 |
| Union Pacific Corp. | 237,900 | 13,117,806 |
| United Technologies Corp. | 237,300 | 14,582,085 |
| US Bancorp | 156,800 | 3,640,896 |
| VF Corp. | 132,329 | 9,400,652 |
| | | 582,846,062 |
| TOTAL COMMON STOCKS | | |
| (Identified Cost \$1,377,690,923) | | 1,402,435,573 |

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

| Description | 7 Day Yield | Shares | Value (Note 1) |
|---|-------------|-----------|------------------|
| INVESTMENT COMPANIES (0.7%) | | | |
| <i>United States (0.7%)</i> | | | |
| PennantPark Investment Corp. | | 1,222,300 | \$ 9,448,379 |
| TOTAL INVESTMENT COMPANIES (Identified Cost \$18,122,739) | | | 9,448,379 |
| SHORT TERM INVESTMENTS (0.0%)(1) | | | |
| Federated Treasury Obligations Money Market Fund | 0.013% | 46 | \$ 46 |
| TOTAL SHORT TERM INVESTMENTS (Identified Cost \$46) | | | 46 |
| TOTAL INVESTMENTS (97.2%) (Identified Cost \$1,395,813,708) | | | 1,411,883,998 |
| TOTAL OTHER ASSETS LESS LIABILITIES (2.8%) | | | 40,798,877 |
| NET ASSETS (100.0%) | | | \$ 1,452,682,875 |

* Non-income producing security.

(1) Less than 0.05% of Total Net Assets.

(2) Fair valued security; valued in accordance with procedures approved by the Fund's Board of Trustees.

See Notes to Financial Statements.

Common Abbreviations

AB - Aktiebolag is the Swedish equivalent of the term corporation.

ADR - American Depositary Receipts

AG - Aktiengesellschaft is a German term that refers to a corporation that is limited by shares, i.e., owned by shareholders.

AS - Aktieselskab is the Danish term for a stock-based corporation.

ASA - Allmennaksjeselskap is the Norwegian term for a public limited company.

Co. - Company

Corp. - Corporation

Cos. - Companies

Inc. - Incorporated

Ltd. - Limited

Edgar Filing: ALPINE TOTAL DYNAMIC DIVIDEND FUND - Form N-CSR

NV - Naamloze Vennootschap is the Dutch term for a public limited liability corporation.

OJSC - Open Joint Stock Company

PLC - Public Limited Company

SA - Generally designates corporations in various countries, mostly those employing the civil law.

STATEMENT OF ASSETS AND LIABILITIES

October 31, 2009

| ASSETS | | |
|---|----|----------------------|
| Investments, at value* | \$ | 1,411,883,998 |
| Receivable from investment securities sold | | 119,557,781 |
| Receivable from capital shares purchased | | 3,730,768 |
| Dividends receivable | | 13,850,224 |
| Interest Receivable | | 295 |
| Prepaid and other assets | | 45,336 |
| Total Assets | | 1,549,068,402 |
| LIABILITIES | | |
| Loan payable | | 75,605,000 |
| Interest on loan payable | | 128,679 |
| Payable for investment securities purchased | | 18,673,307 |
| Accrued expenses and other liabilities: | | |
| Investment advisory fees | | 1,455,565 |
| Administrative fees | | 189,223 |
| Trustee fees | | 16,000 |
| Officer fees | | 29,189 |
| Other | | 288,564 |
| Total Liabilities | | 96,385,527 |
| Net Assets | \$ | 1,452,682,875 |
| NET ASSETS REPRESENTED BY | | |
| Paid-in-capital | \$ | 4,050,215,214 |
| Undistributed net investment income | | 44,104,008 |
| Accumulated net realized loss on investments, swap contracts and foreign currency | | (2,658,258,528) |
| Net unrealized appreciation on investments and foreign currency translations | | 16,622,181 |
| Net Assets | \$ | 1,452,682,875 |
| Net asset value | | |
| Net assets | \$ | 1,452,682,875 |
| Shares of beneficial interest issued and outstanding | | 217,454,065 |
| Net asset value per share | \$ | 6.68 |
| <hr/> | | |
| * Total Cost of Investments | \$ | 1,395,812,394 |

See Notes to Financial Statements.

STATEMENT OF OPERATIONS
For the Year Ended October 31, 2009